cut planned for 1977; their fishmeal and iron ore exports have drastically shrunk, and their trade deficit will scarcely be aided by expanding copper production under present circumstances. As for Mexico, already in the first five months of 1976 imports declined a nominal 5 per cent with inflation at a 20-25 per cent annual rate. The recent peso devaluation, it is no secret, has the effect of strangling imports apart from the imposition of formal restrictions. Another key Third World country, Jamaica, trebled its trade deficit in the first half of 1976 as compared with the same 1975 period; exports earnings declined 39 per cent, reserves evaporated, and imports were cut 17 per cent. A reliance on the recuperative effects of an aluminium price hike, given the situation of the advanced sector, is clearly chimerical.

Among the OPEC oil-producing countries, trade has remained quite stable up to now, although Iran and Iraq have begun to pinch pennies on imports. No one dares to suggest that this sector itself can bail out the world trade collapse, any more than a "consumer-led" or 'cyclical" impetus. Last November, at the Rambouillet financial summit, Western Europe accepted the perpetuation of the dollar "debt mountain," as West Germans call it, on the pledge that a U.S. recovery would get them over that hill. Now world leaders are a year wiser; but there does not exist another year's leisure to distill their experience.

General Currency Crisis to Break in January

Dec. 4 — A generalized crisis of world currencies is set to explode by early January in the wake of a sharp downturn in world trade now in progress in each of the three leading Western economic sectors, the U.S., West Germany, and Japan. By destroying the "real economy" underpinnings of national credit systems, the trade downswing theatens to wreck not only the dollar but *all* paper currencies. Whether this renewed currency panic will lead to the reassertion of U.S. dollar hegemony and top-down fascist regulation of the world's economy under the auspices of a Carter Administration, or whether it will provoke a tri-sector convergence around building a new world monetary system, is a question which can only be determined in the political arena.

Why the Dollar Has Survived So Far

The U.S. dollar's "amazing" relative stability during 1976, despite the flagging U.S. recovery, has been based entirely on short-term pirating of other nations' currencies. The greatest source of the dollar's strength has been the fall of the British pound sterling and the rapid phasing out of the old sterling trade area in favor of dollar finance. The recent attack on the currencies of Canada and Australia, both formerly large holders of sterling who have substantial ties to British business, was a subsumed apsect of this operation to buoy the dollar. Similarly, the U.S.-bank-orchestrated run out of the Mexican peso and the Japanese yen has provided temporary support for the dollar. However, as will be shown in detail below, none of these operations is capable of sustaining the "strong dollar" hoax much longer.

Take, for example, one of the key bulwarks of dollar strength up to this point — the Japan-Australia-Far East Asian trade zone. On the basis of U.S. inflation and inventory rebuilding, the Japanese stepped up their exports into this country by 50 per cent during the first nine months of this year, then turned around and increased their imports of necessary raw materials from Australia and other Asian countries by 50 per cent. The bulk of this trade was financed in dollars (helped along by the run on the pound sterling which forced Australia, Malaysia and other Asian sterling holders to dump the currency), thus providing a critical margin of real loot with which to prop the inflated dollar.

But with the end of the auto sales boomlet in the U.S., this entire Asian dollar trade nexus has come down with a crash. With the first sign of a Japanese export decline in July, foreign capital began to desert the country en masse, and by October, Japan's huge balance of payments surplus was transformed into a deficit of $98 million. The decline in Japanese industrial production over the last three months triggered a shutdown of imports of Australian iron ore, helping to set off the Australian currency crisis. (In a similar way, the collapse of Candian auto exports to the U.S. exacerbated the Canadian crisis.)

The response of the desperate Rockefeller-Rothschild banking interests to this crisis this week has been to step up the speculative attacks on the Japanese yen, Australian dollar, and Canadian dollar. Australia, whose Labour Party government was overthrown by Rothschild-linked Rio Tinto Zinc interests last year, was forced to devalue its currency by 17.5 per cent at the beginning of this week. The Candian dollar has plunged 7 per cent since the Québec elections. Meanwhile, the Japanese yen sank to 279 to the dollar on Friday, compared to 286 last summer, despite heavy support by the Japanese central bank on the order of $50 to $100 million a day.

The Rockefeller-Rothschild rationale for these attacks is that by stampeding investors out of every other currency they will breathe life back into the dollar. Canadian businessmen, for example, have borrowed several billions of U.S. dollars in the last year. The currency collapse forces them to liquidate current business activity to get cash and buy dollars; otherwise their debts will rise massively in terms of the U.S. dollars they must repay. Thus, "demand for dollars" magically appears.

Dollar Achilles Heel

Ironically, the very means by which the U.S. financiers are attempting to buoy the dollar now will only hasten the currency's collapse in the near future. By attempting to destroy every other currency which could serve as an international reserve — first the pound, then the yen, and next (it is rumored) the deutschemark, the dollar is left bearing the brunt of the international debt-refinancing burden. U. S. Federal Reserve chairman Arthur Burns has been forced to engineer a collapse of U.S. interest rates, partly due to the depressed U.S. economy, but mainly to free up cash to refinance $400 billion in Third World and European debt.

During the last month alone, Britain has had to borrow $600 million and France $300 million in Eurocurrency loans, financed in both U.S. dollars and deutschemarks. But with the West German currency no longer able to play the role of a secondary reserve currency - particularly given the 35 per cent erosion of foreign orders the country has experienced since August — all this debt-refinancing will have to be done in dollars. Burns and Carter will have to resort to the printing presses, creating dollar hyperinflation which will unleash international panic against the overrated currency.

Still another temporary boon to the dollar — the end-of-year repatriation of multinational corporations' profits — is turning against the dollar. U.S. multinationals have lost an estimated $500 million due to foreign exchange fluctuations in the third quarter, and their fourth-quarter losses will be still worse. The collapse of multinational profitability due to U.S.-bank-initiated speculation will shortly boomerang against the dollar sector.

The Branching Point

The current downward ratchet of world production and trade determines that by January at the latest, general currency chaos will break out. Carter's administration in the wings has made clear what his policy would be: the scenario being circulated by his advisors among the U.S. business community is that the Organization of Petroleum Exporting Countries will be provoked into raising oil prices by more than 10 per cent, instantly boosting the demand for dollars by $25 billion. The European and Japanese economies will be ravaged, and the deutschemark and yen will fall through the floor. Carter will then step into the breach with his proposal for another "Rambouillet Summit" (a trial balloon already having been sent up by U.S. flunkey Giscard this week). Under the rubric of "closer coordination of monetary policy," Carter will force the rest of the world to peg their currencies directly to the dollar, wiping out all semi-autonomous currency zones, such as the European "joint float," and imposing fascist austerity measures world-wide.

Under such conditions, the only possible "out" for Europe, Japan, and the OPEC countries would be a massive run into gold and the negotiation of an alternative monetary system.