All that changed during the first week in March, when all world markets waited breathless to see whether the German central bank would reduce its discount rate, supposedly permitting the Fed to also reduce rates without crashing the dollar further. (The German central bank did reduce its rate, for whatever that is worth.)

The dollar does stand to lose its international role, with terrible consequences for the United States; for if the dollar is no longer the ruling international currency, why should foreigners accumulate $200 billion a year of additional dollar paper, in return for the goods they sell us in excess of their purchases?

What is most remarkable—and the source of grim concern in the London dollar markets—is the fact that the U.S. Treasury is so fixated on the supposed benefits of a falling dollar (to increase exports the United States can't even produce), that it is riding the dollar down—in fair imitation of Slim Pickens astride the H-bomb in *Dr. Strangelove*. Even Paul Volcker's cautionary voice concerning the dangers of devaluation mania has been lost, the British note with worry. It is of special interest that the Treasury official now in control of international policy, Assistant Secretary for International Affairs David C. Mulford, has extremely close personal ties to the Swiss: he was part of the team which sold the old-line investment bank White Weld to Crédit Suisse in 1978. A cynic might suggest that Mulfold is a Swiss agent, promoting the interests of continental European financiers at the expense of the Anglo-Americans.

1934 all over again?

In a very broad sense, the debate over the merits of a financial crash replicates the division of the world at the disastrous London International Monetary Conference of 1934, when President Roosevelt devalued the dollar by 40% against gold. The British, who lost the benefit of their 1931 competitive devaluation of sterling as a result, were livid, to the point that the Queen Mother cut dead the American ambassador at Buckingham Palace garden parties. (Only John Maynard Keynes supported Roosevelt, on the crackpot assumption that a devalued dollar would automatically reverse the 50% deflation of world trade prices. No such thing happened.)

But what was then called the "gold bloc," i.e., France, Switzerland, and Italy, took advantage of the simultaneously cheap dollar and cheap U.S. share prices to buy up a big chunk of the American market at pennies on the dollar. Those who call for a reduction in the dollar's international role today have something similar in mind.

What should be done about a financial crash?

In a nationally televised address to the American people on Feb. 4, 1984, and in a series of other broadcasts prior to the Nov. 6 presidential elections, *EIR* founder Lyndon LaRouche explained exactly how a financial crash could be averted and the current world depression in production and trade brought to an end—by an American President not particularly concerned with preserving the power of London, Zurich, or their cousins in usury in New York and Boston.

The United States has the idle plants to produce, and the unemployed or misemployed workforce to man them. Where is the "demand" to come from? The real demand is already there: the nation needs highways, bridges, waterways, railroads, industrial plant, agricultural machinery and equipment, vehicles, ships—and exports to meet the enormous needs of Third World nations.

But how do you pay for it. *The answer is credit*. Low-interest, long-term credit issued by the U.S. Treasury to agriculture and industry. LaRouche prescribed the following emergency steps:

1) "Federalize" the Federal Reserve Board, so that it no longer controls the credit of the nation and cannot set interest rates. The Federal Reserve as it now exists is a violation of Article I, Sections 8 and 9 of the U.S. Constitution.

2) Issue $500 billion in gold-reserve backed, 2-4% interest Treasury notes through a regulated private banking system to specified productive categories of manufacture, agriculture, transportation, and infrastructure, to put 5 million people back to work quickly.

3) Convene an emergency summit of, at minimum, the heads of Western Hemispheric governments and other allies to reorganize the international monetary system with 2-4% refinancing to allow Third World nations to import again—allowing the United States to export again. Establish gold-based parities between currencies, and work out a framework of credit and "foreign aid" based on "great projects" to industrialize the underdeveloped world.

This implies that the British doctrine of "free enterprise," "free trade," "free market," as re-popularized in the 19th century by Karl Marx, be once again thrown out the window to rebuild the nation and industrialize the world, just as America's Founding Fathers threw such "free market" dogmas out the window to originally build the American Republic out of colonialism.