

the EMS begins, that by joining the gold-based system France will get much more money than through any agricultural financing arrangements!

Behind the agricultural crisis

The odor of intrigue hangs over the sudden eruption of the agricultural issue in recent weeks which was geared to create an instant new "rupture" in European relations. Another notable feature is a "British-West German alliance" against the French. It is not irrelevant that the leading British press organs, in their first fit of outrage over the Giscard-Schmidt initiative last fall, openly discussed using the "agricultural issue" against the EMS then.

European peasants, like their ministerial representatives for the most part, are a notoriously backward and labile group easily capable of being manipulated into inflammatory rage against their own best interests. West German Agriculture Minister Ertl, who has played a virtual provocateur role in the episode at hand, is certainly no friend of Helmut Schmidt's, and is a member of the tiny Free Democratic Party that often answers to London. French peasants for their part are prey to manipulation around the issue of agricultural prices because of the hideous backwardness of huge sections of French agriculture — the archaic system of small and inefficient peasant plots which dates from the 18th century.

Significantly, as was indicated in a Jan. 1 interview with the West German magazine *Der Spiegel*, President Giscard appears to be aware of the source of the trouble on the agriculture question, addressing Great Britain's attempts to take advantage of the EEC. That is the proper approach. At the same time there is no avoiding the necessity of a deliberate program for modernization of European agriculture, a program whose basis lies in implementing the related goal of Third World industrialization. Anything less will leave the EMS vulnerable to the anachronism that is European agriculture and its peasantry, the centuries-old pawns of the "black" aristocracy against progress.

GISCARD ON BRITAIN'S DEMANDS

French President Valery Giscard d'Estaing spoke on Britain's role in the EEC in an interview in the Jan. 1, issue of the West German newsmagazine *Der Spiegel*.

Spiegel: Great Britain's entry into the EEC has proven itself to be a dangerous impediment for the existing community. The English are complaining about their increasing financial burdens, and are demanding a new division of labor. Should one give in to their demands?

Giscard: Our British partners have always been excellent negotiators who have represented the interests of their country quite skillfully. No one can take offense at them for that. But one must remember certain realities.

First of all, the community is no bookkeeping or compensation operation in which everyone only puts in

what they are certain of getting back again. All of the member states are getting all kinds of the most diverse advantages from their participation in building up Europe, particularly through the opening up of the borders. . . . When one looks at a precise account, then one also must include the compensation payments for Great Britain's agricultural imports, for these are regular subsidies, which we pay to British consumers. One can then confirm, that Great Britain gets considerable advantages from the Common Market, even in the agricultural sector.

EMS diplomacy for development

The European Monetary System has taken off in the midst of a full diplomatic offensive on the part of West Germany, France, and allied forces to bring the Third World into its program. The effort to extend the new system into trade expansion and development programs involving Third World nations is the most powerful weapon at continental Europe's disposal to cut off the British-instigated drive for military confrontation in the Mideast and massive destabilization throughout the Third World.

At this time, West German Chancellor Schmidt and French President Giscard are unveiling a bold program to Third World leaders to link the pooled central bank reserves in the EMS to an arrangement for financing raw materials imports into industrialized Europe. The key feature of the program is the French-West German offer that price stability for raw materials be connected to substantial European credit facilities to export capital goods to the Third World.

These discussions dramatically demonstrate that the EMS has indeed been founded as the stepping stone to a new global monetary system, based on the International Development Bank program first called for in 1975 by U.S. Labor Party Chairman Lyndon LaRouche.

The umbrella under which the presently proposed arrangements are being discussed is the 1976 Lome Accord between the Common Market and approximately 85 developing nations, which expires this year. Importantly, the Lome countries strongly represent "former" British colonies, and there is little question that Schmidt and Giscard intend to use large-scale credit allocation as a wedge for breaking the still powerful political and financial stranglehold of the "British Empire."

On Dec. 28, Schmidt arrived in Kingston, Jamaica for a summit meeting with several Commonwealth heads of state, including the conference's cochairman Jamaican Prime Minister Manley. Schmidt announced that "a new and more just world economic order, full access to credits

and technologies for the Third World, and industrialization of the southern hemisphere" must be put into motion in the coming months.

In this connection Manley emphasized that Third World debt moratoria and rescheduling would be a major subject of discussion at the meeting. The Jan. 4 *Financial Times* asserts that during the meeting, Schmidt called for the Lome price stabilization system, known as Stabex, to be reorganized on a global scale.

Also attending the meeting was Venezuelan President Carlos Andres Perez, who last week became the first Third World leader to publicly and explicitly identify the EMS as a replacement for the bankrupt, anti-industrial International Monetary Fund. Following the past decade's continued breakdowns in the world economy, Perez told a Caracas military garrison on Christmas Day that the Venezuelan government was "astounded by the meeting a few months ago of the European Economic Community to discuss the possibility of creating a monetary order different from that formed by the IMF."

French offensive into Africa

During the Kingston meeting, Giscard and other French leaders were engaged in a historic diplomatic undertaking in Africa, Asia, and the Mideast. Since France's ruling Union for French Democracy (UDF) proposed three weeks ago a \$100 billion fund for European and Third World development, France has initiated a worldwide effort to consolidate agreements which will pave the way for

economic development programs which can politically stabilize Third World crisis zones, and undermine British-instigated war scenarios on several continents.

The French offensive included Giscard's public reconciliation in Guinea with President Sekou Toure; a Giscard tour of Gabon; a visit by Foreign Trade Minister Deniau to India; and key discussions between Foreign Affairs Minister Jean Francois Poncet and leaders of Kuwait, the United Arab Emirates and Saudi Arabia.

