

Milestones of EMS diplomacy

French President Valery Giscard d'Estaing's four-day visit to Mexico took place in the context of a previous nine months of extraordinary diplomacy on the part of Giscard and West German Chancellor Helmut Schmidt to bring into existence a European Monetary System.

We present below the milestones of the European Monetary System's North-South diplomacy, beginning with the historic meeting between Schmidt and Soviet President Leonid Brezhnev.

MAY 6, 1978:

Schmidt-Brezhnev deal:

The USSR and West Germany sign a 25-year agreement for economic cooperation.

MAY 17-29:

Mexican President Lopez Portillo travels to the USSR and Bulgaria. In a major statement May 18, Portillo spoke of "winning the peace" through cooperation and trade.

JUNE 7-10:

The Ibero-American Center of Madrid and the Center for Economic Investigations of Mexico holds a Spanish-Mexican Seminar to "deepen" an understanding of the economic reality of Latin American countries. Three topics are brought up: Carter's policy toward Latin

America, and the performance of the Mexican economy, particularly during the 1950-77 period.

JUNE 21:

The Japanese Mitsubishi Research Institute spokesman, Masaki Nakajima, proposes a \$500 billion World Peace Development Fund during an interview with the Japanese economic journal the *Nikon Keizai Shimoun*.

JUNE 26-29:

West German Chancellor Schmidt visits Nigeria and Zambia, the first visit to a Black African country by a West German Chancellor. "My trip should be understood as the announcement of our desire and will to seek with you a common way to bring our historical allies of Europe and Africa closer together."

JUNE 28-JULY 1:

French President Valery Giscard d'Estaing visits King Juan Carlos in Madrid. In an interview to the Spanish Catholic paper *Ya*, Giscard declares that he came to Spain to see how "we can tighten our cooperation and envision common actions, for example toward the Third World or Latin America."

JULY 7:

Bremen summit of European Community heads of state:

De Gaulle in Mexico: French policy then as now

In March 1964 Gen. Charles de Gaulle flew to Mexico to embrace that country as the natural ally in his Grand Design to rebuild the world monetary and economic system on a humanist basis. French President Valéry Giscard d'Estaing, in his Mexico trip exactly 15 years later, relaunched that effort against the same enemies: the Anglo-Saxon alliance and the International Monetary Fund.

We excerpt here two of General de Gaulle's speeches during his historic trip to Mexico 15 years ago, the first at Mexico's National Autonomous University, March 18, 1964, and the second, on March 17, before the Mexican Congress.

... The continuity of your policy of the primacy of the mind manifests itself brilliantly before my eyes...

Higher learning no longer limits itself to merely ornamenting or enriching the mind. It actually constitutes what one might term the sole source, and the almost immediate artisan of progress in its every form. However, no matter how powerful and how precipitate is the moment which sweeps us on, nothing can prevent the fact that at the origin of everything discovered or accomplished is the human mind....

... Our two countries ... have chosen a similar direction, a similar ambition, that is to say: their development in all realms by way of modern civilization, in such a manner that it is the people in their entirety, and among them, each individual, who benefit from this progress....

... Unless humanity destroys itself some day in a

French President Giscard d'Estaing and West German Chancellor Schmidt announce the formation of the European Monetary System and the gold-backed European Monetary Fund to end world monetary instability and allow for a full economic recovery.

JULY 16-17:

Mexican Foreign Minister Santiago Roel comes to Paris to meet Prime Minister Raymond Barre. He convenes a three-day meeting of the Mexican diplomatic corps in Europe to "analyze the possibilities of increasing our links with the Common Market, particularly now that it has just held its meeting in Bremen."

AUG. 3-4:

ASEAN meeting is greeted by Philippine Foreign Secretary Carlos Romulo who states that the conference is taking place at the "appropriate time for the Bonn summit meeting has taken full cognizance of the needs of the developing sector."

EARLY SEPTEMBER:

Chancellor Schmidt is in Tokyo for talks with Japan's Premier Fukuda.

OCT. 21:

The first Ibero-Arab-Latin American economic summit is held in Madrid. Over 70 industrial projects are discussed. The stated objective of the meeting is to explore ways to channel Arab monies into Latin American development projects via Spain. The projects include steel, petrochemicals, food processing, and fertilizers.

OCT. 23:

Schmidt tells West German bankers that the EMF is to be the "basis for a new *world* monetary system."

NOV. 1:

Mexican President Lopez Portillo arrives in Japan for talks; Italy joins the EMS.

NOV. 4-11:

Franco-Spanish industrial cooperation committee meets in Bordeaux, France with delegations of industrialists from both countries. They discuss an agreement to the effect that Spain will help market French products in Latin America and France will do the same for Spanish products in Africa.

Mid-NOVEMBER:

Spanish King Juan Carlos I travels to Mexico, Peru, and Argentina. Reports an Agence France Presse wire on Nov. 15: "The most ambitious objective of Spanish foreign policy — the creation of an economic community and certain political planning between Latin America and Spain — will be the main topic" of the King's visit. Spanish Foreign Minister Marcelino Oreja, states to the press the same day that "Spanish efforts to create the Ibero-American Community of Nations" will not push aside Spain's entrance into the EEC. Mexico and Spain sign an agreement on energy, mining, industry, air transport and cultural cooperation.

