'Grand Design' Credit Strategy Emerges

Arabs, Europeans implementing Bremen accords

In both Western Europe and the developing regions of Africa and the Mideast, government policy-making bodies issued firm directives last week to bring the massive "Grand Design" economic development programs prepared by the July Bremen and Bonn Summit meetings into operation. The French and West German governments, as well as the Arab Development Bank and the African Developmemt Bank, all announced specific policy moves, to be undertaken between now and the end of September, as measures to guarantee financing for long-term, large-scale economic growth.

BANKING

On Aug. 7, the Arab Development Bank convened a dramatic meeting in Amman, Jordan, attended by central bank representatives and diplomats from 41 Islamic nations, to discuss the role of the Bank of Islam in financing global development. Under the guiding influence of Saudi Arabia, the leading nation behind the moves to unify the Mideast around a program for peace through economic growth, the attendees recognized that the Bank of Islam must become a major credit institution to back up Middle Eastern development.

Commenting on the meeting, a spokesman for one of Switzerland's top banks volunteered that the proposal was "the closest thing I've seen to (U.S. Labor Party Chairman) LaRouche's International Development Bank." LaRouche's 1975 IDB proposal, which called for replacement of the International Monetary Fund-World Bank by a $200 billion global bank to serve long-term financing needs in the Third World, has served as the model for the international development push now underway.

Dollar Support Moves

The Amman meeting overlapped the publication on Aug. 7 in the *Christian Science Monitor* of an Arab News Agency announcement of Saudi Arabia's intention to fully coordinate its monetary policy with West Germany by the end of August. Under the headline, "Saudi Assurances Give Boost to the Dollar," the *Monitor* noted that the decision of both countries to operate jointly to support the dollar was reached at "two recent meetings between Prince Fahd and West German Chancellor Schmidt."

The *Monitor* is the first Western newspaper to pick up this explosive story, the full details of which appeared in the last issue of the Executive Intelligence Review. On Aug. 6, French intelligence sources revealed to this news service that the Saudi's intention to unify the Arab Monetary Fund with the European Monetary Fund established by the European Economic Community at the July 7 Bremen Summit. Contrary to the City of London-circulated report that the EMF is a "currency stabilization fund," the Bremen program was designed to facilitate combined North-South and East-West trade on an unprecedented scale. The combined resources of an EMF-AMF arrangement are estimated at this time to lie between 250 and 300 billion in central bank-held surplus dollars.

Following the Amman meeting, the African Development Bank based in Nigerian held a conference on Aug. 8. According to the economics magazine of the West German Frankfurter Allgemeine Zeitung, the African financial institution issued a call for West German banks to aid it in increasing its capitalization by 70 percent. Japanese banks are reportedly already involved in the program.

French Toss Out British Policy Myths

It is well understood by the leading forces of the Grand Design that the Third World development is a pipe dream if the advanced industrial countries do not adopt dirigist policies to make credit available for production and export of western capital goods and nuclear development programs.

Following months of debate in France on how to relieve the country's stagnation of industrial investment and confront high levels of corporate indebtedness, government spokesman Michel Albert, head of the French Planning Commission, submitted a proposal to the Prime Ministry Aug. 7 calling for an exports drive to the Third World, combined with increased investments in science and technology. Simultaneously, experts for the Finance Ministry are reported to be preparing a banking reform program which will permit banks to double their credit issuance by June 1979 and quadruple issuance by 1980.

These reforms come on the crest of a full-scale political battle around the French Industry Ministry, whose head, André Giraud, has been on a months-long campaign to purge advocates of environmentalism and zero growth from positions of responsibility. Last week, Giraud announced a bold industrial strategy aimed at fulfilling the Bremen accords, based on the need to boost France's nuclear and aerospace technologies to a leading world position.

These reform moves puncture two prevailing myths which governed French economic policy until the Bremen summit, and which allowed the Black Guelph hierarchy overseeing the City of London to exercise considerable indirect control over French politics.

The first myth is that France is a nation committed to the "spirit of free enterprise." Prime Minister Barre, until Bremen the dominant figure in French economic planning, had been using the slogan of "free enterprise" to hold intact devastating government restrictions on bank credit issuance, driving a large section of industry into near bankruptcy status.

Pushing Barre's influence aside, the Albert reforms call for creation of a dirigist bank to facilitate private joint ventures in the Third World, provide incentives to corporations going for reinvestment of profits in modernization of plant, and make available resources to invest in research and technology.

The second myth is that France can only boost its economy in overt competition with West Germany. In fact, these recovery reforms have been drawn up in consultation with West German leaders, and are aimed at coordinating French economic growth with the investment and wage incentives announced in West Germany's 1979 budget.

To drive home the point that French industrial development constitutes a rejection of British economic mythologies, the French press continues to run articles denouncing the miserable state of the British economy. Earlier this week, attacks on Britain included a news item in French papers about a "sugar war" which is presently occurring betweeen the London and Paris commodities markets.

Meanwhile, West German leaders proudly announced this week the successful, initial results of their efforts to boost East-West trade.

On May 4, Schmidt signed a groundbreaking "Rapallo"-style treaty with Soviet Party Chief Brezhnev to lay the groundwork for West German-Soviet collaboration in developing the Third World. On Aug.7, official reports were released on Soviet-West German trade for the first half of 19
overall foreign trade for West Germany rose only 3.5 percent in that period, exports to Comecon countries jumped 10.2 percent; imports from the USSR meanwhile leapt up 24.1
rose 14

Emphatically underlining the global development program proscribed by the May 4 treaty, Chancellor Schmidt issued a statement this week on West Germany's commitment to "the future of all of us."

"The development of North-South relations," he reported, "is as important as the regulation of conflicts between East and West . . . Our government is committed to helping the peoples of the Third World in their own efforts to build their economies . . . ."

Schmidt's statement was echoed by Otto Wolff, steel industrialist and renowned promoter of East-West trade. "Trade must expand everywhere," Wolff told an interviewer from the daily Die Welt. He noted that his own family has also been involved in the 1920s Rapallo treaty deliberations, and added a noteworthy attack on Willy Brandt, the former Chancellor who attempted to hand West Germany over to complete City of London domination. "I hold it as the major historical mistake of Herr Willy Brandt that (during his office) there emerged a general defamation of the entrepreneurial spirit in this country."