flation and trade deficits around the world, soon to be exacerbated by a new U.S. slump and the "sudden slowing" of world trade already visible. After quoting maverick monetarist Robert Triffin against the floating-rate monetary system imposed by the U.S. in 1971-73, *Business Week* hopes, with sad, self-affirmed implausibility and a fine disregard for questions of productive investment, that "some sort of grand realigning of world economies" could pull things together through a combination of reflation, austerity, and fixed exchange rates.

Much the same warning, again with no commanding remedies offered, came from financial commentator Alain Verney in the Sept. 23 issue of the conservative French daily *Le Figaro*; and the Japanese bank Dai Ichi Kangyo went so far as to advertise in the Sept. 23 *Wall Street Journal* calling for an unspecified new world economic order to replace the "broken down" Bretton Woods system and its General Agreement on Trade and Tariffs (GATT) adjunct. These jeremiads confirm the prospect of a very animated, very painful International Monetary Fund gathering in Washington next week; they should also remind the broader international public that at this point banking and monetary restructuring are too crucial to be left to commercial and central bankers alone.

'From Austerity To No-Growth'

The following are excerpts from an article by L. Lamers, published in the Sept. 16 issue of Energies, *a publication related to the French employers association, the CNPF.*

There will probably be no new major monetary crisis in 1977... It is very unlikely that a strong attack could be launched during the last quarter...

Avoid Monetary Decomposition

This does not mean that all is well. Far from it. It is precisely because the situation has reached a crucial point that no one wants to take the risk of unleashing a wind that could turn into a storm. The monetary bomb is like the nuclear bomb: one should think twice before using so destructive a means.

INTERNATIONAL FINANCE

... There has been much talk recently concerning the role as watchdog of monetary orthodoxy played by the International Monetary Fund (IMF). Emphasis is placed on the "inhuman" conditions imposed by it. True, striking examples can be cited: Egypt, Peru, the United Kingdom, Portugal, Italy, Zaire, Mexico, Pakistan, etc., have all announced that they have taken the sanitization measures demanded by the IMF... All have had to precipitously cancel these measures, as the result of the political action these measures set off...

This element indicates the seriousness of the situation. No one can alter a social or political structure, the economic model accepted by a society, simply because of the requirements of accounting orthodoxy.

In other words, what is not being said is that in the last 18 months, leading figures have become aware of the danger of a situation created by the measures taken and implemented throughout the world economy over the last 15 years, and particularly those concerning the financing of Third World growth.

Third World indebtedness has reached $300 billion, and the obvious inability of the Third World to settle its external accounts and reimburse these sums even in the long term, is a cause of concern for big Western banks as well as countries which are net dollar creditors. For a long time, the U.S. has used its foreign exchange surplus to relend to deficit countries, and if the latter were incapable of repayment, the creditor countries could demand reimbursement from the U.S.... In sum,... today the U.S. banking system and Western banks linked to the dollar could be faced with the impossibility of standing up to the accumulated risk.

What would happen if, at the onset of a major monetary crisis, in the context of international economic difficulties, as is the case now, the U.S.'s leading creditors demanded reimbursement? No bank or group of banks could stand up to it, and the United States would go bankrupt.

Such a threat cannot be tolerated much longer... The question of the cure is essentially a question for the U.S.

The IMF imposition of general deflation, with all its very risky implications,... is an incentive for revolutions... But if inflation, indebtedness and so on cannot be controled, other new monetary solutions should be envisaged. This is what is being done in the United States.

A Choice With Incalculable Consequences

The only means of restricting monetary demand is to limit the requirements for it, and for that, to limit growth. But such a policy must be worldwide if it is to be accepted by hook or by crook. This seems to be the conclusion of the present U.S. Administration.

A fundamental analysis of that option leads to the conclusion that the limitation of growth is seen as an exclusively monetary necessity, an absolute necessity to save the dollar and keep the United States hegemonic. Fundamentally, it has nothing to do with any ecological, scientific, economic or resources necessity or financing potential...

Two tendencies are confronting each other: one which wants to limit growth to save the present monetary structure, because it is unable to find a solution that would not undermine the essence of the present system. The other (tendency) rejects such an artificial limit to growth... and therefore wants to do away with the dictatorship of "accounting" and build a united system for reaping wealth. On the one hand, an international system with its rules and institutions all dominated by essentially U.S. economic and financial forces. On the other, a search for the means to recreate the principle of nations, and organize the political, regional and social forces through geographic federations...

After elaborating on the "recognized necessity for a new organization of international economic relations," Lamers concludes:

Concretly, the immediate and fundamental fear of the United States is that there will be a dollar crash. This could be set off as soon as the usefulness of American hegemony is questioned, which would be done monetarily through an alliance of some industrial countries with OPEC, while the scientific and technological tutelage of the U.S. remains a fact...

But of what use is such a tutelage in the instance of a deliberate decision to stop growth, a choice made by the U.S., whose dominant interests also have at their disposal a card they skilfully manipulate and fully control to stop growth and industrial development both at home and in the EEC: muscled environmentalism?