"Foreign interference is carried out by means of state power through other national and international political and economic and financial organizations and institutions of an official or private nature . . . . Human rights cannot be separated from the national, economic, and social context and in fact are an integral part of the struggle to change and democratize international relations as a whole . . ."

Communiqué of the Belgrade summit
of the Non-Aligned Movement
Aug. 1, 1978

"Countries and institutions allocating credits usually force the economies of underdeveloped countries to stagnation in the name of 'stability' (leading to) upheavals (that) could increase the tendencies to establish autocratic regimes."

Turkish Prime Minister Bülent Ecevit
Aug. 7, 1978

"Only undiminished access to international credit gives a state the possibility of maintaining national sovereignty over social and economic policies. Any debt settlement — such as those that need to be conducted with the Third World — must accept this principle."

Chairman Emeritus for Deutsche Bank,
Hermann Abs
May 1978

"The International Monetary Fund and other credit organizations — traditional instruments of U.S. policy — impose onerous conditions, weaken the popular foundations of governments not to their liking, and undermine their political stability. Such circumstances are favorable to pressures and submissions which lead to temporary victories by the reactionary forces in some nations of the world."

Cuban President Fidel Castro
July 25, 1978

What The EMF Can Do

And how it will get rid of the IMF for good

The developing nations now have a new, institutional alternative to the International Monetary Fund, the World Bank, and the other agencies of the same genocidal policies that the new monetary system is designed to conquer.

The first giant step in this financial transformation is the European Monetary System proposed by West Germany and France and approved at Bremen, West Germany by the nine heads of state of the European Community on July 7, over the strenuous opposition of Great Britain.

As the European Monetary System (EMS) takes effect by stages starting this September, it will, through its European Monetary Fund (EMF) replace the IMF and serve as a headquarters for absorbing presently unwanted and misused American dollars. The Fund takes its dollar holdings and uses them to make long-term, low-interest loans to industrial-development and energy projects around the world. The project managers then import capital goods and infrastructural equipment, paying their borrowed dollars to advanced-sector producers, above all in the U.S.—and achieving an unparalleled expansion of all economies involved.

The Arab Monetary Fund, with plans to greatly increase its $700 million reserves, intends to link up with the EMS's Fund as early as September 1978. The highly development-oriented Bank of Islam, in which 41 Islamic nations participate, is considering parallel measures; and the African Development Bank, having gained Japanese involvement, has requested West German participation to reach a 70 percent increase in capitalization. Mideast gold purchases have soared since Bremen.

The Grand Design

Thus the EMS is, and is designed to be, what one senior West German official just after Bremen called "the seed-crystal of a new monetary system." That system would fully incorporate the United States, the socialist sector, and Japan. It is known as "the International Development Bank plan," after the 1975-77 proposals by U.S. Labor Party chairman Lyndon LaRouche. The European press also refers to it as the "Grand Design," after the Grand Design of Sully, the 16th-century economic counselor of Henri IV of France, who fought to develop world industry and technology from the top down against his feudal opponents.

The Grand Design's first open achievement was the 25-year Soviet-West German economic accord signed by Schmidt and Soviet President Leonid Brezhnev on May 6 in Bonn. Utterly obscured in the U.S. press, the treaty is no mere trade accord but a sweeping commitment to joint investment, research, and development, including joint ventures in less-developed third countries.

The Schmidt-Brezhnev treaty and these energy offensives would have been paper postures without a plan to create the financial mechanisms needed to implement them; to wipe out the IMF; and to draw the U.S. into the Grand Design credit system.

These purposes are embodied in the EMS provisions:

(1) Offense against the IMF and associated dollar saboteurs. This is the heart of the system. Twenty percent or more of each member's dollar and gold reserves is pooled into the second part of the Fund; it serves as collateral for recycling huge portions of Eurodollars and accumulated forms of short-term speculative dollar holdings into productive use.

The very idea of pooled dollar and gold reserves was immediately attacked by the IMF's spokesmen as a blow against the IMF's capital resources, whose potential size will be correspondingly cut. In actuality, the IMF pressed for a "mini-IMF" with its own reserves — preferably using a European mini-Special Drawing Right reserve along with its other police powers, to isolate and destroy Europe.

