summit, the source said, was the public demand by BIS president and Dutch Central Bank chief Jelle Zjilstra at the BIS annual meeting for central banks to use IMF surveillance to force their countries' commercial banks to cut back lending to the developing sector. Zjilstra announced that the central banks—led by U.S. Fed Chief G.W. Miller and Bank of England Governor Gordon Richardson, had actually agreed to begin pressuring the banks due to the tripling in their foreign loans over the past four years.

The existence of this liquidity has "tended to crowd out the IMF," complained BIS consultant Alexandre Lamfalussy, "which is the only organization able to impose conditions on borrowing countries." He demanded the IMF be given a greater role in surveillance over the loan process.

David Rockefeller, chairman of the Chase Manhattan Bank, addressed the American Chamber of Commerce in London June 13 and endorsed this approach as the only way left to the commercial banks to avoid the Miller-Richardson drive for stringent reserve requirements. "The commercial banks," he said, "are not now able to assume the prime responsibility of recycling OPEC funds... Some developing nations may have already reached their borrowing capacity and some commercial banks may be confronted with limits of country exposure."

The commercial banks, under pressure from Blumenthal et. al., are therefore ready, Rockefeller said, to enter into the bulk of new loans in cofinancing consortia with the IMF, with the IMF imposing its conditions. This might be done through the IMF's Witteveen special $10 billion fund for LDCs—or even through taxing the industrial countries a sum of some $25 billion for a "safety net" managed by the OECD as proposed by anglophile Henry Kissinger. This also raises the possibility that commercial bank lending to the advanced industrial members of the OECD will be placed directly under IMF surveillance.

—Kathy Burdman

GOLD

Remonetization with a British twist

In a special June 12 survey on world gold markets, the London *Financial Times* outlined the British financial elite's strategy to undermine the gold remonetization content of the European Monetary System. What the *Times* suggests is that the pound take over as the world reserve currency supplemented by a refurbished version of the International Monetary Fund's Special Drawing Right with a gold backup.

What about the current world reserve currency? The dollar is to be phased out in favor of the SDR, the *Times* recommends, and the U.S. economy is to be placed in receivership to the IMF just like a Third World pauper.

"Gold has crept back on to the world monetary stage as a direct result of the weakening in the international reserve role of the dollar over the past 18 months," said the *Times*'s correspondent David Marsh. "What is emerging is a multicomponent international reserve system in which gold, alongside the dollar, the 'hard' currencies of West Germany, Switzerland and Japan, and the currency 'cocktails' of the Special Drawing Right and the European Currency Unit, are playing an increasingly important role...."

What London would like to see is a face-off between the U.S. and the French and West German governments, who originally proposed the EMS as a plan to expand world development and thus revitalize the dollar. It would be a fight between Europe's "gold bloc" and the U.S. "dollar bloc" where both sides lose in favor of an IMF-dominated system.

In another development this week, the Bank of International Settlements decided at its June 11 meeting to increase the rate at which it converts currencies on its balance sheet into gold francs, the official BIS accounting unit. The BIS had previously valued gold at $42.22 per ounce. Now the basis will be $208. Senior BIS officials downplayed this step as "taken solely for internal housekeeping reasons."

—Alice Roth