

EMS bandwagon gains speed

The new monetary system is upping its global political impact

Italian Premier Giulio Andreotti's Dec. 12 announcement that Italy will join the newly formed European Monetary System (EMS) has sharply shifted the world strategic situation toward realizing the EMS's goal as a "superpower for peace."

Andreotti's decision, taken with the strong support of French President Giscard d'Estaing, West German Chancellor Schmidt, the Vatican, and a parliamentary vote of approval, leave Great Britain without a shred of political cover in its opposition to the new monetary system. For just this reason, Italy's entry will touch off an international bandwagon effect toward the EMS among all those nations and industrialists, including in the U.S., who have been holding back for fear that the new trade and development-oriented money system would not become a political reality.

Statements issued by Andreotti and representatives of the French and West German governments over the past few days—statements blacked out of the U.S. media—have made the import of the EMS's institutionalization crystal clear. "This is a step in the formation of a new world economic order," announced Andreotti after the parliamentary vote approving his cabinet decision. "It will bring international economic stability especially for the United States dollar."

Speaking to an extraordinary conference of his Social Democratic party in Cologne Dec. 10, Schmidt defined the new system as a "superpower for peace."

But the major political gauntlet has been thrown down by the government of Giscard d'Estaing. The French President concluded an official visit with Jordanian King Hussein on Dec. 11 by announcing that the British Intelligence-authored and Carter Administration-championed Camp David accords were leading 180 degrees away from the "global solution" needed in the Middle East. The world situation is thus very tense and dangerous, he said, putting war-avoidance as the top national priority.

France is shooting for much more now that the EMS is established. Last week, President Giscard's party, the Union pour la Democratie Francaise (UDF), proposed a 100-point program for the European elections that has as its core a proposal that the Europeans launch a \$100 billion European Community loan, part of it for European investment for industrial recovery, the rest in the form of 10-year credits to the developing sector to enable them to buy European goods and technology. The dramatic French announcement was made at a party conference by

Jean-Francois Deniau, France's Foreign Trade Minister, indicating that this is also French government policy.

Italy breaks with Britain

Italy's formal announcement that it will join the EMS on Jan. 1 rebuffs a campaign of blackmail and intimidation that ran from coup rumors to threats of personal assassination. The British were euphoric when they succeeded in getting Andreotti to abstain from the EMS at the formal decision meeting in Brussels on Dec. 5. While not crippling the operations of the EMS as a dollar-support, trade-promotion system, the Italian abstention had been a symbol of Britain's political muscle to stop the most personally committed political leaders from acting in their nation's self-interest.

Upon his return to Italy, Andreotti moved immediately to consolidate support from the Vatican and viable layers in the Christian Democracy and Italian Communist Party. He received more than encouragement from Giscard and



Schmidt. Giscard spoke to him by phone for 20 minutes after tracking Andreotti from town to town on Dec. 11.

The political groundwork for parliamentary and popular support was laid both by public statements for the EMS by Christian Democratic Party Chairman Zaccagnini, and by the circulation of a leaflet entitled "Seven Days to Join" within Italian working-class layers by the European Labor Party. Finally Andreotti not only faced down Italian Central Bank head and British agent-of-influence Baffi, but also felt confident enough to place the decision to join the EMS before the Parliament, where political shenanigans by British agents in the Socialist and Communist Parties were assured.

The effect of Andreotti's decision has been immediate throughout Europe. The Spanish government jumped in quickly with an announcement that it would join under associate status before it has European Community membership, and join with full status afterwards. The *Journal of Commerce* quoted sources indicating that Ireland will now move to join, and that other backsliders like Norway will now have to renegotiate terms in order to get back into the new monetary system. Only the losers will now want to stay out of the EMS, with Britain at the top of the list.

This doesn't mean the battle is over, or even that it will diminish, either in Italy or globally. British and British-tied Israeli circles still have the option of the Mideast war threat. The British Foreign Office and the BBC have sponsored Ayatollah Khomeiny in Iran, who is threaten-

ing a new oil embargo if he gets into power—the aim, to blackmail Europe. And the real fight is over the only remaining strategic asset the City of London can control: the United States government.

UDF conference: returning to Charles de Gaulle

The immediate impact that the EMS consolidation will have on diminishing the danger of war was the theme of the recent deliberations of Giscard's political party, the UDF. The political message of the party's conference was enough to strike terror into the hearts of the British: Giscard is carrying out his global strategy as the legitimate heir of General Charles de Gaulle.

Central to the UDF conference was the proposal for a \$100 billion international development fund as the real meaning of the European Monetary System. But the Giscardians at the conference went further. Giscard's associate Pierre-Christian Taittinger used uncharacteristically blunt language in his warnings of a war danger caused especially by the "tactical" nuclear warfare doctrine identified with Energy Secretary James Schlesinger. He tied Giscard's policies to those of General de Gaulle, whom he characterized as a "strategist" whose approach, like that of Giscard, was based on French leadership of a sovereign united Europe emphatically excluding Great Britain, and capable of mediating a global policy in the interest of peace.

The political intent of the French has been immediately reflected in the publicity around large economic develop-

France's \$100 billion program

Last week's remarkable French announcement of a \$100 billion European Community loan program is the kickoff to the new European Monetary System. The 100-point program proposed by President Giscard's party, the Union for French Democracy (UDF), is partly to finance a program of investments within Europe, "with a particular stress on employment."

