Naturally, in reality something different has occurred, and this is proven, for example, by the postwar system of the Bretton Woods gold currency standard. . . .

It is understood that the value calculated for the SDR is dependent above all on those currencies that make up the greatest section of the "currency basket," and first of all, on the U.S. dollar. But because the dollar is a tool of the USA's expansionary policy, which is characterized by a deficit in the balance of payments, this means that the SDR is also an instrument of this policy. The abrupt currency fluctuations of a string of other currencies also influence the value of the SDR, which has changed from being a currency stabilizer and a currency "numerical factor" into an unstable, abstract index of the chaotic changes in currency values. . . .

The SDR's failure

The SDR could under no circumstances become a world currency with the money function of gold, which according to Karl Marx is the form in which exchange value is conserved as value. As life teaches us, the most extreme instability in capitalist circulation does not at all hasten the "demonetization" of gold, and the transition of international settling of accounts to an artificial form of international, supernational money. The facts show that, on the contrary, the role of gold as a world currency has even increased in recent years. That is clear first of all from the daily increasing price of gold, which is expressed in dollars and other currencies. The attempt to stabilize the gold price through the sale of a portion of the gold at the IMF's disposal has failed completely. . . . Such auctions have become a standard event that does not noticeably influence the free market in gold. The circulation of gold as the money metal has expanded, particularly in the U.S., whose official propaganda cried for "demonetization" of gold louder than anyone. Today settlements are carried out in gold daily, as the business in the IMF's official gold auction has doubled and then quadrupled.

The growing popularity of gold is doubtless traceable to fear of an inflationary upset in the buying power of the dollar. Under such conditions the current Administration of the USA regards it as no longer possible to obstruct this fact, and has therefore abolished all restrictions on gold operations, that had previously been imposed under the slogan of "demonetization.". . .

How and in what form the further strengthening of the money function of gold will proceed in worldwide terms will be shown in the near future. But it is a fact that this process is going ahead, and that all theories about the creation of an artificial supernational world currency, etc., will disappear as suddenly as they appeared.

U.S. business: more East-West trade

"How can Carter be so stupid, when the solution to the U.S. trade deficit and depression conditions in the United States is staring him directly in the face," a member of the recent U.S. trade delegation to the Soviet Union asked this reporter. "It's no longer just irritation with the Administration on this question," said another, "it's exploding rage."

The sentiment was typical among the 400 U.S. businessmen who attended a week-long trade conference in the Soviet Union in early December put together by the U.S.-U.S.S.R. Trade and Economic Council. The anger of the businessmen was easy to understand for anyone who takes a cursory look at the relationship between foreign trade — especially with the Soviets — and industrial conditions within the U.S.

Those nations which are most rapidly expanding their Soviet trade base are the same nations that are advancing the technological output of their own economies at a growing rate. West Germany picked up on $5.5 billion in Soviet trade during 1977 and Japan grabbed up another $3.3 billion. The U.S., by contrast, exported only $1.8 billion to the Soviets in 1977, with $1.3 billion of that in agricultural products.

Without immediate and massive new markets abroad for U.S. industrial technology — and the biggest opening market for high technologies is the Soviet Union—investment and industrial output within the U.S. will continue to decline. The Dec. 25 issue of *U.S. News and World Report* predicts that based on the present rate of U.S. exports, the 1970 output of U.S. industry will change at a rate of zero, or decline, and that unemployment will jump from 5.8 percent in 1978 to 7.0 percent in 1979. Corporate profits, they predict, will go down 8.3 percent.

$10-15 billion on the drawing boards

The Soviets are aware of the American dilemma. Soviet President Leonid Brezhnev told the U.S.-USSR conference, with U.S. Treasury Secretary W. Michael Blumenthal and Commerce Secretary Juanita Kreps present, that the Soviet Union had already on the drawing boards a list of 28 big projects worth $10-15 billion that they were exploring with American companies. But, Brezhnev added, "I must tell you directly that it will be difficult to realize many of the projects without eliminating U.S. discrimination against the Soviet Union in matters of trade and credits. We can trade with you, of course, under the present conditions. But no substantial increase in trade should be expected in this case."

Secretaries Blumenthal and Kreps attempted to calm the businessmen by assuring them that "the attitude of the United States government toward trade is changing," according to C. William Verity, chairman of Armco Steel, Inc. and cochairman of the U.S.-USSR Trade and Economic Council. As a gesture, reported Verity, Kreps promised that 22 oil-technology export licenses which had been held up since Aug. 1 were being approved immediately — freeing about $65 million worth of orders. But this is just a drop in the bucket compared to the offered $10-15 billion, and the corporate leaders were very dissatisfied with both promise and gesture.

