

Europeans Give Rocky Nothing at IMF Meeting

PARIS, June 11 (IPS) — Yesterday Denis Healey, British Chancellor of the Exchequer, told a press conference here that with international confidence "very precarious," the consequences of failure to settle the issues before the International Monetary Fund (IMF) meeting in that city would be "very grave." Today, not unexpectedly, and after many meetings, none of the perennial issues of monetary reform were settled.

However, representing the United States, Treasury Secretary Simon supported the amendment of the IMF articles to declare "stable but adjustable exchange rates" as the "ultimate" goal of the fund. Simon's declaration is unlikely to lead anywhere, but it represents a verbal concession to building European pressures for an end to the "freely floating" dollar.

The Europeans who are fed up with supporting an increasingly worthless dollar have adopted "stable but adjustable rates" as their battle cry and have begun telling the U.S. to keep the dollar

in line itself. As long as massive international dollar debts cripple production and world trade, however, no currency stability is possible. Despite the wreckage of their own economies, the Europeans are not ready to take so big a step as fully breaking with the dollar. The European insistence on "stable but adjustable exchange rates" at the IMF was a vote of no confidence in the dollar and U.S. monetary policy.

The gold issue was a similar story. In spite of premature euphoria in the U.S. press today that the U.S. and France were about to reach an historic compromise on gold, UPI would only have had to edit its dispatch of three years earlier to report the final stalemate on the issue today. Since August 1971, when the inflated dollar was formally severed from its gold backing, the U.S. has been trying to get gold out of the international monetary system. As long as gold remains a monetary asset and the dollar is worthless, there is the danger that everyone will bail

out of the dollar for gold — just as the Arabs threaten to do now. For just as long, the French have fought to keep gold in.

Yesterday the latest attempt of the U.S. to get rid of gold fell flat on its face. The Group of 24 developing nations of the IMF rejected all proposals for selling the fund's gold and using the proceeds to aid developing nations. The U.S. had hoped this gimmick would win the support of the developing nations to its strategy of phasing out gold.

At the end of today's meeting the U.S. and France were as far apart as ever on the gold question, and to the dismay of the U.S., gold is very much on the agenda in the weeks ahead. Gold analysts told IPS today that the French are expected to buy up a significant chunk of the U.S. gold that will be sold at the end of the month. However, in itself the French insistence on keeping gold in the monetary system is a negative position, a vote against the dollar and Rockefeller.