

## International Credit by Renée Sigerson

### **\$100 billion for energy growth**

*Société Générale's chairman has issued a proposal that would transform both the Third World and advanced sector.*

**W**hile French Foreign Minister Jean François-Poncet and Finance Minister René Monory were in Mexico early this month, leading French banker Maurice Lauré began drumming up support for the creation of a \$100 billion global investment fund to finance energy and economic development in the Third World.

In an exclusive interview with *EIR*, Lauré, chairman of France's largest state-directed commercial bank Société Générale, emphasized that alternatives to the austerity programs administered by the International Monetary Fund and others must be implemented to avoid mass starvation in developing nations.

"The IMF is causing trouble with its absurd monetarism, and they have a cure"—austerity-based adjustment programs—"that kills the patient," Lauré stated. "We must give credit to finance hard-commodity goods production and trade, not debt service," he told our reporters.

Lauré informs us that he discussed the \$100 billion proposal in detail with François-Poncet and Monory, immediately before their departures for Mexico, and urged them to build U.S. support for the concept during their talks with Reagan administration officials which followed the Mexican diplomacy.

Lauré, Monory, and French President Giscard have all been

highly critical of U.S. interest-rate policies (see International). Lauré and Monory have openly criticized U.S. implementation of "monetarist" doctrines of credit restraint for dangerously worsening economic conditions in the developing sector.

Last week, Monory told the French daily *Le Monde* that "most [Third World countries] are incapable, given the evolution of interest rates, of getting themselves to the credit markets in order to meet their needs." Lauré fully concurred in his private remarks. U.S. Federal Reserve Chairman Volcker "is going too far [and] will collapse the world economy if he continues," he said.

Monory was recently appointed head of the IMF Interim Committee, the chief policy recommendations grouping within the IMF's labyrinthine bureaucracy. He has publicly stated he intends to use his position to push for a lowering of interest rates worldwide. He hopes to arouse U.S. support for freeing up development credits at reasonable, long-term rates, at a special summit meeting in June on North-South relations.

The meeting was launched by the IMF's sister organization, the World Bank, but will be chaired by Mexican officials who hope to turn the event into a critical scrutiny of IMF austerity dictates. While in Washington, Monory urged President Reagan to come to the June summit, which will also be attended by Indian Prime Minister Gandhi

as well as Iraqi President Saddam Hussein.

The concept of pooling \$100 billion for world development credits has been intensely debated in Europe under the name of Phase II of the European Monetary System (EMS). In March 1979, France, West Germany, and other member countries of the European Community founded a currency stabilization program under the EMS. The EMS statutes provide for the formation of a European Monetary Fund, which could issue gold-backed bonds consolidating liquidity to be re-lent to developing countries at low interest rates.

Due to howling objections to Phase II from Britain, the IMF, and the Carter administration, Phase II has been formally postponed until 1982. European bankers and officials, however, have often considered that a favorable alternative to Phase II could be formation of a combined commercial bank-government fund which would target loans for energy development.

Last summer, for example, Germany's Dresdner Bank proposed during a Munich international energy conference attended by leading scientists from numerous nations, including the Soviet Union, that commercial bank-government agreements, involving Europe, the Mideast, and the United States, could pool up to \$10 trillion over the next decade for nuclear power-based energy projects worldwide. The proposal was countered by then-World Bank President Robert McNamara, who urged that soft energy technologies, ranging from biomass to coal, could be developed worldwide through a \$500 billion, 10-year program, primarily controlled by multinational oil companies and mining conglomerates.