

## EEC Ministers Quash British Reflation Scheme

European Finance Ministers, led by West Germany and France, have successfully squashed a scheme headed by British European Economic Community Commission head Roy Jenkins to impose a hyperinflationary collapse on European industry. According to the French financial daily *Les Echos*, Jenkins, "a Britisher first, above a European," failed at an EEC Finance Ministers meeting to persuade West Germany and other "strong" economies to launch domestic programs for massive increases in imports, and place their currencies under City of London control.

Bankers' spokesman and British Chancellor of the Exchequer Denis Healey walked out of the meeting following the EEC decision yesterday wearing his sour grapes on his sleeve. Said Healey to the press, since the Western Europeans don't want a new currency arrangement, we won't give them one.

Jenkins' scheme, floated under the names "European Monetary Union" and "A Marshall Plan for Southern Europe," would have hocked European industry and finance to wild pound-dominated speculation, and adventurer investments in North Sea oil. The proposals had been received so poorly — even before the Oct. 8 meeting — that an EEC Commission report on the "Marshall Plan" had been suppressed by its British authors.

### *Franco-German Alliance*

The EEC Finance Ministers did not hesitate to attack both Britain and Jenkins by name in their rejections of the British subversion scheme. Summing up the fight, *Les Echos*, stated, "Since Britisher Roy Jenkins assumed the chairmanship (of the EEC Commission early this year), the Commission has been failing more and more every day in its mission to organize European policies." Jenkins "chose to propose this political line to the Commission (because) it favors his country, but is worrisome for the future of the (European) economy."

Typical of London's opponents is Wilfried Guth, chairman of West Germany's leading bank, the Deutsche Bank. In a press conference held one day before the Finance Ministers' gathering, Guth called for "an increased role for gold" internationally, because "we need industrial production and new technologies."

### *The Luxembourg Plan*

Guth's statement was issued in Luxembourg, where the Franco-German industrial and banking forces are in the process of setting up a gold-purchasing market and a stock market for investment in European industrial equities.

One of the chief organizers behind the Luxembourg plan, West Germany's Dresdner Bank, recently made

clear that Europe's industrialists are looking for angles to bring U.S. industrial support behind the attack on London's centers of power. During a recent banker's gathering in Houston, Texas, on the occasion of the Dresdner Bank opening of an official branch there, Dresdner spokesman announced that they saw Houston as the future center of American finance, "in competition with New York and Chicago."

Understandably, informed sources in the West German Finance Ministry report that "British banks are very unhappy about" the Luxembourg effort, and "forces within the EEC Commission (i.e., Jenkins and company) are trying to do something against Luxembourg so that the whole Euromarket can be kept in London."

There is, however, a newly won confidence throughout European "Gaullist" circles that hard-hitting alliances can hold firm and defeat British subversion through determined cooperation.

This confidence was demonstrated by a West German Finance Ministry spokesman when he was asked what results he expected from the Oct. 2 meeting scheduled between Schmidt and British Prime Minister James Callaghan. Contemptuously, the spokesman asserted, "Don't worry about it — (French Prime Minister) Barre will be here in a few days."

### W. Germany:

## 'There Is No Opposition'

Helmut Kohl, leader of West Germany's opposition Christian Democratic Union (CDU) has announced the next stage in the formation of a "Grand Coalition" between Chancellor Helmut Schmidt's ruling Social Democratic Party (SPD) and the CDU. "The CDU has ceased to be the opposition," he said at an Oct. 17 press conference. "It is no longer a question of opposition, but of life or death for the nation. I support Schmidt, and I would be doing the same thing he is doing."

Although Kohl was most prominently referring to his support of Schmidt's battle against the terrorist hijackers of a Lufthansa jet, the CDU chairman was also using the occasion to line up behind Schmidt's policies for economic growth and nuclear energy. He implicitly acknowledged Schmidt's superior leadership in a period of national crisis, a reversal of his earlier demand that the present government resign so that he could become Chancellor. Kohl's insistence on the Chancellor post for the CDU, which has an absolute majority in parliament, has been the major obstacle to more formal "Grand Coalition" talks.