

by a virulent virus known as the "new economists" who are increasingly shaping their thinking. The "new economists" have brought the plague of Adam Smithian "adapting to the crisis" to France. The problem is compounded by the existence of a private network, centered around Ambroise Roux, President of Compagnie Générale d'Electricité (CGE), who also heads the energy commission of the powerful businessmen's association, the CNPF.

CGE is the fourth largest private industrial grouping in France with myriad shareholdings throughout electrical engineering and equipment, telecommunications and related sectors, giving Roux an important voice in the entire industry. In past weeks CGE has made major investments in the solar energy industry with U.S. companies. Recently, Roux was privy to a private strategy session on "world problems" with Henry Kissinger in France. His vendetta against the nuclear industry dates back to the early 1970s when the French government favored Creusot-Loire's adoption of a Westinghouse license for the original nuclear program, against a CGE-General Electric license.

It is well known, and was reported in the French press at that time, that Ambroise Roux became one of the main financial backers of Socialist Party leader François Mitterrand's unsuccessful presidential race against Giscard in 1974. Following the Harrisburg incident, Mitterrand was the first to speak up to call for a moratorium on nuclear plant construction, a parliamentary commission of inquiry and an Austrian-style national referendum on nuclear energy. The closely allied trade union, the CFDT, has been calling for a total halt to nuclear plant construction and the development of solar, wind, geothermal and coal power instead.

The government's objectives

The 1974 "Messmer plan" (named after Gaullist Prime Minister Pierre Messmer) called for more than 50 percent of France's electricity production to come from nuclear power by 1985. As a result of the courtroom and street machinations of the ecologists, that program is now an estimated one to two years behind schedule.

While original estimates called for 50 to 55 million tons of oil-equivalent nuclear energy production by 1985, that fell to 40 because of the delays, but was recently brought back to 45 as a result of government decisions to speed up construction of two nuclear plants, at Gravelines (two 900 Mw reactors) and Cattenom (one 1300 Mw reactor).

The 1979 budget of Electricité de France (EDF, the government-controlled electricity monopoly), out of a total of 22 billion francs, allocates 12.2 billion francs for nuclear, compared with 8.6 in 1978 and 6.3 in 1977.

—*Dana Sloan*

Britain eyes EMS as an austerity instrument

Since the first announcement of the formation of the European Monetary System, Britain has adopted various tactics aimed at stopping adoption of the new system entirely. But now, with the EMS officially in operation without Britain, a shift in emphasis is being discussed in British financial circles.

Sources in both London and Brussels have reported that Britain is now seeking some form of "associate status" in the EMS within a few months, to be able to turn the new monetary system into a replica of the International Monetary Fund (IMF). The EMS—under British direction—would then be rendered key instrument for heading off technology-intensive development of the Third World, redirecting the European economies back toward the British policy of zero-growth austerity.

The British outlook of "boring from within" the EMS was developed at a meeting of the Royal Institute for International Affairs (RIIA) last November, attended by top bankers and policymakers which included representatives of both political parties as well as the financial press. The meeting was addressed by Sir Jeremy Morse, chairman of Lloyds Bank and a former leading official of the International Monetary Fund who called on the government to take Britain into the EMS "for our own good and Europe's good." Sir Jeremy, also a former executive director of the Bank of England, said that the EMS could only work if European countries worked together to achieve "convergence" of their economies, meaning joint policies to cut inflation by curtailing growth. At that point, Morse emphasized the key role of the IMF's Special Drawing Rights in "rebuilding a better base for the world economy."

In sheep's clothing

The idea of Britain's joining the EMS had remained shelved for several months while London watched European developments carefully. Once the EMS had been successfully launched by the EEC heads of state at their February meeting, London decided to move in for the kill. Rumors began to circulate in Brussels that Britain would seek a share in the European Community credit program under which the less prosperous members of the EMS will be able to borrow at reduced rates. In case Britain decided to join, Healey demanded, Ireland and Italy—who are on line to receive interest rate subsidies—should be bumped if necessary to make room for the "more needy" British. This was to be Britain's first step in weakening the EMS: driving out the most

vulnerable members. According to the *Daily Telegraph*, if Chancellor of the Exchequer Healy carried out his threat to veto the EEC resolution granting special aid to Italy and Ireland, "these two countries (would) probably have to reconsider their membership in the EMS."

