

After a meeting of British Conservative leader Margaret Thatcher and West Germany's Christian Socialist Franz Josef Strauss in Vienna on Monday, Aug. 21, Strauss attempted to undermine the EMF from the Bundestag. The West German government is obliged under the constitution to answer Strauss's question: why Otmar Emminger was kept out of discussions leading up to the Bremen Accords. Matthoefer answered for Chancellor Schmidt that Emminger was kept more informed than even he, ending the discussion. The next round of monetary discussions will take place at the Paris Group of Ten deputy finance ministers' meeting scheduled for September 8.

Matthoefer: 'Firm Determination' To Defend \$

Excerpts of an interview conducted by Salchow of the Deutsche Zeitung, with West German Finance Minister Hans Matthoefer:

Hans Matthoefer, who has been Finance Minister for six months, is a man who thinks ahead: he does not want to be solely the nation's bookkeeper, but a political minister who fully uses "all the political possibilities for shaping developments" of his office.

Under present circumstances Matthoefer is taking the effects of the dollar's weakness more seriously than the Bundesbank. Matthoefer has in mind far more, however, than the 10.3 percent upvaluation he calculates the D-mark has undergone since the end of 1976. Like Claus Koehler of the Bundesbank directorate he is committed to the zone of European currency-rate stability resolved upon at the Bremen summit of the European Community, a stabilization of the foreign exchange markets.

Matthoefer: "Now, as before, there exists firm political determination on the part of the West German Chancellor and the French President to launch this new instrument of monetary policy by the first of January."

Because skeptical currency dealers fear that the EMF would generate a gigantic inflation machine,

Matthoefer himself concedes that during one of the most recent central bank meetings a "heated atmosphere" developed. Even Social Democratic Party members of the central bank council were openly mistrustful, because too little information on the monetary program had been presented prior to the European (Community) meeting.

Also intended to reassure the Bundesbank is Matthoefer's indication that it will be impossible to weaken the strict currency discipline of the European currency alliance, that is, the snake with new, enlarged currency links.

Matthoefer: "There will either be a European Monetary Community or nothing."

In the Finance Minister's view the zone of European currency stability will do more than contribute in technical market ways to the stabilization of the foreign exchange markets. A forceful expansion of intra-European trade is above all the expected result.

... The Finance Minister has taken precautions in case it should appear that he has placed an unrealistic degree of confidence in Jimmy Carter. In his usual prudent way, he also holds a Soviet joker in his back hand.

Matthoefer: "I have made up my mind to energetically bring to fruition the West German-Soviet economic agreement — which will be in effect into the next century — very soon indeed." If funds are needed to do this, Matthoefer will ensure their availability.

Washington, nevertheless, need have no doubts about the direction of Matthoefer's policies. The Finance Minister certainly believes that there exist no divisive differences between Bonn and Washington about diagnosis and therapy for the dollar. Nevertheless he considers the implementation of the therapy to be a domestic American problem — whatever that may mean.

The world monetary conference that begins in September in Washington will in any case bring new controversies if the Americans do not become liberated from the nightmare that the European Monetary Fund, which may out-dimension the International Monetary Fund itself, will, contrary to West German intentions become an institution directed against the dollar. The firming of the dollar (is) expected by Matthoefer as its first result