

Schmidt-Carter Showdown Predicted

West German Chancellor Schmidt, arriving in Washington on July 13 as official spokesman of the European Economic Community, is expected to engage in a full-scale showdown with President Carter over the U.S. Administration's belligerent and provocative policies toward the Soviet Union. According to all reports Europe has given detente number one priority as an international issue. Not only do the "West Europeans in general favor a more quiet approach" to the Soviets, as the *New York Times* chose to put it on July 7, but presently Schmidt and Italian Premier Andreotti are embarked on an unprecedented wave of bold East-West-Third World economic cooperation deals in opposition to Carter's drive for war.

A broad series of Soviet proposals are now under discussion for West European participation, centering around nuclear and fossil fuel energy development, as well as industrialization of the raw-materials rich Siberian region. Scant news trickling into U.S. political quarters about these proposed arrangements which also include European efforts to attract Arab petrodollar financing, has provoked hysteria and disbelief, especially in lower Manhattan financial circles. Earlier this week, a Wall Street spokesman frantically insisted in an interview that the West Germans didn't have the financial muscle, nor the arctic technology to pull these

arrangements off, at the same time that he conceded that West German industrialists were thirsting to get them underway.

On July 2, Schmidt openly threw his weight behind these efforts in a groundbreaking interview with the Hungarian newspaper *Nepszabadsag*. Asserting that for Europe, the course "is set for detente," the Chancellor called upon the Soviet Bloc's economic alliance, the CMEA, to create "a new common currency system with overall convertibility" to enable "an expansion in East-West trade." Although West German accounts of the interview do not clarify what Schmidt meant by "convertibility," Professor Robert Triffin, a leading international economist, insisted in an interview last week that Schmidt meant a transferable ruble, and not a ruble convertible with the U.S. dollar.

Additional evidence that Schmidt is indeed throwing his weight behind an anti-dollar T-Ruble came during two days of talks between the Chancellor and Hungarian party chief Janos Kadar in Bonn July 5-6. At a dinner for Kadar on July 5, Schmidt reiterated a standing West German offer to the Soviet Union to become a full participant in the North-South dialogue between industrialized and developing countries. Significantly, he added that the best forum for achieving this participation would be the European-wide conference on energy and environmental

Economist Triffin Sees 'Europa' As Basis For European Use Of Transfer Ruble

The following is an excerpt of an interview with Yale economist Robert Triffin by the EIR on July 5. Triffin participated in drafting the genocidal RIO report by the Club of Rome.

Q: West German Chancellor Schmidt has recently called for implementation of the Soviet transfer ruble as a basis for increased East-West trade. It is curious that Schmidt referred to "convertible" ruble, although the Soviets have been quite explicit that they are not proposing convertibility at all. In other words, the Soviet proposal is for use of the transfer ruble to be tied to real development projects and will not permit it to be used for speculation.

A: Actually, Mr. Schmidt is well aware of the difference between a transfer ruble and convertibility and could not possibly have had the latter in mind. Mr. Schmidt knows the Soviets would never accept it. There is a great deal of interest in transferability especially among the Hungarians and the Poles. The Germans do want a transfer ruble and Schmidt's statement is an indication of an opening very beneficial to everyone concerned.

Q: *Corriere della Sera* recently indicated that the Europeans are again discussing the "Europa". Are you aware of this?

A: Yes, they see the "Europa" as the way to set up arrangements with the Soviets, to trade on a more balanced and rational basis. There was a meeting in Rome June 17-18 where (Italian Treasury Minister) Stamatii, (French President) Giscard and Magnifico of the Bank of Italy endorsed the idea. It would have a gold backing: the Italians in particular are insisting that their gold reserves be used. Indications now are that as part of the deal, Eurodollar deposits would be outlawed in favor of "Europa" deposits. The "Europa" is seen, especially by the Germans, as the way to get a joint European currency which would remove Europe's dependence on the dollar.

Q: Who in Europe is working out the details of the "Europa?"

A: I support the transfer ruble (sic), Lord Cromer certainly does, Baron Lambert my good friend is in favor of it. Tindemans, Magnifico, yes. I suppose Hambros and Jeremy Morse at Lloyds do too.