

## The 'real conspiracy'

What N.M. Rothschild's Managing Director John Loudon (see **ECONOMICS**) characterized as "the real conspiracy" was in full swing this week: Schmidt and Giscard are gently running a coup to take charge of world monetary affairs. The long list of Canossa-style retractions by a list of West German bankers who previously had attacked the Franco-German European Monetary Fund, and now publicly endorse it, should clue in close observers of the European situation. The press flak from the International Monetary Fund's Annual Meeting in Washington, by the meeting's close, had begun to circulate the actual story: Britain's Chancellor of the Exchequer Denis Healey had turned from the hunter to the hunted.

The Sept. 29 *Frankfurter Allgemeine Zeitung* editorial by Herr Robert Dohm of the Commerzbank, West Germany's third largest, is the most visible smoke-signal that Schmidt has sent up so far. It is not much different in content from similar statements issued by the Deutsche Bank's Christians and the Dresdner Bank Friderichs, but is most representative in terms of content, and particularly significant, given Dohm's public opposition to the Schmidt monetary plan up to a few days ago.

Contrary to its detractors, Dohm argues in the extraordinary piece of directorial journalism, the European Monetary Fund is not inflationary. It will promote stability and growth. Most important to consider, Commerzbank's chairman added, is the question of timing: it is bad to have political negotiations without a time-limit set, particularly when political questions are at stake.

This and other statements reflect a counter-coup in the works against

Mr. Denis Healey's proposal to drive the dollar out as a world reserve currency, hinted at in the Chancellor of the Exchequer's remarks at this week's Annual Meeting of the International Monetary Fund. The Europeans will preserve the dollar at all cost; for them, and the Japanese, and the Saudis, it means preserving world peace.

Readers should not expect the masterful hand of Helmut Schmidt to show itself in this process. The entire object of the Western European leadership is to make the transformation of the world monetary system appear to be the consequences of unprompted events. For that reason the West German, French, and Japanese delegations to the International Monetary Fund's affair paid formal lip-service to the hegemony of the IMF over and above their

proposed new monetary system. All such statements should be viewed as pure deception, intended to deflect political pressure from London.

Unfortunately, among London's allies at the moment are to be numbered almost all departments of the U.S. government. Zbigniew Brzezinski, Henry Owen, and the core Anglophile crew in the Administration are sufficiently hostile to the Schmidt-Giscard initiatives as to accuse Schmidt of disloyalty to NATO in retaliation. This ugly slander has been making the rounds of the British press, Henry Kissinger's Future of Business programs at Georgetown University, and the leak-channels out of Brzezinski's office. The most encouraging feature of this sordid group of events is the extent to which the West German government pays closer attention to America's potential than to its current state of mind.

— David Goldman

## The effects of expanding NATO

As *Executive Intelligence Review* goes to press, intense fighting is reported in northern Lebanon between Falange and Syrian troops marking a deadly deterioration in the Middle East. The Lebanon carnage is accompanied by destabilizations and war threats in north Africa and along the Egypt-Libyan border, the toll of massacres carried out by Israeli-armed dictator Somoza in Nicaragua, the re-emergence of terrorism in Italy, and an ominous turn in southern Africa.

This is the initial accounting of the badly misguided "peace initiative" taken by President Carter in the recently concluded summit with Egypt and Israel, which we likened in our last issue to the 1938 Munich Pact that hastened the ad-

vent of World War II. This century's previous experiences with British geopolitics seem to have taught Britain and its American front-man little about the strategic consequences of "encircling the Soviet Union."

Secret documents circulated among the three leaders who met at Camp David reveal that the "Middle East peace" negotiations there were a mere diversionary cover for plans to achieve NATO-encirclement of the Warsaw Pact countries. The secret provisions include "two air bases in Israel and/or in the Sinai" which Premier Begin reports having offered to the USA, and the transformation of the Egyptian military into Israeli-controlled "special forces."

The strategic objectives of the