exemplary of the potentialities for augmenting the international division of labor through such economic integration and cooperation. Malik's discussion of those agreements, together with pointed reference to the Comecon's International Investment Bank—established to provide credits up to 15-year term for financing industrial, agricultural and other development projects throughout the Third World—made explicit the Soviet capability and willingness to provide the cornerstone to expanded "triangular" agreements.

Significantly, Malik directly addressed the world monetary crisis, noting that "Western attempts (to normalize the crisis) are deadlocked." The solution requires, Malik adds, "due consideration of the interests of all countries" and the "general elimination of domination of one or several national currencies"—clear backing for the attacks on the dollar.

This coordinated political-economic assault on the bastions of Rockefeller's bankrupt dollar is already reverberating in Europe. The show of Third World-Soviet pro-development force at the UN emboldened the anti-Atlanticists of the West German daily Franfurter Rundschau. In a pokerfaced account of Foreign Minister Genscher's speech at the UN, today's Rudschau drives another nail in the coffin of Rockefeller agent Schmidt's beleaguered occupation government. "The position of the BRD, which was worked out in contacts with the USA, was fundamentally that of the U.S. government," reports the Rundschau.

Temporary Bretton Woods Revival

The Atlanticists stateside, for their part, have been backed into a corner from which they are attempting to extricate themselves—at least temporarily—via a revival of the original Bretton Woods scheme for an international monetary system composed of several major currency "blocs." Despite the fact that they managed to stall the immediate implementation of the IMF gold agreement, a faction has emerged that is willing to admit that they in fact have no choice but to proceed a lousy compromised on dollar hegemony and make room for the expansion of three-way trade and development. Such an arrangement—including a return to gold use and fixed rates between "blocs"—now espoused by key policy makers associated with the New York Federal Reserve will simply cushion other sectors of the world economy against the worst fallout from the dollar's future demise. The imminent New York City default and subsequent detonation of the Eurodollar market make such schemes useless from the standpoint of dollar salvation.

KISSENGER TRIES TO BLUFF HIS WAY PAST ATTACKS AT UN SPECIAL SESSION

by Peter Ennis

UNITED NATIONS, N.Y., Sept. 2 (IPS) — The Seventh Special Session of the United Nations General Assembly opened here yesterday with speeches by the major spokesmen for pro-development policies and genocidal austerity policies, Algeria and the Rockefeller-Kissinger within the United States government respectively. With those statements the parameters for discussion at the Special Session, devoted to "Development and International Cooperation," were set.

President of the Special Session, Algerian Foreign Minister Abdelaziz Bouteflika gave the opening speech and posed the question to the delegates, "What kind of world do we want to build?" Stressing that an "unequivocal" answer must be given to that question Bouteflika said that two choices exist. "The first alternative is to create, together, the conditions for real cooperation with a view to restructuring the world economy, defining new goals and assigning new purposes to world production and trade in order to satisfy, first of all, the fundamental economic, social and cultural needs of all mankind." The other alternative, he said, is for the industrialized countries to "continue to defend the privileges, increasingly vulnerable as they are... in the illusory hope of blocking changes."

Throughout his speech Bouteflika stressed that "the system, as it now operates, is itself the source of present upheavals," and broad-based changes are needed. He attacked the method by which capitalist financiers dictate the strict terms on which they will provide credit to the developing nations, said that the cumulative debt of the Third World, "which is largely the result of the unequal relationships to which they are subjected," must be "seriously renegotiated." He reiterated the proposals of the nonaligned countries for the establishment of commodity buffer stocks, and similar agreements designed to stabilize the export earnings of developing nations. "Such an approach presupposes a new type of relationship in which concerted action and some degree of planning on the international scale are substituted for the so-called laws of supply and demand, which, in reality, merely reflect an imposed relationship, based on the respective strengths of the seller and the buyer," he said.

The Kissinger Bluff

In response to the Algerian thrust for development, an empty-handed Daniel P. Moynihan, U.S. Ambassador to the UN, attempted to bluff the developing nation with a Kissinger-authored variation on the theme of "fuck you." Faced with a collapsing credit system, Kissinger could only propose the creation of new financial mechanisms to roll over tremendous Third World debts. These mechanisms include the expansion of the existing International Finacne Corporation, run by the hated World Bank, and the creation of an International Investment Trust. According to Kissinger such an investment Trust, which would be run by the International Finance Corp., "would attract new capital by offering investors a unique opportunity — participation in a managed broad selection of investments in developing country firms, public, private and mixed." Kissinger warned however, that for private investors to invest in their countries the governments of the developing nations would have to make themselves "credit-worthy." If this is not done, the developing nations could be "cut off needlessly from sources of capital and markets essential to their own progress."

Though the Kissinger speech was publicized to contain numerous "concessions" to the Group of 77 developing nations, Kissinger declined to accept even the most publicized demand of that group — an "integrated approach to negotiations concerning trade in raw materials and commodities. As a counterproposal, he called for the creation of a facility within the International Monetary Fund which would lend money to those countries whose overall export earnings have dropped. This "proposal" would also do little more than provide developing nations with the funds to meet debt payments. Further, Kissinger crudely attempted to undermine the unity of the non-aligned countries by placing the blame for the world economic crisis on the OPEC nations.