The EMS is the opposite. Both advocates and detractors of the EMS freely acknowledge that the formidable gold component of the new Fund's reserve pool — some $25 billion worth at market prices — means a de facto initial remonetization of gold — the negation of the Special Drawing Rights plan.

The central reason the European Monetary System will actively kill the IMF is credit policy itself. The EMF and associated funds, in preparation for an international-development world central bank, plan to use their reserves as the equivalent of a bank's shareholders' capital, which can generate a multiple of gold-backed loan capability for world trade and investment. In such a universe, what becomes of the IMF's offer of a dribble of credit in exchange for a torrent of blood?

(2) Defense against currency chaos and speculative black operations against the dollar. The IMF's controllers have traditionally fomented currency chaos, then used it to justify austerity or hyperinflationary policies for the victim, now for the U.S. itself. The European Monetary System mounts an interim defense through internal European stabilization (a 4 percent band of fluctuation for all members). As Schmidt and Giscard have repeatedly said, the band is not a technicality; it is one expression of real economic growth targets to reduce the inflation now suffered especially by weaker members that opens them to attack. "Anyone who wants to speculate against the dollar will have to reckon with the European Monetary System," stated Helmut Schmidt to the international press at the close of the Bremen summit.

(3) Promotion of international development policy. The EMS furthermore has an inherent self-expanding nature. The July 7 Bremen official communiqué states that "Nonmember countries with especially strong economic and financial ties to the Community can become associate members of the system." This is no mere invitation to an Austria or Switzerland: it points to the U.S. and Japan, as well as the OPEC nations and the Soviet sector. The EMS is perfectly suited to clear the Comecon's repeatedly offered transferable ruble, a gold-backed unit of account which initially could be used, say, by Czechoslovakia to buy oil from Iran, which would then exchange T-rubles for Italian capital equipment, giving Italy in turn a fresh credit to obtain Soviet raw materials.

The most essential dimension of the EMS's self-expanding operation is the very principles of global industrial development and nuclear-energy financing. West Germany's Chancellor Schmidt declared, during his May talks with Soviet President Brezhnev: "I am particularly thinking of joint efforts (on economic projects) with the aim of not allowing any further widening of the gap between the developed industrial countries and the developing countries, between the rich and the poor; on the contrary, we must overcome the gap." Since the Bremen and Bonn summits, the leaders of the Grand Design thrust have emphasized again and again the central role of high-technology Third World development in their strategy.

In the Wake of Bremen

"It is necessary to move strongly and quickly before autumn, to present concrete conclusions backed up by numbers, because international opinion is waiting with gravity and hope for the results of our work." This was Giscard d'Estaing's statement after the Bonn summit meeting of the leading European heads of state with those of the U.S., Japan, and Canada. The summit had presented the EMS plan to President Carter, who not only declined to obstruct it but consented to an unprecedented emphasis on nuclear energy development in the conference's otherwise unmemorable communiqué.

Japan needed no initiation into the plan. Japanese spokesmen, with their superior understanding of the state's role in actively promoting science and industry, have been leading proponents of an international development bank for several years. The Mitsubishi Research Institute this June had proposed a developed-sector fund to deploy a total of $500 billion by the year 2000 into technological projects on the scale of "greening" the world's deserts, building a Nicaraguan canal, and climatizing Siberia by widening the Bering Straits.

Helmut Schmidt himself made material gains for the Grand Design on his late-June trip to Nigeria (a nuclear cooperation agreement) and Zambia (a pledge of West German aid against IMF demands) as well as progress in bringing into deeper EMS coordination not only the Saudi Arabians but Iran, which has announced not only a $600 billion 10-year national industrialization plan heavily based on nuclear energy but will invest further in Western industrial sectors geared to industrializing the Third World. This exemplifies the potential for the new Fund's "fit" between previously idle advanced-sector capacity, previously idle petrodollar holdings, and life-or-death underdeveloped countries' need for technology.