

### Alternative approach

In early Jan., a spokesman for U.S. National Security Council economics advisor Owen told a reporter that Owen was determined to push the Common Fund through at the March UNCTAD conference, to thwart West German and French efforts to launch an alternative, highly ambitious solution to producer-consumer conflicts over raw materials.

On Feb. 25, West German Finance Minister Matthöfer detailed what this approach must be in an interview with regional newspapers. He reported that Chancellor Schmidt is considering using the surplus dollars held by the Bundesbank to finance a major raw materials stockpiling program. Matthöfer emphasized that the purchasing agreements being considered would be tightly linked with allocations to Third World raw materials producers of substantial loans, which would then be used for

industrialization projects and technology transfers.

### Price boom like Common Fund

Owen wants to wreck these European efforts — which also include negotiations for linking prices to development loans with 56 developing countries which jointly signed the 1975 “Lomé accord” with the European Community — because the U.S. Administration is committed to backing London’s policy of preventing Europe from making the European Monetary System the foundation for a new world monetary system through such arrangements with the Third World.

The recent boom in copper and other metals prices strengthens the joint London-U.S. efforts against France and West Germany. The price boom works on the same principle as the Common Fund: looting and weakening of the industrial sector in behalf of recycling surplus

dollars into Third World deficit financing.

A prominent New York analyst emphasized that this is now happening in Zaire, with Zambia on target. “Do you think Chase and Citibank,” he asked “wouldn’t get in on a copper boom if they thought it would protect their loans” to those countries?

The same analyst thinks the metals boom has just begun, predicting copper prices ranging from \$1.00-1.20/lb. in the short term; rising price patterns at least until the end of August; and a rush into agricultural commodities (especially beef) at the point that a massive inflationary crunch hits the western consumer, forcing consumers to concentrate on the “bare necessities.”

—Renée Sigerson

threatened to impose surcharges on imports from Japan. Some Japanese banking sources also indicated privately the Bank of Japan’s yen support reflects pressure from the U.S. Treasury Department not to help the dollar appreciate.

Alongside these superficial rumors is the real danger of Japan’s isolation. Even in the absence of the imminent potential for 1974-and-worse Japanese import disruption and inflation, the fact is that — especially given the brunt of its dollar-denominated trade financing — movements either way in the dollar-yen parity are counterproductive. Until there is a mark-led appreciation of the dollar in relation to the fixed-rate EMS, when the yen could comfortably return by some 67 percent of its unsought rate gain to the 300-to-the-mark level, there is no benefit to anyone in downward pressure on the yen.

—Susan Johnson

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## KEEPING TABS ON THE ECONOMIST

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*Our regular check on the accuracy of the London Economist turned up the following in the publication’s Feb. 24 issue:*

### The economist

“Grand economic planning is long dead.”

“China’s thrust into Vietnam was circumscribed...”

“... the toppling of the Chinese-backed government in Cambodia by the Soviet-backed Vietnamese was the casus belli.”

If China achieves its limited objectives “it will have helped to make the world a slightly stabler place.”

### The facts:

The European Monetary System is a clear refutation of this claim.

The Chinese met unexpectedly strong resistance from Vietnamese border militia.

China had planned its invasion of Vietnam before the overthrow of Cambodia’s Pol Pot, according to West and East bloc intelligence sources.

The Chinese have brought the world to thermonuclear Armageddon, as even British Prime Minister Callaghan implied in a speech Feb. 26.

—Richard Schulman