Initial indications are that Kissinger's bluff will be called. While it is as yet unclear as to whether the non-aligned nations will openly propose at this Special Session the breaking from the dollar and agree upon trade and development policies denominated in a new currency — possibly the Comecon ruble — high level officials have told IPS that the nonaligned group will not fall victim to Kissinger's blackmail threats and phony proposals. "All he said was that we can go to the private capital markets, but we must be credit-worthy," one official said.

Kissinger was aided in his attacks on the nonaligned group by the representative of the Federal Republic of Germany. Hans-Dietrich Genscher, Foreign Minister of West Germany, delivered a virtually identical speech to that of Kissinger, and added that he was against the use of gold in monetary transactions." The U.S. is also against the use of gold in monetary transactions, and the issue is presently at the heart of a major political crisis in Genscher's country.

THREE WAY DEVELOPMENT REAL SUBJECT OF MONETARY FUND MEETING

by David Goldman and Robert Berkowitz

WASHINGTON, D.C., Sept. 3 (IPS) — Maneuvers toward three-way development arrangements between Western Europe, the Third World, and the Soviet Bloc overshadowed the least significant annual meeting of the International Monetary Fund since the IMF's founding in 1944.

Earlier this week, France and Mexico jointly pushed through the one significant decision to emerge from the gathering, an agreement by the IMF's Interim Committee of Twenty Nations to ease gold transfers between central banks and to put some of the IMF's gold holdings back into public circulation. Widely viewed as a major step toward reviving gold's monetary role at the expense of the U.S. dollar and the IMF's "Special Drawing Rights," the Interim Committee's decision, which had unanimous European backing, pushed the embarassed U.S. delegation into a corner.

Gold, Comecon...

Mexico's Central Bank Governor, Ernesto Fernandez Hurtado, hailed the decision on gold as a victory for development. "The International Monetary Fund held gold for a specific function," Hurtado said in an exclusive interview. "This was for gold to serve jointly with the dollar as the center of the monetary system. Now this monetary system is in shambles. There is no longer any reason for the fund to hold gold." Mexico has joined France in demanding the return of IMF gold, valued at about $24 billion at the recent market price, to members of the fund who placed it there as part of their initial subscriptions.

Hurtado linked the gold accord to closer economic relations with Comecon, noting "many Third World countries would be glad to have the long-term use of credits from Comecon." The use of Comecon credits for the purchase of European capital goods, "depends on Germany and France," Hurtado added. "If they accept the transfer ruble, they are giving credit to the Soviets." The Mexican banker noted that current Soviet-West German negotiations on the transfer ruble were an "important step" in this direction.

...And the IDB

Among Third World delegates, most of whom were financial officials one step removed from political discussions between the Non-Aligned Nations, there was some confusion about the gold decision. Within the controlled environment of the IMF, the "Group of 24" Third World countries has asked for handouts of Special Drawing Rights, the IMF's funny money. "The capitalist countries give us their proposals and we merely react to them," one Third World member of the Interim Committee complained. "What we need is our own proposals for a new monetary system." Most of the Third World delegations here are studying the ICLC's International Development Bank proposal.

But Hurtado pointed out, "There is no real difference between the Third World countries here. SDR's are not useful for development, only for the liquidity reserves of central banks (i.e., debt refinancing—ed.). Gold is a means of transferring real resources to the developing countries." Both the Soviet press and the West German newspaper Deutsche Zeitung, which reflects the German side of the transfer ruble negotiations, have cited the importance of gold reserves for the creation of ruble financing arrangements, as the monetary asset common to east and west.

U.S. Holding Action

Unable to face down the working alliance of the Europeans and leading Third World countries, the U.S. delegation, headed by Treasury Secretary William Simon, fought a holding action to delay implementation of the gold accord until next January, when the Interim Committee meets again in Jamaica. Contrary to standing Treasury policy, Simon demanded a full package of monetary agreements before any single agreement could go into effect. The main unresolved issue is what language will be applied to the present state of monetary disorder, in which exchange rates fluctuate unpredictably against each other on the basis of day-to-day market conditions. In response to Simon's stalling tactics, a French News agency reported yesterday, European countries are moving toward a bloc on the issue of exchange rates, which have been cut loose from their fixed parities in the old Bretton Woods monetary system after the U.S. declared the dollar bankrupt four years ago.

At a Tuesday morning press conference, the nervous Treasury Secretary stonewalled before a barrage of reporters' questions on the gold issue. "We have a clear mandate from Congress to insist upon a comprehensive package," Simon said, although no such instructions from Congress exist. In response to questions about Third World demands, Simon said, "People always want more!"

Universal Crisis

Other representatives of industrialized countries were less smug. "There's a real crisis ahead," Canadian Finance Minister John Turner said in an interview. "I just returned from a meeting of Commonwealth Countries in Guyana. They screamed about their foreign exchange reserves running out, their commodity stabilization funds running out." British Chancellor of the Exchequer Denis Healey, another participant in the Commonwealth meeting, said in his speech to the annual meeting, "What emerged most strongly was the threat to recovery in the industrial countries if their trade with the developing world collapsed, and the parallel inability of the developing countries to avoid catastrophe unless the industrial world achieved recovery."

French Finance Minister Jean-Pierre Fourcade warned in his speech of "the impossibility of ensuring a sufficient supply of food to meet the needs" of Third World countries, and "insupportable foreign debt." He declared, "This crisis is serious because it is universal. Whatever a nation's political system, whether it is