

New Solidarity International Press Service



IPS Weekly Economic Newsletter

page 7

International Market News

Rambouillet Splits Over IDB:

U.S. - France Axis Strongarms Japan

Nov. 22 (IPS) -- Contrary to all press reports, the central theme of the six-nation economic summit that concluded Monday at Rambouillet, France, was Japanese Prime Minister Takeo Miki's call for the creation of an International Development Bank-type "new international credit institution."

The Miki proposal, made in private closed-door sessions with the assembled heads of state of the U.S., France, West Germany, Great Britain, and Italy, explicitly demanded that the IDB-type arrangement replace the Rockefeller-linked International Monetary Fund (IMF). It reportedly led to immediate polarization between pro-IMF President Gerald Ford supported by French President Valery Giscard d'Estaing and pro-IDB Premier Miki.

By taking this stand, Japan, the Third World's leading trading partner, has all but insured that the IDB will be the main agenda item at next month's crucial North South Conference in Paris. A pro-IDB move by fence-sitting West German Chancellor Helmut Schmidt, already under intense pressure from the powerful pro-East-West trade faction in his own country, would effectively remove the last significant obstacle to creation of a first-approximation IDB.

The Third World is already fully committed to the concept, as was evident from its unified stand at the recent UNCTAD meeting in Geneva and the Comecon countries are increasingly using the IDB as the cutting edge of their diplomatic offensive worldwide.

The creation of such an institution would create the political pre-conditions necessary for "international cooperation in a (thermonuclear) fusion power research and development project," as outlined by Premier Miki at Rambouillet.

NSC Sabotage at the Summit

The U.S. National Security Council (NSC) and its operatives otherwise known as the "Invisible Government" and still controlled by Secretary of State Henry Kissinger, was the chief weapon deployed by Vice President Nelson Rockefeller to squelch support for Premier Miki's proposal at Rambouillet.

The work of the Giscard-Kissinger alliance, fused with the efforts of former Treasury Secretary and current Bechtel Corporation head George Schultz, deployed to Europe for several weeks prior to the summit, insured that President Ford and Treasury Secretary William Simon would be isolated from any decision-making at the summit.

Kissinger and Giscard were therefore able to ram through a proposal which would give the IMF powers to dictate the range within which major currencies float against each other. The plan is slated to be ratified at the January meeting of the IMF's interim committee.

Kissinger and Giscard d'Estaing's actions at Rambouillet are unprecedented in summit diplomacy and have already created a major scandal in the Italian press. To prevent Italian Prime Minister Aldo Moro from backing up the Japanese proposals -- however weakly -- Giscard, the conference's "gracious" host, summarily ruled Moro's presentation off the conference agenda. Moro, who had prepared a statement calling for a multilateral approach to East-West trade, was rescheduled to speak Monday morning -- after the business had been concluded.

U.S. Secretary of State Kissinger, when asked to comment on his role in the summit at a U.N. press conference on Tuesday, broke out into a boyish grin. "I respect the French President," Kissinger said, "but he does not normally consult me before making decisions."

Not Worth the Paper

The accords reached at Rambouillet are not worth the paper they are written on. Treasury Secretary William Simon promptly blasted the so-called accords on actively-managed floating exchange parities as meaningless after the conference -- if Kissinger in fact did bother to write them down.

In one of his more bizarre maneuvers, Kissinger offered the Europeans and the Japanese a guarantee of fuel supplies from the U.S. provided that they agree to invest in Rockefeller's \$100 billion "Project Independence" energy boondoggle. Such a move is roughly equivalent to offering lucrative investments in MAC securities and met with a similar and appropriate response.

Oil industry spokesmen in New York termed the Kissinger proposal ludicrous -- precisely the words they had used to describe the Rockefeller proposal when it was first brought up two months ago.

However, it is far more likely that Kissinger's proposal -- and the U.S. conduct at the summit -- was intended to be a warning for the allies of the U.S. Speaking on behalf of his Rockefeller controllers, Kissinger told these allies that the U.S. is moving into a confrontation with the Soviet Union and they had better forget about the IDB, pour money into the U.S., stick close together -- or suffer the consequences.

The Blustering Falls on Deaf Ears

Despite such blustering, economic reality is forcing formerly reliable U.S. allies to break away from the Kissinger-Rockefeller policy, and move towards the IDB.

The Japanese have already lost \$300 million of their central bank reserves in November -- \$100 million of which was used in propping up the Yen this Tuesday and Wednesday alone. They must have the IDB immediately or face total devastation of their dollar-dependent trade-based economy.

Japanese businessmen's delegations sponsored by the Prime Minister are right now visiting various Eastern and Western European capitals lobbying hard for the immediate creation of an International Export-Import Bank as a stepping stone for the Transfer Ruble-based full-fledged IDB. One such delegation is presently in Moscow.

Italian President Leone, and UNCTAD expert on currencies, a pro-development West German delegation allied with Social Democratic Party parliamentary fraction head Herbert Wehner, and an executive of International Harvester representing pro-IDB Chicago-based industrialist interests are all involved in negotiations of their own on the Transfer Ruble's role in the future IDB with the Soviets.

On to Paris

Third World pro-development forces are gearing up for the crucial North-South conference in Paris next month. According to reliable sources, these Third World countries intend to put forward their maximum demand for a ruble-based "new world economic order."

To set the stage for the conference, the very thought of which has thrown State Department operatives into a state of apoplexy, the Group of 77, a key organizational force for the Third World, is pushing hard to beef up its representation at the conference with four additional members.

The U.S. State Department, realizing that it will have little chance to block discussion of IDB proposals if the conference takes place, has predictably moved to try to get it postponed.

Even if these stalling efforts were to succeed, the point has long since passed where Kissinger and his State Department can put off the implementation of the IDB through parliamentary or diplomatic maneuvers.