

Third Devaluation of Dollar In Progress, Pompidou Says

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PARIS, June 5—French President Georges Pompidou tonight told a group of international bankers at the Elysee Palace that "We are witnessing the third devaluation of the dollar."

Pompidou's comment was made to a bankers' welcoming committee and heard by many others as he entered a reception given for an international monetary conference being held here under the auspices of the American Bankers' Association. The reception was the first official function of the conference.

The French president, accompanied by Mrs. Pompidou, circulated among the gathering of more than 120 bankers, government officials, their wives and guests at the Elysee Palace, smiling and shaking hands.

His appearance came on the heels of reports that he was seriously ill, and would hereafter keep no engagements outside of the official French residence. But tonight, Pompidou appeared to be well, although some observed that his face looked somewhat puffy.

Pompidou's remarks about the dollar reflected recent events in the exchange markets widely attributed to psychological reaction to the Watergate scandal. The dollar yesterday plunged to new lows, and gold sold in the af-

ternoon at a fixing price of \$126 on the London market. be where uncertainty over the dollar will end.

The dollar was devalued first in December 1971 and again in February. The deterioration of the dollar in recent weeks has in fact been a third, de facto devaluation.

Those present at the reception did not contest the accuracy of Pompidou's remarks although the official welcoming committee, conscious of protocol, was reluctant to comment on what he had said.

The general concern at the sessions which begin in earnest Wednesday with a speech by U.S. Treasury Secretary George Shultz, is certain to

Reports that Shultz will make his appearance here and then head back immediately to the U.S., thus skipping almost all of the Organization for Economic Cooperation and Development, added to the note of uneasiness.

He will be accompanied on the unexpectedly quick return by Federal Reserve Board Chairman Arthur F. Burns, whose participation in a session on central banking has been moved from Friday to

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Dow rebounds, gains 14.90 points. Page D10.

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Wednesday to accommodate the new schedule.

According to one report, Shultz and Burns are returning to Washington because of a new and urgent dialogue over the question of stronger wage and price controls. Former Treasury Secretary John Connally, who is now advising Nixon, has been urging a stronger program.

News agencies reported these other developments:

Dealers once again blamed the Watergate scandal for undermining confidence in the dollar and for triggering the buying rush into the relative safety of gold.

"Everyone is dumping dollars to avoid further losses," one London banker said. "They are afraid the Watergate scandal is going to get worse."

In Washington, both U.S. Treasury Secretary George P. Shultz and Peter Flanigan, assistant to the President for international economic affairs, said that they were "puzzled" by the dollar's poor performance abroad.

European money experts speculated that the system that was supposed to prevent another world monetary crisis was cracking under the pressure on the dollar and wondered how long the dollar would be allowed to weaken before governments stepped in with emergency measures.

In Frankfurt, the dollar plunged this morning to 2.5750 — the lowest level the U.S. currency has ever been traded on the West German exchange market. It rallied later to close at 2.5910, a shade lower than yesterday's closing exchange value of 2.6100.

In Paris, the dollar dropped to 4.16 francs and in Zurich to 3.0250 Swiss francs. All were new lows, and dealers said that the bottom had not yet been hit. In London, the pound was up to \$2.5860, the weakest level for the dollar in that country in a year.

