

blueprint based on the present (if depleted) European snake. Under this "parity grid" system, the interrelation of EEC currencies and the obligations of weaker-currency countries would be clearly defined.

The other principal scheme, favoured by France, would define currencies in terms of a flexible European "basket." This would lighten the intervention burden on the weaker-currency countries This scheme is believed to have, on a technical level, the backing of Britain and Italy. M. René Monory, the French Economics Minister, and M. Bernard Clappier, Governor of the Bank of France, held talks in Bergamo last week with their Italian counterparts in order to rally a joint front. The Italians are keen to have built into a new scheme the possibility of fairly easy parity changes. The differences between the French and German versions will be thrashed out on Thursday and Friday in Aachen

London press: "A list of problems"

The Financial Times (London), "Bankers Cautious of Eurocurrency Plan" by David White, Sept. 12: Basle — Central bankers attending the Bank for International Settlements (BIS) meeting here expressed reservations about European currency coordination plans set in motion by the Copenhagen and Bremen EEC summits.

While uncertainty and disagreement still persist among EEC members about the mechanisms to be used for linking their currencies, the main doubts revolve around the proposed European Monetary Fund, which would pool part of each country's reserves. . . .

The Guardian (London), "Scepticism Over European Monetary System," Sept. 13:

...Sources at the meeting in Basle said that some of the participants expressed their scepticism.... The sources said that there was a feeling among bankers that the various alternatives for a European system all posed technical problems.

The Times (London), "Central Bankers Remain Sceptical on EEC Plan" by Peter Norman, Sept. 13:

...no sign of any reduction in their overall scepticism toward the proposed new European Monetary System. The EMS was apparently not discussed at today's formal meeting of central bank governors from the Group of 10 countries and Switzerland. However, monetary sources close to the two-day gathering at the BIS indicated a marked lack of enthusiasm on the part of those high-level officials charged with working out the detailed methods for putting the EMS into action.

2. North-South deals strengthened

After years of sterile negotiations and piecemeal deals between the advanced sector and the capital-hungry underdeveloped nations, the European Monetary System is emerging as the developed "North's" staging ground for systematic growth policies toward the developing "South."

The French and West Germans are determined to create the monetary and financial conditions needed to turn Third World hot-spots into foci of development. This determination has generated such groundbreaking initiatives as the trip to Cuba of Spanish President Adolfo Suarez, the planned visit of the Shah of Iran to East Germany, and Japanese Prime Minister Takeo Fukuda's current tour of the Mideast.

In turn, this activity along the North-South axis strengthens immensely the ability to force the nuts-and-bolts of EMS policy through British-contaminated European Community channels.

Concentrating on Africa and the Mideast, EMS political architects at the heads of state level — France's Valéry Giscard d'Estaing and West Germany's Helmut Schmidt — have made concerted overtures to the South before and after the EMS was formally initiated in July. The French have taken special responsibility for Africa, for Latin America, and for pulling together Southern Europe, while West Germany has most especially reached out to the U.S. and the USSR on behalf of the EMS.

Southern Europe to revive

In cooperation with Italy — as informally ratified by the high-level Franco-Italian meetings of Sept. 8 on the EMS — Giscard intends to upgrade the chronically problematic, still far too backward agrarian regions of the northern Mediterranean rim, by way of incorporation into the European Community, and also, as confirmed Sept. 14 by the Spanish journal *E/Pais*, the EMS. Modernizing agroindustrial programs will take the load of France's own anachronistic peasant sector off the back of France and Europe. In turn, the Latin countries of Europe's Mediterranean rim will serve, as they did during periods of advance through the centuries, as a bridge to Arabic and Western Hemisphere development.

This was the force behind Italian Prime Minister Giulio Andreotti's Sept. 8 mission to Spanish Prime Minister Suarez to stress the urgency of bringing Spain into the EC. Under Suarez's government, the factions which in the 1950s and 1960s turned Spain toward an emerging industrial power rather than a mere petty dictatorship have gained further sway, making Spain a crucial member of a transformed EC.