DEC. 4-5:

Heads of State meeting in Brussels officially launches the EMS.

monstrous self-destruction, the fact that will dominate the future is the unity of our universe. One cause, that of man; one necessity, that of world progress, and consequently assistance to all those countries who desire it in order to develop; one duty, that of peace; these constitute for our species, the very basis of existence....

To the Mexican Congress

...Our common effort can be applied to three domains. The first is, of course, the field of economy. Mexico appears to us Frenchmen as a country in full development, possessing great human and natural resources, gradually acquiring the necessary technological equipment, but ready, in its march forward, to receive considerable investments from the outside, while seeing to it that these investments should not all flow from the same source. France has attained a high productive capacity; she is continuing to progress and to export a growing part of her

production. You Mexicans see her as capable of contributing to the important industrial equipment and to the vast infrastructure undertaken by certain states, in particular your own. Moreover, you see her as able to extend credit, within the limits of her means and obligations....

Here, on the one hand is France, in full ascent.... France who expects the equilibrium and the peace of the world to spring not from the ever higher ideological bidding indulged in by candidates of domination, but from the personality and responsibility of states; France who, through instinct as well as through reason, tends to turn toward the immense potential and the growing realities represented by Latin America. On the other hand, here is Mexico ... among the Latin American countries of the American continent, (which) has given a shining example of political solidity, of economic development, of social progress.

DEC. 9:

The Mexican oil company, Pemex, and its Spanish counterpart, CAMPSA, sign an agreement by which Spain will act as "Pemex's beach-head in Europe." The agreement is cemented and expanded one month later with Pemex's general director's visit to Spain.

DEC. 12:

French Foreign Trade Minister Deniau presents to the UDF (the party of French President Giscard d'Estaing) a program for a \$100 billion development fund for the developing sector and Europe. The UDF officially accepted that program in January.

DEC. 28:

Schmidt tells the meeting of Commonwealth countries in Jamaica: "a new, more just world economic order, with full access to credit and technologies for the Third World and the industrialization of the southern hemisphere" must be put into effect in the coming months.

Before his departure, Schmidt informs Saudi Prince Fahd, who is in Bonn, that "we stand today before the historic task of linking North-South, industrialized and developing countries, as well as oil producers into a peaceful dialogue for long-term cooperation."

JAN. 29-31:

The First Ibero-American Conference on Science and Technology is held in Madrid. The meeting is called to discuss the scientific research priorities for Latin America as a whole. Attending were Research and Development ministers from 20 Latin American countries, Spain, Portugal and the Philippines. A Financing Fund is created to promote joint scientific investigations and, eventually, to act as an agent for the transfer of technologies.

JAN. 12:

French Foreign Minister Jean Francois-Poncet is guest of honor at a meeting of all the Latin American ambassadors. He calls for "arranging the complementarity between Europe and Latin America."

Figure 2. French exports to North Africa (1977)

in thousands of francs

Product	Amount
Agricultural products & food	1,504,622
Chemical, pharmaceutical, fertilizer, rubber & plastic	2,148,508
Paper products and wood	466,769
Textile & clothing	858,711
Steel & cast iron	2,151,636
Other metals	296,231
Misc. products in metal	376,285
Mechanical equipment	3,067,350
Electrical and electronic equipment and instruments	2,343,197
Railroad equipment	443,143
Auto & tractors	2,671,191
Aerospace and related products	427,935
Ships and maritime products	665,781
Optical and medical equipment and products	453,525
Total of above	19,417,509
TOTAL EXPORTS including other	20,557,255
TOTAL IMPORTS	9,154,233

French trade with North Africa (Algeria, Morocco, Tunisia, Libya, Egypt and the Sudan) is a key indicator of French export policy towards the developing sector generally, because of the key relationship between France and the Maghreb countries (Algeria, Tunisia, Morocco). As the above (in millions of Francs) shows, France runs a two to one surplus with this region. Major export emphasis is placed on capital goods, machinery, and other industrial products.

Source: I.N.S.E.E., 1977 French import-export statistics

Figure 1. French aid to developing sector 1974-1976

	1974		1975		1976	
	Amount	Evolution	Amount	Evolution	Amount	Evolution
Government aid	7,774.8	+ 16.9%	8,972.0	+15.4%	10,255.1	+ 14.3%
Other aid from public sector	916.3	+164.8%	1,430.3	+56.1%	1,231.8	- 13.9%
	7,497.6	+ 35.9%	6,503.4	-13.3%	13,921.1	+114 %
Private sector aid	16,188.7	+ 29.4%	16,905.7	+ 4.4%	25,408.0	+ 50.3%

Total French aid to the developing sector (shown above in millions of Francs) has increased by over 50% between 1974 and 1976, the first three years of Giscard d'Estaing's Presidency. While the private sector is responsible for the greatest increase in 1976, French government aid has been steadily increasing by around 15% yearly.

Source: Les Notes Bleues, Service de l'Information du Ministère de l'Economie