

## How the Arab Monetary Fund will work

*An executive with Chicago First National Bank this week expressed full confidence that the Arab nations would soon put together a unified development fund to be centralized through the Arab Monetary Fund and the Arab League. Below are excerpts of his explanation of how the Arab Monetary Fund (AMF) will work and interface with the European Monetary Fund (EMF):*

The Arabs want their own unified monetary fund to complement the European Monetary Fund. I think most of the Arab world is well aware of the European Monetary Fund and is watching it very closely. I am very aware of Prince Fahd's discussions with the leaders of France and Germany prior to the Bremen summit.

I think the idea behind the AMF is not a very new one. You shouldn't be concerned that at this time the AMF is capitalized at only \$900 million. The important thing is that finally it is functioning and disbursing funds

to Arab countries. It was never meant to be a large development fund as such. It was meant to be a centralizer for currency stabilization, balance of payments, etc.

The Arab world will use the already established Arab development funds for disbursing revenues for development and the AMF will act as a center for a unified development approach for all of the Arab world. Ultimately, I think the plan will require the establishment of a unified Arab currency, but for various political reasons that is a ways down the road. There are some elements within the Arab world which will have to be politically disciplined before the Saudis will allow the riyal to be brought into a unified currency. The new currency will streamline the distribution of development funds.

### "Glitter of gold"

*Following are quotes from an editorial which appeared in the October 18 issue of the Saudi daily Ukaz entitled the "Glitter of gold."*

Whatever has been said and is being said about the gold base, the world has not yet found a true substitute for it. . . . New currency units are needed such as those agreed upon at the Bremen EEC summit, and such units must circulate within other international economic blocs so that the world can compare and choose on a fair economic basis instead of on the basis of the U.S. dollar alone, for which there is no substitute even if it is ill or on its deathbed. . . .

We find that going back to the gold base, despite the unrelenting war against it, is inevitable whenever the unstable systems which the world economy exchanges it for from time to time collapse. At the sign of any currency difficulties, the price of gold goes up and, to alleviate the confusion and ease the pressure on the dollar, the United States from time to time sells some of its gold reserves. But where will this road lead?

A. Very much. The Iraqis now accept the Syrian view that a settlement of the Middle East conflict might result from a UN framework. They no longer reject the Syrian approach to a peaceful settlement based on the upholding of Palestinian rights.

Q. And this must have repercussions on the Iraqi internal front?

A. There have been some changes. First of all, two weeks ago the Iraqis decided to cut off support to Abu Nidal (the terrorist ex-PLO official whom many Arabs believe to be an Israeli agent —ed.). In addition, Michel Aflaq has been put on the shelf, although this was a process lasting several months. (Aflaq is the leader of the right-wing faction of the Iraqi Baath Party, and has been the chief opponent of cooperation with Syria —ed.) And third, of course, Iraq has expelled Ayatollah Khomeini, the most bitter opponent of the Shah. So, all in all, Iraq has undergone a major shift.

Aside from ditching Messrs. Khomeini, Abu Nidal, and Aflaq, Iraq has been straightening out its international affiliations. According to the London *Finan-*

*cial Times* of Oct. 18, Iraq is beginning to substantially hurt Great Britain with a virtual embargo of contracts to British companies.

In an article entitled "Trade with Iraq: Semi-embargo is beginning to bite," reporter Patrick Cockburn commented that "U.K. exporters are now finding that the directives issued by the Iraqi government limiting trade with Britain are beginning to bite. . . . No British companies have been successful in bidding for major projects. . . . Were it not for bad political relations, Britain should be well placed to win contracts in the Iraqi market."

On the same day, France's *Le Figaro* reported a substantial improvement in Iraq's relations with France. Reporter Paul-Marie de la Gorce, in Iraq for a press conference at which the Iraqi Revolutionary Command Council announced efforts to improve bilateral French-Iraq relations, commented that Iraq was in the process of reassuming its leadership role in the Middle East, after months of isolation. Explicating this process, de la Gorce made the extraordinary revelation that it had been French-Iraqi contacts that in large part had been responsible for the 1975 Iraq-