In addition, France is holding these discussions with the publicly recognized approval of the Soviet Union, with whom negotiations were carried out last August in Moscow and in Paris during the November visit of Foreign Minister Andrei Gromyko. Soviet circles in Paris have themselves explored the possibility of France acquiring observer status in the Comecon, the central economic planning body for the East bloc countries, according to the Dec. 18 *Le Nouvel Economiste*. Only three other non-East bloc nations enjoy this status: Mexico, Iraq, and Finland.

India's "second independence"

While in India, Deniau heralded the perspectives for India's "second independence," essentially publicly admitting that economic development for the Third World calls for the need to finally dismantle British networks of control. Speaking before the Bombay Chamber of Commerce, Deniau said that relations between the two countries "must be based on long-term industrial

'Economic growth through higher Third World living standards'

In an article published in the weekly Le Nouvel Economiste Dec. 18 by Pierre Moussa, President of the Banque de Paris et des Pays-Bas [Paribas], entitled "The Third World, Our Chance," put forward a unique solution to unemployment. In this article, Moussa describes the policy of high wages of U.S. industrialist Henry Ford I that can be applied toward the Third World to develop new markets for Western technology. Here are portions of Moussa's article.

I firmly think that the Third World constitutes, not the real chance, but one of the fundamental chances of development for the industrialized countries. When, 20 years ago, I had proposed the name of 'proletarian nations' to designate the underdeveloped countries, it was to suggest that we could possibly see develop, in the relations between rich countries and poor countries, the same phenomenon which we saw in the last century in the relations between rich classes and poor classes.

I had written (in *Les Nations Proletaires*, PUF 1959) "Why, in this last area, were Marx's predictions belied by the facts? Because of the trade union movement first, which put an end to the weakness of the employee

in front of the employer. . . . But further, because of the evolution of capitalism in the sense symbolized by Ford, an evolution which is based on the prodigious discovery that high wages are the only durable means to make business work. . . . Fordism is also possible in international relations. I have not stopped thinking about how the economic growth of the West could result from an increase in the living standard of the Third World. . . .

Industrial production employs about 40 percent of the active population of the West: if the growth of outlets for the industrial production sector decreases, unemployment will result. You cannot transform a skilled mechanic into a cultural social-worker.

This industrial tool is capable of supplying equipment goods, intermediary goods and the technological know-how necessary for the industrialization of the Third World countries; in a second stage, when a buying power begins to appear, to supply certain sophisticated consumer goods. . . .

The proper role of bankers is to supply to industry the competitive financial tool it needs for a great export drive. . . .

cooperation. . . . We must associate French know-how with India's resource potential for the common benefit of the two countries," he added. The two countries pledged to double the level of their trade over the next four years.

Foreign Minister Francois-Poncet, while in the traditional British stronghold of Kuwait, met with that country's Prime Minister Sheik As-Sabah. Afterward, he announced the two countries' "complete agreement on a global settlement for the Middle East conflict. . ." strongly reiterating French opposition to a Camp David-style separate Israeli-Egyptian settlement. At the same time, French-Kuwaiti financial cooperation was also discussed, "possibly in the form of a fund with the aim of facilitating investments in Europe, the Persian Gulf and Africa, a fund in which all the other members of the Euro-Arab dialogue would indeed participate," according to the Dec. 28 *Les Echos*.

In Guinea, Giscard and Toure were cheered by tens of thousands of citizens, mending the 20-year break in relations between the two countries since Guinea's independence in 1958. The two leaders signed a joint communique voicing the need for economic solutions to the crises in Rhodesia, South Africa, the Horn of Africa, and other potentially volatile regions.

Will the U.S. come in?

In combination, the Schmidt and Giscard independent resumption of intensive "North-South" relations will strongly influence President Carter's response to the Jan. 5 Guadeloupe summit meeting. The meeting, which includes British Prime Minister Callaghan, was called at Giscard's request to lay out the areas of dissension which have emerged between continental Europe and "Anglo-American" global policy. Those critical areas threaten to provoke a thermonuclear war with the Soviet bloc.

In preparation for the summit, the recent published statement by Pierre Moussa, director of the Parisbas bank and associate of the Giscard family's interests, highlights the urgent desire of continental Europe that the U.S. break with the British-conceived "Anglo-American" doctrine, and act in behalf of its own genuine "American tradition." In a deliberate appeal to U.S. corporate interests, Moussa underlines that France's present efforts to develop the Third World are based on the same principles which motivated U.S. industrialist Henry Ford to provide workers with higher wages than many industrialists thought necessary at the time. As Moussa points out, the Ford tradition exemplifies how capitalist development must work if it is to succeed.

— Renee Sigerson

"However surprising it may be to the founders and supporters of the European Monetary Fund, the new monetary system embodies one of the most fundamental scientific breakthroughs of the present century, and is the basis of a new world economic order which will conform in every essential feature to this writer's International Development Bank proposal of 1975."

The Theory of the European Monetary Fund

*An Executive Intelligence Review
Special Supplement*

by Lyndon H. LaRouche, Jr.

LYNDON H. LAROUCHE, JR., one of the intellectual architects of the new European Monetary System and Fund, chairman of the U.S. Labor Party and a contributing editor of the *Executive Intelligence Review*, draws on his groundbreaking work in political economy and the advanced mathematics of Cantor and Riemann to explain the profound significance of events which many, LaRouche warns—even the principal actors—still understand only pragmatically. An indispensable document both for those who have followed the *Executive Intelligence Review's* exclusive coverage of the EMS since May 1978 and those who are just learning about the new system and its impact.

\$5.75

[including postage and handling]

Make checks payable to:

New Solidarity International Press Service
GPO Box 1922
New York, NY 10001