The rest is to be used as a "European Marshall Plan": while European production is only running at 70 percent capacity, "Europe would put funds at the disposal of developing countries for a period of 10 years, funds which the beneficiaries would allocate toward purchases in Europe."

Jean-Francois Deniau, the French Foreign Trade Minister who announced the program to the UDF,

introduced the program as his party's and his government's proposal for the upcoming European elections.

Deniau was strong on the need for "an organized and independent Europe, a Europe which is at the same time a guarantee against war, a response to our economic and social needs, and an assurance of democracy and freedom." He said that "too many indispensable joint policies have remained in embryo," such as energy and scientific research.

Les Echos, the French financial daily, describes this European program as an attempt to set up a European Community-wide five-year plan. But the stress has been put on the "social policy" aspects—the requirements of trade unions and the population as a whole.

In fact, the program is going to be very hard for the French trade

unions, dominated by the Communist CGT, to reject. It stresses that certain policies which would be impossible to carry out on the national level are eminently possible when done on the European level. Deniau mentioned policies like retirement "a la carte" after age 60 (i.e., you can retire if you want but you don't have to if you don't want), the 35-hour work week, and a fifth week a year of paid vacations.

In conclusion, Deniau said that "Europe is not aimed at substituting itself for the United States but at bringing them something supplementary." This Europe will be "neither a satellite of the Soviet Union nor an annex of the United States."

The entire program must be ratified at the party's congress in February before becoming official.

ment proposals to be initiated along with the European Monetary System. All the French newspapers last week featured a proposal from the UDF for a \$100 billion dollar development fund for Third World development to be carried out in association with the EMS.

This is complemented by reports in the *Journal of Commerce* and European papers that the EMS nations will establish a facility matching the Eximbank in Washington in order to handle "giant export deals" which could be conducted in a "single currency bids" on "preferred terms," i.e. in dollars at subsidized interest rates.

UDF conference speakers including Giscard launched scathing attacks on the general secretary of the Gaullist RPR party, Jacques Chirac, who last week proclaimed his intention to launch a mass mobilization against the European Monetary System.

Chirac's remarks have generated a major factional battle inside the Gaullist party. Leading Gaullist "barons" like Alexander Sanguinetti are openly attacking Chirac and naming Giscard as de Gaulle's successor because of his success in establishing the EMS. The climate is thus being created inside the country in which Giscard will have the national political backing required to take bold initiatives.

Arabs and Soviets on the threshold

A similar process is now going on in West Germany on an unprecedented scale, and it is being repeated in the other European nations now poised to join the new mone-

tary system. The other major components of the world economic recovery system—the Arab world and the Soviet Union—stand on the threshold as well, with the Brezhnev faction's consolidation around a peace through development strategy the most significant backup for the EMS.

What remains open is the response of the United States. Conditions are now optimal for the consolidation of pro-industry, pronuclear forces on the same basis as Andreotti acted in a more difficult situation. "It's the EMS or economic catastrophe," Andreotti told the nation. He could have added that such an economic catastrophe would be a trigger for chaos that would lead directly toward thermo-nuclear showdown.

That situation is even more true for the United States. The Franco-German alliance, the continuation of the humanist tradition of city-building progress, has offered the United States the way out of depression, the way to peace and detente, the perfect package to realize the humanist Grand Design first put forward in the 18th century which won the American revolution. Either America joins the bankwagon, or the U.S. faces hell.

—Nancy Spannaus

IRELAND JOINS THE EMS

As we go to press, we learn that Ireland has officially decided to join the European Monetary System. This leaves Britain the only European Community member not in the EMS.

L'Unità: 'The EMS is a mistake'

For months, the opposition to the European Monetary System within the Italian Communist Party has come from the wing controlled by Giorgio Amendola and Giorgio Napolitano. Implausibly, for Communists with a labor base, they have attacked it and other plans for emphasizing heavy industry. Their solution to the Italian economic crisis involves cutbacks in high technology; an increase in tariffs under the rubric of encouraging domestic food production; and light-industry investments in the economically backward Italian South.

The Amendola-Napolitano program is attacked by those, within the Communist Party and outside, who say that protective tariffs against French agricultural production—without any serious domestic invest-

ment plan—will only increase the cost of food to the population and that the "investments in the South" Napolitano and Amendola propose are nothing more than labor-intensive runaway shop operations.

This week the Amendola-Napolitano group was apparently in control of the Communist Party's newspaper L'Unità. Below are some excerpts from their comments on the Italian decision to join the European Monetary System.

L'Unità editorial, "And the reasons?," Dec. 13:

(Prime Minister) Andreotti has proposed immediate and unconditional adherence to the European Monetary System to the Parliament, but the deputies have sought in vain to find in his speech new elements and arguments to back up this abrupt change in the direction taken by the government and justified repeatedly by various

ministers. He has not devoted the necessary attention to the concerns expressed by the parties which he consulted, and has taken no account at all of those "thorough technical examinations" that were promised after Brussels.

... Only loans have been obtained, in a moment when credit is certainly not lacking on the international market. Nothing was achieved by way of commitments, on the other hand, regarding transfers based on EEC policy. And even for the regional fund, the foreseen increases are still not obtained. In short, the question of coordination of EEC policies, which is essential to avoid diverging behavior and to safeguard at least the right of the weakest countries to grow more rapidly than the others. And even on this nothing is gained.

... Because of this we continue to be convinced that immediate participation in the EMS, without conditions, is a mistake, is a risk.