West German Federal Chancellory spokesman Armin Grünewald, in a press statement Dec. 8:
It is the responsibility of the United States to intervene to support the dollar.

West German Federal Chancellor Helmut Schmidt, at the Dec. 5 summit of European Community leaders (as reported by wire services):
We should beware of anyone who comes along with a panacea for the economic situation, for instance, printing money. Printing money will not work either here or in the United States... Europe has been financing the U.S. oil deficit by intervening on the foreign exchange market.

Helmut Geiger, President of the West German Savings Banks Association, in Die Welt *Dec. 8:*
We cannot permit the European snake to fall apart... the pressure on the dollar has reached intolerable levels. It is the responsibility of the United States to solve the problem.

Otto Wolf von Amerongen, President of the West German Conference of Trade and Commerce (DIHT):
Everyone, not only the countries who trade with the United States, is affected by the fall of the dollar. There are people in the United States who want to support the dollar. We in Europe should give them all the encouragement we can.
(A source close to Mr. von Amerongen added: Schmidt and Giscard are doing something about the dollar mess. They are old hands at this game. It seems that Mr. Carter has learned his lesson. I hope that 'Blumie' at the Treasury has learned his lesson, too. The only problem is that the British are old hands at this, too. They would do everything to the Western world for their own benefit. They do not care at all about the Western world.)

Deutsche Bank Board of Directors member Thierbach, in a statement broadcast over West German radio stations on Dec. 6:
The dollar is certainly undervalued. Certain Mideast countries have overdone their mistrust of the dollar... It would be completely wrong to draw a parallel between the current situation and the end of the 1920s, when the world entered a depression... West German exports might suffer due to the appreciation of the deutschemark, but they are not going to collapse. That is ruled out.

Le Monde *columnist Paul Fabra, in* Le Monde *Dec. 8:*
The persistent weakness of the dollar has turned into a crisis. There is no way to isolate the United States from the World economy. The American non-policy is paving the way for a new world recession... Blumenthal has violated the solemn commitments of the United States... the reason for the collapse of the dollar is not the growth of oil imports, nor the rise in money supply, as usually presented. The fundamental problem is that the Federal Reserve has accepted a policy of domestic reflation, as witnessed by the huge budget deficit during the third quarter...
If the decline of the dollar continues, it will make inevitable a new recession in the countries that are supposed to lead the world economy.

Italian Communist Party daily L'Unita, *Dec. 8:*
All the European countries are agreed on the need to support the dollar, except for the British, who believe that they will benefit from the dollar's decline.

West German Finance Minister Hans Apel, in a press statement Dec. 7:
The Federal government views favorably the efforts of the Bundesbank to support the dollar... according to the definition of the (1975) Rambouillet agreement, the flows out of the dollar are erratic and speculative. Therefore the Federal Reserve has the obligation to take action.

EEC 'Gaullist' Axis Blocks Jenkins's Proposals

Under the leadership of West German Chancellor Helmut Schmidt, the Dec. 5-6 summit of the European Economic Community (EEC) heads of state in Brussels delivered a resounding defeat to former British Minister and current EEC Commissioner Roy Jenkins's plan to relaunch a European Monetary Union. Although "taking note" of the Jenkins Commission's plans for long-term economic and monetary union, the combined forces of West Germany, France, and Italy pointedly refused to accept any concrete plans for the creation of a monetary union, calling on their finance and economic ministers to discuss details "at a later date."

The *Frankfurter Rundschau* proclaimed the meeting "a first-class funeral," commenting that "never before has the European Monetary Union been given such a blow... the Willy Brandt and Pompidou 1971 plans for such a union are as far from realization as the unification of Germany."

Against strong opposition from the British, the West Germans succeeded in pushing through the new EEC budget, which calls for almost doubling the British contribution, while restraining British and Irish demands for large increases in the Regional Fund (money earmarked for various regional development and rationalization projects in industry). Schmidt warned that under no circumstances would the Regional Fund be used for refinancing of existing debt, but only for new investment.

Schmidt Gets Last Say On EEC Finances

On the eve of the EEC summit, the behind-the-scenes fight between West Germany and France on one side and Britain on the other broke into the open with German Finance Minister Hans Apel's Dec. 2 *Handelsblatt* interview. The *Financial Times* of Dec. 3 splashed the story across its front page, noting Apel's attack on Britain for being "ready to take all it can from the EEC, but do little in return to meet its partners half way." Apel made clear his government's opposition to a monetary union, suggesting that Jenkins's proposal must be "either an intentional or unintentional mistake." The *Financial Times* noted that Schmidt was known to be "privately" blaming the British for blocking a constructive approach to the budget and Regional Fund.

In the end, the Ministers agreed to implement the new EEC unit of account (the previous one was still based on a 1971 dollar parity), which significantly undervalues the German mark but overvalued the pound. As a result, Britain's contribution to the EEC budget will increase from £700 million in 1977 to £1.18 billion for 1978. At the same time, the West Germans blocked the call of the European Commission and European Parliament for a £488 million increase in the Regional Fund, alloting only £377 million for 1978 — an amount which does not even account for European inflation rates over the past year.

Schmidt further secured a major compromise on the so-called "Ortoli facility," proposed by European Commission Vice-President Ortoli to supplement the capabilities of the European Investment Bank to augment its "insufficient" funds for regional and social projects. While accepting the Commission's ability to raise £650 million on international capital markets, Schmidt demanded that the final say rest with the national finance ministers, rather than the supranational EEC Commission.

Financial Times: German Tempers Flare Over British EEC Maneuvers

The Dec. 3 Financial Times *of London carried front-page coverage of West German Finance Minister Hans Apel's interview in the business daily* Handelsblatt, *under the headline "German Anger at Britain's EEC Policies," excerpts of which follow:*

Three days before the European summit meeting in Brussels, long-simmering anger in the West German Cabinet over Britain's EEC policies has found at least partial public expression.

Herr Hans Apel, West Germany's Finance Minister, described it as odd behaviour to urge ever greater transfer of resources in the Community while declaring one's own national resources untouchable,... leaving no doubt that he had Britain in mind...

Herr Apel made his comments in a newspaper article in which he also repeated his reservations on the European Commission's plan for progress towards economic and monetary union...

His remarks reflect what one government source describes as feelings of disappointment and dissatisfaction in the Cabinet which have been steadily increasing to anger.

The overall criticism is that Britain is ready to take all it can from the EEC, but do little in return to meet its partners half way...