

Gold by Montresor

There will not be a new currency

For all those who were wondering, or losing sleep over it, here is the final answer to this question.

A yellowed clipping from the *Wall Street Journal* was recently passed on to me by an American friend, reporting the demise of a brand of bubble-gum; it appears that young children around the country had heard a rumor that the gum contained spiders' eggs. The report, of course, was not true, but it badly damaged sales of this product.

Now that a Geneva banker, Gerard Leroux, has lifted the rumor of a "new U.S. currency" out of the newsletter circuit in his new book, *Dollarum Tremens*, I am persuaded—with some reluctance—to answer a question that many readers of this occasional column have asked: Will the U.S. government undertake a confiscatory devaluation of the home currency, issuing one new dollar for ten old ones in the midst of a great hyperinflation? The answer is no.

It reminds me of an anecdote smuggled out of the Soviet Union: The Marxism-Leninism study group of a collective farm has written to Radio Armenia, "We have been unable to decide whether, under the great future of Communism, there will be or not be money."

Radio Armenia answers: "Right deviationists argue that there will be money under Communism, while left extremists maintain that there will not be money under Communism. The dialectical answer is, under Communism, some will have money and others won't."

So, to the question: Under conditions of general monetary crisis, will there be the old money or will there be new money? The answer is: There will

be the old money, but none will have much of it.

Much has been made of the fact that the Treasury Department has announced plans to change the appearance and manufacture of large-denomination currency during the next three years. The rumor-spreaders in the newsletter circuit have taken off two ways. Some have taken it as confirmation of their warnings of the past three years. Deeper thinkers, e.g., L. T. Patterson, have asked why the Treasury has given advance warning to the scheme, rather than issuing the new notes with surprise—and confounding the narcotics traffickers who rely so heavily upon cash.

I noted recently that the Colombian narcotics traffic has shifted to a gold-exchange basis in order to avoid both this problem and the danger that offshore bank accounts in the Caribbean might disappear during a banking crisis.

As for the new currency rumor, it originated three years ago with a certain Dr. Franz Pick, publisher of Pick's *Currency Yearbook*. Pick claims to be financial adviser to the Black Pope, the head of the Jesuit order, and adviser to the "subterranean economy" generally. He and his cousin, Felice Pick, did play an important part in the formation of the Caribbean ventures of the notorious Banco Ambrosiano, which foundered in the wake of Italy's Propaganda 2 Freemasons scandal.

I report that I have discussed this issue with Dr. Pick on several occasions, and I do not believe that Dr. Pick believes what he says. He is an old man with superb access to obscure

information, and a warped sense of humor.

Nonetheless, Dr. Pick's formulation was of use to the newsletter publishers, and the purveyors of gold coins or mining stocks in general. Americans, who hold about one tenth of all investment bullion, buy gold when the price is rising; more experienced Europeans and Asians buy when the price is falling. For example, Citibank reports its international sales of gold certificates tripled between June and July as the gold price fell sharply, while domestic firms report sharply lower sales. The large fondi, according to European sources, are moving funds into raw materials, gold, gold mining, and similar investments at this point, when the price of such investments is low.

When the gold price performs badly, the gold industry seeks to awake the petty fears of government confiscation among its customers. Many of the newsletters write for retired people seeking to protect capital, of a generation badly impressed by the impact of inflation on marginal taxation rates. Unfortunately, the "new currency" rumor is a cheap form of fear-mongering, and a most ironic one, since we live in a period in which there is much to fear.

The fate of the world's creditor currency in a period of domino-fashion debt default cannot be healthy. But gold's role in the world will not be determined by the hoarding instincts of small savers, but by great political events played upon the world stage. Gold might be a means of stabilizing world currencies and reviving world trade, as Lyndon H. LaRouche, Jr., has proposed, or it might represent a currency of last resort in the hands of the great oligarchical hoards of Switzerland, England, and other European centers. The "new currency" rumor serves merely to trivialize the issue.