The North-South initiatives

Two days later, Cuban Premier Fidel Castro received Suarez in Havana, affirming the "bridge" idea. Castro said that Spain is the Western European country best situated to broaden the scope of European relations with Latin America — and he didn't just mean that Spaniards speak Spanish.

The first agreement ever between Spain and Cuba on technical and scientific cooperation was signed, and it foresees the creation of a joint commission. But the broadest agreement to emerge at this meeting concerns a four-way crude oil trading deal involving the Soviet Union, Cuba, Venezuela and Spain, which has been in the works for months. The Soviet Union will supply Spain with 10,000 barrels a day of crude previously contracted from Venezuela, while the latter will supply Cuba with an equal amount — saving thousands of miles on oil transportation. Pemex, Mexico's state-owned oil company, had just signed an accord to supply the *Compania Espanola de Petroleas* with 1.2 million metric tons a year of crude.

Inscribing the oil accord with Suarez, Castro stated: "We are interested in seeing a European state such as Spain, which is growing industrially and technologically, become a friend of the Third World." Suarez goes straight from Cuba to Venezuela, where the two countries are expected to sign agreements on nuclear cooperation, naval construction, and Spanish construction of the Los Morros railroad, a project that will cost an estimated \$1 billion.

The Shah of Iran, in pitched battle against a destabilization effort (see INTERNATIONAL), was abruptly forced to cancel an important trip to East Germany. In the past twelve months, the Shah has been to every East European country with the exception of East Germany, discussing oil for technology swaps and war-avoidance policies — in total opposition to U.S. National Security Council plans for Iran.

The Shah had been scheduled to meet with Foreign Minister Oskar Fischer to discuss a giant barter deal, including East German technological involvement in the Iranian oil and petrochemicals industry. Increasing the Iranian oil supply to the East bloc, which has already occurred despite the cancellation of the last leg of the Shah's tour, enables the Soviet Union to free up its own substantial oil supply to sell outside of the bloc itself.

Implications for East-West peace

The world detente sought by Giscard and Schmidt is receiving firm support from French diplomacy in Southeast Asia. It will be extremely helpful to the U.S. if France — whose efforts to establish a workable post-colonial development bond with Indochina after World War II were disrupted by the British — could provide a pilot model of mutually advantageous trade and investment with Vietnam, a potential linchpin of both North-South and East-West relations.

Like the Cubans' expanded triangular relations, this can also provide tangible evidence to the USSR that an international development policy has become the tangible counter to the persisting war danger.

French Foreign Affairs Minister Louis de Guiringaud has just concluded a week-long tour of several Southeast Asian countries, with the objective of increasing French economic involvement in the area, and countering some of China's destabilizing influence. Guiringaud was accompanied by a delegation of French industrialists; his trip to Indonesia had been organized by the French business association, the CNPF.

As part of French interventions to stabilize the many hot-spots that threaten to explode into broader confrontations, President Giscard himself has been meeting with African leaders, including the presidents of Senegal and the Ivory Coast to attempt to reach a settlement of the Western Sahara problem. It was during a conference with the French-speaking African states in Paris this summer that Giscard first spelled out the necessary connection between the EMS, international political stabilization, and Third World development.

— D. Sloan

3. Soviet interest is running high

The eighth meeting of the West German-Soviet joint commission, chaired in Moscow last week by Soviet Premier Alexei Kosygin and West German Economics Minister Count Otto Lambsdorff, rapidly turned into a far broader exchange on how West Europe's European Monetary Fund and the Soviet Union's next Five Year Plan will act in tandem to their mutual advantage.

The fact that the exchange occurred even before the official ratification of the West German-Soviet 25-year economic cooperation treaty underlines the urgency with which both sides are moving to coordinate a "grand design" policy not only for East and West Europe, but for such "third country" areas as the Middle East.

Other participants in the talks included Soviet Foreign Trade Minister Nikolai Patolichev and Otto Wolff von Amerongen, the head of the German Association of Industry and Chambers of Commerce and a leading organizer of East-West trade cooperation. According to a West German correspondent stationed in Moscow, Kosygin extended his discussions to twice their scheduled length in order to ask detailed questions about the European Monetary Fund and its significance for the value of the dollar. Kosygin later stated how pleased he was that these consultations