

Prominent West Germans have said more or less the same thing at the same time, signaling the danger that the new European Monetary System will be captured by London-centered strategists who, since its creation last summer, have worked to turn it into an antidollar, austerity-committed bloc if they could not halt it altogether. Robert Dhom, head of the Commerzbank, announced in an April 9 speech that he expects a new dollar collapse by year's end, since "the fundamentals have not changed"; Wilfried Guth, his counterpart at the Deutsche Bank, stated the next day that the way to keep the mark-franc parity stable, and thus ensure the EMS's success, is French Premier Raymond Barre's economic blend of income austerity and free-market clamps on the economy.

—Susan Johnson

London is to act as the clearing house for petrodollar recycling and for international speculative investment. The European Monetary System—which was designed to harness the Arab financial surpluses for high-technology development in the Third World—must be neutralized or turned into a vehicle of London, if this strategy is to be carried out.

Already the British have dropped the pretense of making the pound an unofficial member of the EMS currency band, as Chancellor of the Exchequer Denis Healey had promised earlier. In the second week of April, the pound smashed straight through its theoretical EMS ceiling, forcing the Irish "punt" to decouple from Sterling. Yet, the London *Economist* has advised Thatcher, should she become Prime Minister, to "make Britain a full member of the EMS instead of hovering awkwardly on the sidelines."

—Marla Minnicino

TRADE

U.S. electronics want CoCom beef-up

The U.S. electronics industry, manipulated from within and panicked by its lack of venture-capital resources, is proposing NATO control over OECD countries' export policies, under cover of reforming the Export Administration Act. The specific reform, proposed by Peter McCloskey, president of the Electronic Industries Association, would turn the Free World Coordinating Committee (CoCom) into a treaty organization, binding U.S. allies to greater restrictions on sales of agreed upon "strategic materials" to the East bloc and Third World, while—as a concession—loosening the grip of National Security Council and Defense Department oversight on such exports from the U.S. and giving nominal jurisdiction to Commerce.

At present CoCom has no binding provisions on its members, which include all NATO countries plus Japan and France, while the U.S. Department of Defense and NSA have regularly employed even stricter criteria to deny export licenses to firms selling to the East bloc.

Industry representatives say that such government intervention into OECD nations' export policies is necessary because the U.S. has lost its competitive edge on high technology vis-à-vis its own allies. The EIA's statement before the subcommittee of the Senate Banking Committee bluntly asserts that U.S. government intervention in licensing procedures, such as NSA's stopping of the sale of a Univac computer to the Soviet press agency TASS "can no longer significantly retard the military capabilities of countries which threaten the national security of the U.S. unless such export controls are imposed in cooperation with such friendly countries."

In the same hearings, the AFL-CIO's Rudolf Oswald echoed the habitual anti-technology transfer formula of Texas Instruments chairman J. Fred Bucy. Oswald maintained that "some exports weaken the U.S. industrial base. The law ... should protect the domestic economy from the excessive drain of scarce materials and ... reduce the serious inflationary impact of foreign demand. ..." A softer line for trade war against the Soviet Union and the Third World, under cover of expanding U.S. exports, came out of industry press shortly after National Security Advisor Brzezinski personally stopped the Univac-TASS sale. At the time it was loudly claimed that increasing exports to the East bloc would create dependence on U.S. technology which could later be withheld for a hypothetical Soviet infraction of "human rights."

The USSR has made it clear that it does not need to sit still for any of these strategies. While the U.S. government has just cleared the scaled-down Univac sale to TASS, the Soviets have chosen a French consortium, Thomson-CFS, to install a computer system that includes full switching and communications facilities. A spokesman for the Thomson-CSF consortium emphasized that should CoCom attempt to intervene, any U.S. components in the system "can be replaced." Thomson-CFS's Paul Worb explained that the Franco-Soviet computer agreement was expected to increase exchange of technical knowledge in developing both nations' information processing abilities. He added, "all of us wanted the contract to serve as a prelude to the signature of the agreement during (French President) Giscard's visit (to the Soviet Union on April 26.)"

—Katherine Ransohoff