

at all a panacea . . . for the monetary crisis. Rather, they are one of the additional sources of inflation." He explains this point by showing how when SDRs are drawn to cover an account's deficit, an inflationary injection takes place, since even if a country increases its exports to remedy the deficit later, those exporters will not be paid in SDRs, but in dollars or other national currencies. The SDRs will remain on the books — but without backing.

Stadnichenko summarizes, "In other words, despite the efforts of the United States by all means to diminish the monetary functions of gold, to 'demonetize' it, gold continues in one way or another to retain and fulfill these functions. For this reason, we cannot at all agree with those Soviet economists who predict that gold is close to its demise as a monetary metal and who sing many hymns to the world supranational money which is drawing near, in their opinion, in the form of the SDR. We are referring above all to the article by G. Matyukhin, "A New Form of World Money" (*The World Economy and International Relations*, IMEMO's journal, April 1977), which was recommended by the editors 'for the special attention of teachers of political economy'."

Stadnichenko quotes liberally, with biting sarcasm, from the Matyukhin article, which indeed had already drawn criticism from the progold economist E. Soller-tinskaya in a letter to the editor of the IMEMO journal in January of this year. Matyukhin completely rejected gold and described the SDR in detail, Stadnichenko's excerpts show. With only a cosmetic "criticism" of the SDR, he concluded that it was a "major step" on the road to a world currency. Stadnichenko warns: "I hardly need draw attention to the fact that the author of that article is not only a convinced adherent of the demonetization of gold, but is *also an ardent supporter of the idea of a supranational world credit money*" (emphasis added).

Stadnichenko's phrase is tantamount to accusing Matyukhin of treason, on grounds of advocating the submission of the Soviet Union to the IMF and the SDR!

The transferable ruble

In a final argument, Stadnichenko raises the issue of the CMEA transferable ruble. Some people, he says, have tried to claim that the SDR is money just as much as the transferable ruble is. After all, aren't both of them clearing units?

Absolutely not, declares Stadnichenko: the SDR has "no commodity or gold backing" whatsoever; SDRs are issued arbitrarily. The opposite is the case with the transferable ruble. First of all, the CMEA currency has a clearly defined gold content.

More important, he says, transferable rubles are issued or created only in connection with real production of goods and services. If this difference is understood, it is clear that "the SDR could under no circumstances become world money with the monetary functions inherent in gold."

Stadnichenko ends his article, which was written at the very moment of the historical Western European summit at Bremen where the EMF was drafted, with an unambiguous prediction. "The immediate future will show just how and in what form the strengthening of the monetary functions of gold on a world scale will take place," he concludes. "It is a fact, however, that this process is already under way, and all theories about creating an artificial supranational world currency and so on will disappear just as fast as they appeared."

— Clifford Gaddy, Stockholm
Rachel Berthoff, New York

'The Nazi bombs fell first on London'

In the article excerpted here, the Soviet weekly Literaturnaya Gazeta sharply attacks the "China card" policy of Great Britain, comparing it to the British policy during the 1930s of encouraging Adolf Hitler to attack the Soviet Union. The article, written by commentator Vitalii Kobysh, appeared in the Sept. 13 issue under the headline "London Merchants."

...This is old history: urging on a potential aggressor, arousing an anti-Soviet uproar. We remember how openly the highly placed British General Cameron (Neil Cameron, Chief of Staff — ed.) tried to do this, how he spoke out to this effect during his China trip. And just as old — and as costly to Britain — is its oblivion to the lessons of history. It is forgotten that the snake often bites first the one who stirs it up. That the Nazi bombs fell first on London. In their up-to-the-minute euphoria — ah, the "China card"! — they do not see what may happen tomorrow, they do not notice that today Peking is already hankering after everything that stretches southward from China's borders.

A dangerous game has started....

There is yet another side to this story, which is not lacking in interest in view of recent statements by various British state leaders. They are actively preaching Sunday sermons about human "rights"... We will not focus attention here on how very appropriate these sermons would be particularly for Ulster, or for the colored ghettos of London, Birmingham and other English cities, where open discrimination can be observed, where racism is becoming a more and more obvious fact of life.

Let us remark on something else. The authors of these sermons are not at all disturbed by the fact that they intend to supply weapons to a country whose citizens essentially have no rights...