Repealing Jackson-Vanik

David Rockefeller, chairman of Chase Manhattan Bank, held a press conference in Moscow during the trade conference where he expressed frustration over the "present sentiments" of the Administration. He challenged the businessmen and Administration representatives at the conference to carry out the will of the conference by going back to the U.S. and fighting for repeal of the Jackson-Vanik Amendment to the Trade Act of 1974 which denies the Soviets Export-Import Bank credits because of strict emigration requirements supposedly directed against Russian Jews.

Rockefeller called expanded trade with the Soviets "a necessity" and said that Jackson-Vanik and similar trade restrictions are actually "bad for everyone, including the Jews in the Soviet Union." A Rockefeller aide asserted later that it is likely Soviet restrictions on emigration might be eased as a result of better trade and political relations with the U.S. and not vice-versa, and that the Administration's current "leverage policy" was actually "setting up Soviet Jews who have strong family ties or other relations with American Jews who are a major lobbying force against both SALT and trade with the Soviets for retaliation."

"The Soviet state provides these Jews with their education," the Rockefeller aide said, "so maybe the Soviets don't see it much in their interests any more to give them that — since their actions are hurting Soviet economic development."

"Leverage," not trade

The "leverage policy" Rockefeller attacked was developed by Samuel P. Huntington, close confidante of National Security Advisor Zbigniew Brzezinski. Huntington published an article last fall in *Foreign Policy* magazine advocating the use of trade as a weapon to force the Soviets to "come to terms" with the U.S. on certain foreign policy objectives.

Huntington does not even mention what kind of economic effect on the U.S. his leverage game is expected to have. In fact, other than using it as a weapon, he seems not to be interested in U.S.-Soviet trade at all. Huntington argues that it is a long-term benefit to the U.S. to keep exports to the Soviets low because the Soviets might use these technologies to develop their own supply of goods and begin dumping them on Western markets. "German chemical and petrochemical firms are now facing stiff competition in Western Europe from underpriced products of the factories they themselves helped build in the USSR in the early 1970s," Huntington says. He does not address himself to why the West Germans are now vastly expanding Soviet trade, nor does he discuss the European Monetary System's role in encouraging even greater expansion of East-West trade Europe-wide.

W. Averell Harriman, long-time presidential adviser on Soviet affairs and wartime Ambassador to the Soviet Union, delivered a blistering attack on the Brzezinski-Huntington trade policy in a speech to both Soviet and U.S. delegates at the conference. He declared that trade relations were as important as strategic arms agreements and that trade should not be "linked" in any way with Soviet emigration or other domestic or international Soviet affairs. "Increased bilateral trade "will help stabilize relations," he said, "and it is an outrage that we do not have normal trade relations with the second greatest country in the world."

The anti-Soviet and Zionist Lobby elements in the Congress have already picked up on the Huntington-Brzezinski directive. A bill titled "Technology Ban Act," which was thrown into the House hopper last September by Representative Clarence Miller (R-Ohio) with 77 cosponsors, and which would have effectively ended all high-technology exports to "communist countries," is now being rewritten and is slated to be presented to Congress again this January.

"Not broadly anti-Communist"

While the bill didn't make it to first base last session, its supporters are now promising to make a "big fight" around it after Congress reconvenes. The bill has essentially been taken out of Miller's hands and is now being "reshaped and rewritten" by Lester Wolff (D-N.Y.), who is close to the Israeli lobby in Washington and is a member of the International Relations Committee, where the bill will first be considered. Wolff's office said that he is "working closely with Senator Jackson (D-Wash.) on the 'new' bill" and that the revisions would probably take into account the new relation between the U.S. and China. "It will be more focused specifically on the Soviet Union," the aide stated, "and will probably eliminate the broad 'anti-communist thrust."

In other words, the bill will allow the U.S. to enter into trade with China, but will drastically restrict exports to the Soviet Union — where high technologies are in demand and where the contracts would far exceed anything the Chinese could offer.

The bill's sponsors have also been hinting that they might be willing to "make a deal with the Administration on SALT" — i.e., that they will let a new SALT treaty go through providing the Administration does not oppose their bill. And, according to several pro-Soviet-trade business representatives, the Administration does not at this time oppose it — or at least refused to state its opposition when asked.

— *Maureen Manning*