During the entire period of EMS policy formulation in Bonn and Paris, the British press kept up a barrage of attacks against Giscard and Schmidt, the cofounders of the System, while repeatedly warning that the role of the IMF must not be eclipsed by the new Fund. Although the European Monetary Fund — the credit-issuing facility which is an integral part of the EMS's structure — is "potentially a challenge to the IMF," wrote the *Economist* in September 1978, the two can "co-exist fruitfully." It is up to the U.S., which is the IMF's biggest member, added the *Economist*, to see that Europe's new monetary system is not a threat to America, the dollar and the IMF.

This same theme has been drilled home to Europe by Healey at every IMF meeting since the EMS took seed in Bremen last July. Perhaps the best exponent of the view that the EMS should be used to promote austerity in the advanced sector is Roy Jenkins, President of the European Commission. Jenkins, a former British Interior Minister, has been using his current Brussels post to proclaim the virtues of British-style monetarism and antitechnology policies. The EMS would provide a means of "central bank discipline" over the European economies, permitting governments to carry out needed "structural reforms," Jenkins has said repeatedly.

In the meantime, a major strategic reorientation is going on in British politics which will mean that whoever wins the May 3 election, sabotage of the EMS and a sharp veering toward war mobilization are on the agenda. The ability of the emerging European Monetary System to keep currencies stable and the included breaking of the historic link between the pound sterling and the Irish punt has only intensified the British determination to derail the EMS before it can become a principal international instrument for promoting industrial development.

It is no surprise, therefore, that the Royal Institute for International Affairs line has once again emerged. Last week, *Financial Times*' economics editor Samuel Brittan suggested a "transitional formula" for Britain's participation in the EMS which would be based on the wider 6 percent currency band. This would give sterling the opportunity to upset the stabilization scheme.

Within the Labour Party, Callaghan's close economic advisor Harold Lever—a participant in the November RIIA meeting—is calling for a reappraisal of Labour's anti-EEC stand, and a possible about-face on the EMS question.

Breaking the EMS nuclear policy

There is not the least possibility, however, that Britain

would surrender its sovereignty and become a loyal EMS member. In fact, the only basis for membership would be Europe's surrender to the kind of policies outlined by British Energy Secretary Anthony Wedgwood Benn at a recent EEC meeting. Benn came out strongly against the European program for nuclear energy development based on his previous argument that "technology is too dangerous" for the common people. Benn was also the first to pledge that his country would cut back its energy requirements by 4 percent and return to a coal-burning economy.

Should Conservative Party leader Margaret Thatcher become Britain's next Prime Minister, the *Economist* has already written her script. The March 25 issue urged Thatcher to make Britain a "full member of the EMS instead of hovering awkwardly on the sidelines." The reason: "a full member of the club finds it easier to bend the rules to its advantage than a semi-suspect outsider."

—Marla Minnicino

Jenkins tries to shoehorn Britain into the EMS.

The terms of British entry into the European Monetary System, as seen by the British, were covered in a speech by Roy Jenkins, President of the European Commission, excerpted here, that was delivered to the European Parliament on Feb. 13.

I hope that it will be possible for the Community, fortified by the creation of the European Monetary System, to play a more positive role in discussion of international monetary problems, I am in no sense suggesting a downgrading of the role of the International Monetary Fund. But within the Fund there is scope for a greater European contribution since economic and monetary policies are two sides of the same coin.... The European Monetary System can give a major thrust to our objectives, but it cannot become an isolated column too far in advance of the main army of economic advance....

On energy, we recently have a vivid reminder of the fragility of the technology on which our way of life is based. Large portions of Europe were paralyzed by deep snow and ice, entire regions were cut off; electricity supplies were stretched to their limits and beyond.... Many of our citizens were faced with a lack of means to keep themselves and their families warm. It is in just such a situation that our dependence on electricity, oil and coal and on other energy supplies is brought home not just to governments but to almost all the people of the Community.
