

Soviets Move to Replace Rockefeller's IMF-World Bank

July 26 (IPS) — Spokesmen at the Soviet Trade Mission in Washington, D.C. contacted by IPS declined to either confirm or deny that the essential elements of the ICLC-proposed International Development Bank-type system are currently operational at the pilot level.

According to Chase Manhattan Bank's chief economist Lawrence Brainard, individual West European corporations are presently trading with the Soviet Union using transfer rouble credits as the means of settling accounts. In a July 24 interview Brainard told IPS that IBEC, the Comecon central bank, was extending the transfer rouble credits on a "pilot" basis at 1.5 per cent interest for durations of up to seven years. Brainard further identified the countries involved as West Germany, Yugoslavia, Finland, Austria, and Sweden, adding that it was "politically attractive" for Western Europe, the Soviets, as well as underdeveloped countries to strike such arrangements.

"If this is true it will be the most important event in the monetary field since Bretton Woods!" exclaimed Financial Times East Europe correspondent David Lascelles to a European-based IPS reporter. Lascelles' reference to the 1944 meetings held in Bretton Woods, England, which established the now unravelling dollar credit system and its central institutions the International Monetary Fund and allied World Bank, is no hyperbole. What the extension of transfer rouble credits to finance trade and production beyond the boundaries of the Comecon means is that the Soviets can replace the bankrupt dollar credit apparatus with the gold-backed transfer rouble payments system at any point — they have already underbid all competition!

An Open Secret

This week the open secret that the Soviets intend to formally link the questions of peace and security with specific proposals for economic cooperation at the upcoming European Security Conference in Helsinki was put into public circulation in the West by the Italian financial daily *Il Fiorino*. "In Helsinki," the July 24 *Il Fiorino* reports, "the Soviet Union will try,

through a series of agreements among the socialist countries and those of the Third World, of the European and Arab world, not excluding some important 'capitalist' nations, to have a greater circulation of the rouble in these countries at the expense of the 'inflated' dollar."

Il Fiorino situates the Soviet initiatives in the series of international meetings — the Lima meetings of non-aligned nations, the special session of the UN General Assembly, the conference on gold proposed by Gaullist ex-French Finance Minister Debré — meetings "which cannot avoid having important repercussions on the world political scene."

A New "Rapallo"

What *Il Fiorino*, alone among the capitalist press, correctly and frankly acknowledges is the unfolding of a new "Rapallo" era, a development which the Soviets themselves addressed directly this week in a long feature on the Helsinki meeting carried in the July 22 *Izvestia*, the government daily. Noting the change that has occurred in Europe since the "days of Harry Truman's 'Iron Curtain' speeches and John Foster Dulles' 'roll-back of socialism'," *Izvestia* reviews the Soviet Union's persistent steps in cementing détente, citing especially "Rapallo and other milestones along this road." The article further stresses present developments as "a transition to a new kind of international relations."

Observing that today "the forces for positive development" are stronger than the enemies of European security, *Izvestia* identifies the areas of immediate concern for extended cooperation — the "sphere of scientific-technological revolution, ecology, energy, and European infrastructure" — the latter a pointed reference to the imminent collapse of the pivotal West German rail system, one of the major casualties of the recent implosion of the West German bond market.

Europe Can't Refuse

Western Europe is for its part being dragged along precariously by its detures in the momentum of an "offer it cannot refuse." With its chains to the dollar dictating the gutting of production and trade at an accelerating rate, Europe's capitalists are turning one by

one to the East. This week an economist for West Germany's largest electronics firm, AEG-Telefunken, told IPS that "gold is the only basis for a new monetary system," echoing French and other European calls for a return to gold as a replacement for the dollar. As many financial commentators, such as French economist Jacques Rueff, argue, a return to gold would enable Western Europe to expand trade with the Soviets on the basis of the gold-backed transfer rouble.

Today, Soviet Communist Party paper *Pravda* reported that Jürgen Ponto, the head of the Dresdner Bank, AEG-Telefunken's owner, is visiting Moscow for discussions with Soviet Foreign Economics Minister Novikov.

The full implications of the accumulated "Rapallo" developments exploded this week in the West German parliamentary debate on the European Security Conference. The alternative to peace and genuine economic reconstruction and development proposed by the Soviet Union is social and economic holocaust represented by the hysterical Franz Josef Strauss, neo-Nazi chairman of the Bavarian Christian Social Union and a chief European peddler of Chairman Mao's slave labor "model."

As this newspaper has consistently reported, the Soviet political-economic offensive has not been confined to Western Europe. The deepening Soviet-Third World and non-aligned alliance was given a decisive boost this week with the Soviet intervention into the annual meeting of the Organization of African Unity in Kampala, Uganda. Soviet official Alexei Zakharov delivered a strong message to the African representatives, emphasizing African economic development in cooperation with the East Bloc. Zakharov's statement was accompanied by the circulation of a TASS release attacking the interference of Rockefeller agent Mobutu's Zaire into the liberation struggle in Angola. This virtually unprecedented action by a "non-African" state, breaking the xenophobic controlled environment of "Africa only" politics fostered by the CIA, reflects the unqualified hubris increasingly characterizing Soviet diplomacy.