The Bremen Communique

The following declaration of principles of the new European Monetary System was appended to the European Community (EC) Council of Ministers Presidential statement, following the EC summit meeting in Bremen July 7. Proposed jointly by West German Chancellor Helmut Schmidt and French President Valéry Giscard d'Estaing, the plan is scheduled to go into effect January 1, 1979, pending final EC approval this December. The new system has been described by one high-level West German official as having been "consciously conceived as the seed-crystal for a new international monetary system."

1. In relation to the regulation of exchange rates, the European Monetary System (EMS) will be at least as strict as the "snake." While the system is in operation, those (EC) member countries not participating in the snake can decide in favor of somewhat broader bands of fluctuation. Interventions will, in principle, occur in the currencies of the participating countries. Changes in assigned parities will be made by mutual consent. Non-member countries with especially strong economic and financial ties to the Community can become associate members of the system. The European Currency Unit (ECU — determined, like the European Unit of Account, on the basis of a basket of currencies) will constitute the core of the system; in particular, it will be used as the accounting unit between the various monetary authorities.

2. An initial reserve in ECUs (for payments among the Community's central banks) will be formed, partially from deposits of American dollars and gold (i.e., 20 percent of the member countries' normal reserves), and partially from a comparable sum of member countries' own currencies. The utilization of the ECUs thus created through deposits of member countries' currencies will be subject to conditions which vary according to the amount deposited and its maturity; the need for extensive short-term facilities (up to one year) will correspondingly be taken into account.

3. The participating countries will coordinate their exchange rate policy vis-à-vis third countries. For this purpose they will strengthen consultations within the appropriate bodies and between the central banks participating in the system. The possibility must be sought out to coordinate interventions on behalf of the dollar, so that interventions do not occur at cross-purposes with each other. Central banks who buy dollars will deposit a portion of them (about 20 percent) and will receive ECUs in exchange; similarly, central banks who sell dollars will receive a portion of the proceeds (about 20 percent) in ECUs.

4. At most two years after the introduction of the system, the existing agreements and institutions will be consolidated into a European Monetary Fund (EMF).

5. A system of closer collaboration in exchange rate policy will only be successful if the participating countries follow a policy which leads, both domestically and abroad, too greater stability; this holds equally true for deficit and for surplus countries.

What Is The Bonn Summit's Energy Policy?

Part and parcel of the dramatic trade-and-development-based monetary accords expected to come out of the July 16 meeting in Bonn is an energy perspective centered on the most advanced forms of technology.

At the forefront is Japanese Prime Minister Takeo Fukuda. His government has officially announced that at the summit in Bonn he will renew his calls to the U.S. Administration for cooperation between the two nations on making thermonuclear fusion power commercially feasible. (For more on Fukuda's announcement see this issue's ECONOMIC SURVEY.)

French and West German leaders are also reportedly emphasizing that conventional nuclear power be encouraged and developed, as the alternative to continued dependence on shrinking oil supplies.

And both the Europeans and the Japanese stress that the Bonn proposals are aimed to bring about worldwide economic expansion for which vastly expanded energy supplies will be vitally necessary.

Why is it, then, that American newspapers and magazines are reporting just the opposite: that at the Bonn summit Europe and Japan will demand the U.S. cut oil imports and will impose oil consumption cutbacks on themselves.

In large part, such stories are, like most of the American press's Bonn coverage, simply deliberate lies, or lies ignorantly passed along as fact. Take, for example, *Time* magazine's July 17 report that the Bremen summit "agreed to cut Common Market oil consumption by half over the next seven years," putting "new pressure to curtail U.S. oil imports." No such report has appeared in any European source. However, the July 9 issue of the French daily *Le Monde* notes that, in addition to the many important resolutions made at Bremen, the nations agreed to cut oil *imports* in half over the next seven years — while developing nuclear and other alternatives as rapidly as possible. In debate on the issue, West German Chancellor Schmidt reportedly was one of the most vocal proponents of nuclear energy development. The implication is far different than *Time*'s story.

