

## Schmidt: Fixed Rates Will Ease 'Cheap U.S. Labor'

New York, Oct. 4 (IPS) -- West German Chancellor Helmut Schmidt, speaking before the banking community here at the U.S. Council of the International Chamber of Commerce on Thursday, called for the establishment of fixed exchange rates between the dollar and European currencies — explicitly to facilitate massive capital drains from Europe to the U.S.

"U.S. investments are best because labor here is so much cheaper than elsewhere," Ludwig Poullain, chairman of the West German Landesbank is reported to have said seconding Schmidt's proposal from the same podium.

Citing the "dangerous psychological effect" of the imminent default of New York City on the European banking system, Schmidt had strongly criticized U.S. Federal Reserve Chairman Arthur Burns for his insistence on floating exchange rates.

Instead, the West German Chancellor proposed there should be a supranational autarchy, coordinated through the central banks to, as he put it, "maintain orderly currency markets" - implicitly at all costs.

Schmidt's proposal and his subsequent activities in this country indicate that the West German Chancellor is here attempting to fix up a "deal" with Rockefeller forces to head off motion towards the development of a Europeanist anti-Rockefeller faction.

Schmidt's negotiating position, implicit in his proposal to the New York bankers is as follows: In return for intensified looting possibilities in the U.S., mediated by "support" operations to prop up the collapsing U.S. banking system, the West Germans and whoever else they can get to go along with the scheme, will triage their own domestic production forcing a fascist political reorganization and pump investment money into the U.S. at fixed rates maintained by the central banks.

To secure such looting possibilities, Rockefeller stands committed to slash the living standards of the U.S. working class to levels indicated by the proposals for the reorganization of New York City and the fascist wage policy implied by the Dunlop bill to slash wages and bust unions in the U.S. construction industry.

A top financial analyst at Money Manager magazine revealed yesterday that the Schmidt fixed-exchange rate proposal is already making the rounds in Europe. He reported that it is being billed as a "compromise" with French demands for gold backed fixed rates and recent U.S. positions at the International Monetary Fund. The U.S. would agree (under the Schmidt plan) to fix rates in exchange for a total demonetization of gold." The source indicated such a step as several pro-development Europeanists realize would give Rockefeller the ability to fix rates wherever he pleases in order to support the dollar, while bleeding Europe of its capital. Obviously anticipating the success of negotiations, Poullain told the bankers on Thursday that he was absolutely convinced that the Bundesbank, the German central bank would soon lower interest rates again. The lowering of interest rates by European central banks, has already driven capital out of Europe into high interest New York and Eurodollar accounts. Debt-strapped European corporations have thus been effectively frozen out of the loan and bond markets.

"It should be possible for European and American central banks to establish, through even closer cooperation and a skillful intervention policy, a higher degree of actual exchange rate stability between the European currency bloc and the dollar zone," Schmidt told the bankers as he wooed them with prospects of even more capital.