

1. The latest anti-EMS line is 'pro'

The British and their allies are continuing their disinformation campaign against the EMS, and destabilization assaults, especially against the West German government. But now they have also beefed up their "pro-EMS" subversion ploy. Baron Snoy et d'Oppuers of the Anglo-Rothschild Banque Bruxelles-Lambert the week of Sept. 11 pronounced the Benelux British client states' willingness to abandon the pound sterling and support the EMS — as an adjunct to the IMF. Roy Jenkins, hatchet man for the EC Commission, has been making impassioned speeches to the same effect, together with Rothschild-linked financiers in West Germany.

For another angle there was the important article in the Sept. 11 *Le Monde* by Club of Rome executive member Maurice Guernier, calling for Third World industrialization through a multibillion-dollar "European-African-Mideast Marshall Plan." He adds, however that the Mideast should accept European Currency Units (ECUs) instead of dollars for oil, as part of the plan; and it is not clear whether his invitation for the U.S. and USSR to join is in earnest or a cover for the Bank of England-circulated scenario of a Euro-Third World OPEC bloc against the U.S. What is plain is that the crash-development perspective based on U.S. Labor Party Lyndon LaRouche's 1975-77 International Development Bank proposals, and expressed by the European Monetary Fund creation, is so hegemonic in Europe that it must be addressed by all sides.

As for the disinformation campaign: London is still insisting that the EMS must bog down in technicalities, and trying to make this come true; but British press descriptions (see box) of the Sept. 11 Bank for International Settlements meetings attest more to the City's terror of what they call "intellectual input" than to saboteur's prospects for success.

The most elaborate version of the "technical problems" fantasy has been the alleged emergence of a "soft" Franco-Italian EMS version versus a "hard" West German one. The Agnelli-controlled Italian daily *La Repubblica* of Sept. 8 is bringing in Italy as a "soft" partisan, along with France, which "wants to avoid being the weakest member" of the EMS. *Repubblica's* skewed picture of a war between strong and weak Europeans also appeared in a Sept 9 *Corriere della Sera* article by Nino Andreatta, an Italian economist spokesman for the pro-British wing of the Italian Christian Democratic Party.

The London *Financial Times* of Sept. 13 pretended that the unusual extension of the BIS meeting was a danger signal for the EMS instead of a serious implementation move. But in this article titled "Monetary Plan Problems Cause Basle Talks to be Extended," the *Financial Times'* David White also had to acknowledge that "the politicians" are forcing the EMS through.

. . . A push towards resolving differences is needed from the finance ministers if a basic agreement is to take shape before the end of next month The bank governors are more sceptical than the politicians about the prospects for a practical scheme being set in motion next year. Governors assembled here from within and outside the EEC have emphasised the technical difficulties of implementing any of the schemes proposed.

The problems are political as well as technical. The basic division is between a West German-backed

Britain Braces Against EMS Currency Effects

Over the weekend of September 8-10, the British press identified the isolation now faced by the United Kingdom as the European Monetary Fund moves into place — particularly the threat to the overvalued pound sterling should the U.S. dollar regain strength. In anticipation of such an attack on the pound, the Bank for International Settlements (BIS) at its monthly meeting decided to maintain the \$3 billion standby credit for Britain should the sterling collapse begin.

THE OBSERVER; Sept. 10:

While afraid of being isolated and subject to speculative attacks if we do not enter the revamped currency snake, Ministers and officials are equally concerned that the present sterling-mark rate is unsustainable.

THE DAILY TELEGRAPH (London), lead editorial, "Sentence Deferred," Sept. 8:

The economic storm clouds are beginning to gather The trade returns are looking ominous, and if — as seems possible — the decline in the dollar is petering out, the pound could be next in line for speculative attention.

THE OBSERVER (London), Sept. 10:

The second (potential economic flashpoint) is the situation which would arise if the next dollar crisis led the Americans to take measures which finally calmed market fears about the dollar — thereby diverting attention to other well-known vulnerable currencies. The third is the speculation which could well develop over the right value for the pound if we finally decide to join the revamped EEC currency snake.

blueprint based on the present (if depleted) European snake. Under this "parity grid" system, the interrelation of EEC currencies and the obligations of weaker-currency countries would be clearly defined.

