

EMS summit pushes technology

Giscard receives mandate for conference with Arabs, Africans

French President Valéry Giscard d'Estaing and West German Chancellor Helmut Schmidt closed the March 12-13 Paris meeting of European Community (EC) heads of state by stating that "the most important event to have taken place at this summit is the implementation of the European Monetary System." Giscard elaborated: "The planning and implementation of the EMS took place against a background of international crisis. One of the aims of the EMS is to alleviate these crises. The EMS has been designed as a contribution to peace, cooperation and security."

The official summit communique cites (1) the necessity, under the EMS, to coordinate European economic policy more intensively, and (2) the need to reduce Europe's dependence on energy imports 50 percent by the mid-1980s.

The U.S. and West German press tended to play up the second pledge as a commitment to energy conservation or austerity, along the lines of the International Energy Agency's guidelines. The communiqué itself indicates that this is not the case, specifying that the Europeans expressed their agreement with the recent Saudi Arabian government proposal for a conference among oil producers and consumers, and the Mexican proposal along the same lines for global consultation on energy.

Moreover, the summit gave Giscard a mandate to proceed on his own proposal for a European-Arab-African conference on mutual security and cooperation. The West German business daily *Handelsblatt* March 14 cited members of the West German summit delegation endorsing Giscard's approach as "logical and proper." Giscard will discuss implementation with the president of the Organization of African Unity, Edem Kodjo, and the General Secretary of the Arab League, Mahmoud Riad.

These discussions will proceed along the lines of the new proposal made by the francophone African countries to the Group of 77 developing countries which met in Tanzania in late February. There, Senegal and Ivory Coast successfully proposed that the Group of 77 junk its 1976 proposal for a "Common Fund" commodity price support system as inflationary. Instead, the Group of 77 now wants the OECD to work out a system of "technology transfers and loans for industrial develop-

ment," a State Department source said, which would help produce new markets for the OECD nations.

Oil as the Instrument of Development

The immediate background to these summit developments clarifies where EMS founders Giscard and Helmut Schmidt of West Germany intend them to lead. "...The question of the need for links between oil producers and consumers...is currently being examined by governments and organizations on both sides," the authoritative *Petroleum Intelligence Weekly* reported March 12.

Giscard had just returned from a spectacularly successful trip to Mexico, where he secured five million tons a year of Mexican oil for France, starting next year, and up to \$4 billion worth of industrial and technological contracts. The trip made concrete the "political maturity" they share, as Mexican President José López Portillo put it, in pursuing what Giscard termed "the reason of peace." Secondly, Schmidt has maintained ongoing coordination on behalf of the EMS with Saudi Arabia, as indicated by Saudi oil minister Yamani's unscheduled trip to Bonn the week before the EC summit.

The advanced extent to which Giscard and Schmidt are intending to put the entire question of oil for technology transfers on a top-down, EMS-financed basis was shown by a proposal circulated at the EC summit by the EC commission for an EC investment program in nuclear power and other alternate energy resources of \$370 billion (!) by 1990, *Platt's Oilgram* reported March 12. This proposal, among others, will be debated at the March 27 EC Council of Energy Ministers meeting.

Curing the "British disease"

The broader background is the EMS institutionalization of something continental Europe has known but has not consistently acted on when faced with Anglo-American pressures: the future of the world economy depends on the economic development of the so-called Third World, and development requires active peace. The EMS, when it emerged last July, was designed to provide both diplomatic and financial channels for ensuring that London, and the London affiliates in the

Carter Administration, cannot disrupt the Franco-German-Russian-Japanese potential to industrialize the globe, as they did in 1905-1919.

As the EMS went into effect, Prime Minister James Callaghan stated: "Under these circumstances, I cannot bear responsibility for keeping Great Britain in the EEC." Britain is not a member of the EMS currency arrangements, and its claims to a policy voice in the EMS's emerging European Monetary Fund have been rebuffed. Schmidt, according to the *Frankfurter Rundschau*, simply told Callaghan at the summit that Britain had received enough concessions in the past and should stop raising more demands now. Britain is now "isolated in a unique way," said the March 14 *Le Figaro*.

This is only secondarily a question of the UK's national standing. The opposition is to put it most sharply, between London's international policy of thermonuclear arms showdown and the EMS policy of thermonuclear energy proliferation. Giscard's offer of extensive nuclear power collaboration, with Mexico (see EIR, vol. VI, no. 10) backed by the Electricité de France state power monopoly's campaign for nuclear power throughout the Third World, shows precisely how the EMS policymakers intend to reduce "import dependency" for themselves and their developing-sector partners. The French government announced the day of the summit an ambitious new domestic nuclear program to produce no less than 30 new nuclear plants within the next few years.

On track for gold

The summit meeting formally ratified the creation of the EMS's fixed-rate currency grid, minus Britain, at the

parities the member central banks had already essentially established since January. Otto Wolff von Amerongen, chairman of the West German national chamber of commerce, publicly identified the next step the same day when he stated, "The EMS is a very good thing; we expect non-EC countries like Japan to join it." Another incident reminded observers that the EMS was explicitly premised on the ground-breaking 15-year economic cooperation agreement of May 1978 between Schmidt and Soviet President Leonid Brezhnev. Senior Soviet international official Alkhimov of the Gosbank went to Switzerland the week of the summit to meet with Swiss central bank chief Fritz Leutwiler. According to Italian media reports March 14, the EMS was a key item of discussion. Since July, Swiss bankers and the Swiss government have expressed interest in EMS membership of some sort. Alkhimov had called for "intensified cooperation with Western banks and especially central banks on monetary matters....including the fluctuations of precious metals prices," in an article in the Soviet journal *Foreign Trade* last spring. As we reported last week, the Soviets, who are major gold producers, were noticed selling gold on the international markets this month, at a time when the EMS welcomed a cooling of the speculative price bidup. Further cooperation may indeed be in the works. The irony is that while the old pre-1971 gold exchange standard monetary system was pegged to British colonial finance, the gold reserve system based on some \$35 billion of initial EMF gold-dollar pooling initiated by the EMS will be used to back up a multiple of dollar credits to create self-expanding markets in both the postcolonial world and what will finally become in fact the advanced sector.

— Susan Johnson