Nevertheless, it is undeniable that Schmidt and others have included calls for a U.S. oil-import cutoff and for congressional passage of the Administration's disastrous low-growth energy bill in some of their recent statements.

This reflects primarily the Carter Administration's insistence that it be so addressed, if its allies hope to win even a hearing for their economic and political proposals. As one source close to Schmidt said, "It's a cheap shot."

The danger is that defensiveness toward the U.S. and, worse, cynicism about its political will to join the West Germans, French, and Japanese in a positive strategy for world economic recovery, will become predominant. But neither the Bonn Summit leaders, nor America itself can afford to let the U.S. remain outside. The best answer to the European and Japanese "oil import cutoff" statements will be a firmly positive U.S. stance at Bonn.

— *Tessa DeCarlo*

Israel Arms Nazi Falange With U.S. Weapons

Exclusive expose of attempts to provoke a Mideast war

Exclusive to NSIPS

General Moshe Dayan and the Israeli government are resupplying the fascist Lebanese Falangist militia with heavy weapons, including tanks, to provoke a showdown with Syria.

The massive Israeli resupply effort, which began July 5, is in preparation for an extremist Christian declaration of an "independent" Falangist-controlled state in central Lebanon. This declaration, coupled with the expected resignation of Lebanon's President Elias Sarkis, would trigger a war between Syria and Israel, a conflict that is aimed by Israel and its City of London backers to wreck this week's economic summit for industrial nations in Bonn.

The weapons in question, now in the hands of the Falangist gangsters, are of U.S. make and the transfer of these weapons into Lebanon is a direct violation of the terms of the U.S.-Israel military agreement. The U.S. Labor Party is pressing the White House, the State Department, and Congress to investigate the illegal arms transfer and to suspend arms shipments to Israel.

According to West German sources, the State Department is already in possession of firm evidence of the Israeli resupply effort. State Department spokesman Tom Reston told New Solidarity, however, that the U.S. has "no evidence of an illegal arms transfer." Several congressmen have begun inquiries.

West German sources also stated that, according to their information, the Israelis intend to provoke a war with Syria, over Lebanon and the Golan Heights, and that West Germany believes that the Israelis intend directly to upset the Bonn summit. A war over Lebanon, most analysts know, could spread into a general conflict in which Israel could destroy Arab oil fields using nuclear weapons.

The containment of the Israeli threat is thus the prime necessity to ensure the success of the Bonn meeting.

Partition Plot for Lebanon

The same West German sources emphasized that, "No matter what the press says about a cooling-off in Lebanon, an Israeli-provoked explosion of that country is a fully live option."

Such a scenario would begin with the declaration of an independent Falangist state in Lebanon. That announcement would be calculated to provoke Syria, whose 40,000 troops keep Lebanon together, to move militarily to crush the fascist state. A State Department source said that, in that instance, Israel would launch air strikes against Syrian forces in Lebanon. Other sources have elaborated this scenario, indicating that Israel has redrawn battle plans to move straight through the Golan Heights into Lebanon for a head-on clash with Syrian troops.

President Sarkis, the sole political figure who can unify the country, is threatening to resign under heavy pressure from the Falange. His resignation would plunge the country into chaos, and several rival factions would compete for power, leading to almost certain war between Syria and Israel.

The Syrian Information Minister warned this week that an Israeli move into Lebanon "would mean war with Syria." He also warned the rightists that Syria intends to "crush" anyone who acts contrary to Lebanon's national unity.

But the Syrians lack both the military force and the finesse to eliminate the political power of the Falangists, who are entrenched into East Beirut and the surrounding mountains. In addition, President Assad of Syria is under great pressure at home to prove that his intervention into Lebanon two years ago was not a failure, and so is prone to overreact. Last week, when heavy Syrian forces shelled civilian zones indiscriminately, Syria was accused of using too heavy a hand.

The solution, temporarily, lies in a formula for national reconciliation in Lebanon. Some moderate Christian elements, linked to other pro-Syrian Christian forces, are looking to strike a deal with Lebanon's Moslems. They may also hope to win over Pierre Gemayel, the leader of the Falange, thus isolating the ultra-extremist Camille