The other principal scheme, favoured by France, would define currencies in terms of a flexible European "basket." This would lighten the intervention burden on the weaker-currency countries This scheme is believed to have, on a technical level, the backing of Britain and Italy. M. René Monory, the French Economics Minister, and M. Bernard Clappier, Governor of the Bank of France, held talks in Bergamo last week with their Italian counterparts in order to rally a joint front. The Italians are keen to have built into a new scheme the possibility of fairly easy parity changes. The differences between the French and German versions will be thrashed out on Thursday and Friday in Aachen

London press: "A list of problems"

The Financial Times (London), "Bankers Cautious of Eurocurrency Plan" by David White, Sept. 12: Basle — Central bankers attending the Bank for International Settlements (BIS) meeting here expressed reservations about European currency coordination plans set in motion by the Copenhagen and Bremen EEC summits.

While uncertainty and disagreement still persist among EEC members about the mechanisms to be used for linking their currencies, the main doubts revolve around the proposed European Monetary Fund, which would pool part of each country's reserves. . . .

The Guardian (London), "Scepticism Over European Monetary System," Sept. 13:

...Sources at the meeting in Basle said that some of the participants expressed their scepticism.... The sources said that there was a feeling among bankers that the various alternatives for a European system all posed technical problems.

The Times (London), "Central Bankers Remain Sceptical on EEC Plan" by Peter Norman, Sept. 13:

...no sign of any reduction in their overall scepticism toward the proposed new European Monetary System. The EMS was apparently not discussed at today's formal meeting of central bank governors from the Group of 10 countries and Switzerland. However, monetary sources close to the two-day gathering at the BIS indicated a marked lack of enthusiasm on the part of those high-level officials charged with working out the detailed methods for putting the EMS into action.

2. North-South deals strengthened

After years of sterile negotiations and piecemeal deals between the advanced sector and the capital-hungry underdeveloped nations, the European Monetary System is emerging as the developed "North's" staging ground for systematic growth policies toward the developing "South."

The French and West Germans are determined to create the monetary and financial conditions needed to turn Third World hot-spots into foci of development. This determination has generated such groundbreaking initiatives as the trip to Cuba of Spanish President Adolfo Suarez, the planned visit of the Shah of Iran to East Germany, and Japanese Prime Minister Takeo Fukuda's current tour of the Mideast.

In turn, this activity along the North-South axis strengthens immensely the ability to force the nuts-and-bolts of EMS policy through British-contaminated European Community channels.

Concentrating on Africa and the Mideast, EMS political architects at the heads of state level — France's Valéry Giscard d'Estaing and West Germany's Helmut Schmidt — have made concerted overtures to the South before and after the EMS was formally initiated in July. The French have taken special responsibility for Africa, for Latin America, and for pulling together Southern Europe, while West Germany has most especially reached out to the U.S. and the USSR on behalf of the EMS.

Southern Europe to revive

In cooperation with Italy — as informally ratified by the high-level Franco-Italian meetings of Sept. 8 on the EMS — Giscard intends to upgrade the chronically problematic, still far too backward agrarian regions of the northern Mediterranean rim, by way of incorporation into the European Community, and also, as confirmed Sept. 14 by the Spanish journal *E/Pais*, the EMS. Modernizing agroindustrial programs will take the load of France's own anachronistic peasant sector off the back of France and Europe. In turn, the Latin countries of Europe's Mediterranean rim will serve, as they did during periods of advance through the centuries, as a bridge to Arabic and Western Hemisphere development.

This was the force behind Italian Prime Minister Giulio Andreotti's Sept. 8 mission to Spanish Prime Minister Suarez to stress the urgency of bringing Spain into the EC. Under Suarez's government, the factions which in the 1950s and 1960s turned Spain toward an emerging industrial power rather than a mere petty dictatorship have gained further sway, making Spain a crucial member of a transformed EC.