



## IMF will be dumped: France

*U.N. the scene of battle over 'conditionalities' policy*

In a press conference at the United Nations Sept. 26, French Foreign Minister Jean François-Poncet publicly acknowledged for the first time that the European Monetary System is slated to replace the International Monetary Fund, despised by the developing sector and its allies in Western Europe for its insistence on economic austerity—"conditionalities"—as the precondition for credit. The EMS is currently "a means of settling accounts between central banks," stated François-Poncet. "It does not," he continued in response to a question by the *Executive Intelligence Review*, "have as yet another dimension. But the objective is to give it such a dimension in the future."

François-Poncet's unprecedented directness about Europe's intentions to use the EMS as an agency for the development of the Third World in place of the IMF has defined what is emerging as a major fight at the 34th U.N. General Assembly. The issue—as it was in 1976 when Guyanese Foreign Minister Fred Wills called on the General Assembly to back an international debt moratorium—is the new world economic order. The difference between now and 1976, when Wills's call went unheeded, is the intensified commitment on the part of a number of key Nonaligned countries, in the wake of the recent Nonaligned summit in Cuba, to achieving in coordination with the industrialized West a new monetary system capable of supplanting the IMF. As one of the prime movers of the EMS, France is crucially situated in these efforts.

Both Britain and the U.S. Carter administration, backed by Peking, are determined to block the moves at the U.N. to consolidate both the new world economic order and a viable alternative to the Camp David Middle East "peace" fiasco.

This was evident from the start of the session. With the opening of the General Assembly, a raging fight broke out over the question of seating a the representative of the butcherous government of Pol Pot. At the heart of the issue was the new economic order vs. IMF question, with Pol Pot's bloody Dark Ages policies for Kampuchea reflecting not an isolated case of lunacy but the successful, to-the-letter implementation of the

IMF-style austerity dictates currently being demanded of many developing sector economies.

The two-to-one decision by the General Assembly to seat Pol Pot after long hours of heated debate was indeed a giant step backward by, in large part, the Nonaligned countries. Strongarmed by China, the U.S., and Britain, the Nonaligned broke ranks, with many abandoning the position that they had held at the Havana Nonaligned summit that the Kampuchean seat should, at minimum, be kept vacant.

Despite this setback, the fight for a reshaped monetary system is far from over.

Speaking on the second day of the General Assembly debate, Jordan's King Hussein gave a toughly worded—and widely praised—address that linked his rejection of the discredited Camp David accords and his search for a comprehensive settlement to "the cause of the new world economic order, the cause of détente, the cause of those who are struggling against colonialism and international domination, the cause of economic progress."

French Foreign Minister François-Poncet, in his press conference, threw Europe's weight behind King Hussein, lauding the Jordanian ruler's speech as "eloquent" and "forceful." François-Poncet backed up the specifics of King Hussein's stance by stressing the necessity of the inclusion of the Palestine Liberation Organization in a Middle East peace settlement.

European support on the crucial Palestinian question was originally brought up by Ireland's Foreign Minister Michael O'Kennedy, who also spoke on behalf of the European Economic Community. "In the view of the Nine it is necessary that [Security Council Resolutions 242 and 338] be accepted by all those involved—including the Palestine Liberation Organization—as the basis for negotiations of a comprehensive settlement in which all the partners will play their full part," O'Kennedy said.

Arab delegates, including the PLO, voiced their satisfaction with O'Kennedy's statements, which were blacked out of much of the U.S. press, including the *New York Times*. Irish spokesmen, who had briefed the

press on the significance of O'Kennedy's statements on the PLO issue, were angered by the fact that these statements were deliberately and systematically ignored by the *Times* and other papers.

Coming 24 hours after Secretary of State Cyrus Vance's speech, King Hussein's speech drew the battle lines for the General Assembly fight: new world economic order and Middle East peace. It was a sharp rebuff to Vance, who in his address had called upon Hussein to join the Camp David process. In his intense efforts to undercut the efforts to consolidate a new world economic system, Vance also expressed nothing but pessimism over the General Assembly's moves to

resolve international economic inequities and related problems, cautioning that "progress is not inevitable."

Vance's statements were echoed by Lord Carrington, Britain's Foreign Secretary.

Soviet Foreign Minister Andrei Gromyko stressed what the stakes are at the U.N. Focusing on the danger of war, Gromyko made it clear that the Anglo-American economic perspectives, the Camp David accords, and the use of the China card increase the danger of war. The world must have peace, he stressed, if the problems being addressed by the General Assembly are to be solved in accordance with reason.

—Nancy Coker

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## France's François-Poncet: EMS to replace the IMF

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*In his Sept. 26 address to the General Assembly, French Foreign Minister Jean François-Poncet made it clear that France is taking no back seat in international policymaking, particularly in the quest for the establishment of a new world economic order and a durable Middle East peace. Standing firmly behind the statements made before the General Assembly by Jordan's King Hussein, François-Poncet called for the involvement of the PLO in the peace process and appealed to Israel "to cease insisting on exclusions" and deal with the PLO.*

*Even more noteworthy than his speech was François-Poncet's press conference at the U.N., held just prior to his address. When asked by Executive Intelligence Review if Europe—in particular France—is working with the developing sector to consolidate the European Monetary System as a vehicle for the industrial development of the Third World and the dismantling of the International Monetary Fund, François-Poncet acknowledged that "the objective is to give it such a dimension in the future." This statement marks the first time that a European government official has publicly acknowledged that the EMS is indeed perceived by Europe as a key weapon to break the IMF's grip on the developing sector. Excerpts of the press conference and of François-Poncet's speech to the General Assembly follow.*

*François-Poncet began his press conference with the following statement:*

Our priorities are very clear. One is poverty, which has become—is becoming—a major problem in the world of today.... This means a major challenge to the indus-

trialized and to the developed world. This challenge must be met.

Priority number two is energy—energy as a key to economic growth and progress. In that respect, I insist on what I consider to be a very important decision taken at Tokyo.... The industrialized nations of the world have committed themselves to base their future growth on energy that will not come from imports of oil. This is very important because we all based our growth in the past on greater amounts of oil purchased on the world market. The impact of this is that the remaining and hopefully increased production of oil can go to the developing nations who do not have, as do the industrialized nations, the technical and scientific possibilities to develop as quickly alternative sources of energy. For instance, my own country, as you may know, is engaged in a major program of development of nuclear energy, which will lead us in 1985 to produce 50 percent of all of our electricity from nuclear sources. And this enables us to forecast a fairly rapid growth without increase in oil imports. This means that there is a big step towards the beginning of a possible consultation between the industrialized countries and the developing countries.

*In the question period following François-Poncet's introductory remarks, Executive Intelligence Review asked the following question:*

At the recent Nonaligned summit in Cuba, the Nonaligned called for the speedy establishment of a new international economic system to replace the IMF. In this light, it appears that Europe's—in particular France's—efforts to remonetize gold as Phase II of the European Monetary System set the stage for cooperation between Europe and the developing sector for the establishment of a new monetary system centered around the EMS. To what extent is Europe, and France in particular, working with the developing sector to