establishment in 1975 of the customs union — the Common Market — had to a large extent spent themselves. The international interlacing of monoply capital required the creation of a mechanism of interstate regulation not only of foreign trade, but of the basic trends of economic, scientific and technological development, and the co-ordination of social and monetary policies. The plan to set up an "economic and monetary union" was advanced in Brussels in 1970. Its aim was to co-ordinate economic policies in order to even up the levels of the member countries' economic development, stabilize trade and square the conditions for investment and for the exploitation of the working class. In a word, it would make economic "harmonization" possible. It was intended to consolidate it by the introduction of a European currency unit.

The Common Market leaders' efforts to speed up integration are influenced by both internal and external factors. Quantitatively, in volume of production, foreign trade, and gold and currency reserves, the Common Market was catching up with and even outpacing its main rival, the United States. Qualitatively, in the concentration of capital, technical equipment and raw materials, the EEC was conspicuously behind. And no less important — the United States had the dollar, a national and at the same time international reserve currency to which all the capitalist currency units were bound. This U.S. advantage in the rivalry between the two centres of imperialism proved to be decisive.

The disintegration in 1971-73 of the Bretton Woods system of stable rates of exchange forced the Common Market currencies tied to the dollar to float. Another blow to the EEC countries was dealt by the energy crisis: as a result of the increase in oil prices the treasuries of the Nine fell into debt to the Wall Street banks. In 1974-75 these troubles were further aggravated by a profound crisis of overproduction, mass unemployment and galloping inflation. Postponing the building of a "united Europe," each EEC country tried to extricate itself from the crisis at the expense of its neighbours. Instead of "harmonization" there appeared disproportions in foreign trade and differences in the rates of price increases (from 6 percent in the F.R.G. to 25 percent in Britain in 1975). . . .

The economic crisis led to further polarization of social and political forces. The action taken by the West European proletariat against unemployment and high living costs compelled governments to shift the emphasis in their economic policies. Bonn and Paris stimulated the economy to prevent a further growth of unemployment, while London and Rome tried to slow down inflation.

Hardly had the Common Market recovered from the crisis when, in the summer of 1977, the United States launched another attack: manipulating with the dollar's rate of exchange, American economic policy-makers tried to secure advantages for their exporters in order to patch up the holes in the U.S. balance of payments by expanding trade. The 15 per cent drop in the dollar's rate of exchange with regard to the other Western currencies, the American magazine Fortune gleefully wrote, would soon lead to a sharp increase in the U.S. exports of industrial goods.

The Common Market leaders' appeals to Washington to bolster up the dollar remained unanswered, and it was the EEC that had to pay for its "weakness." To check the fall in the rate of exchange, central banks began buying up huge amounts of dollars: in 1977 the EEC countries spent more than $30,000 million in national currencies for that purpose. The increase in the amount of money in circulation whipped up inflation. The recurrent fits of "dollar fever" weakened the Snake and widened the gap between the currency exchange rates of all the Common Market countries.

And so it was decided in the EEC capitals that the time had come to act. Preparations were launched to "leap" over "economic union" to "monetary union." This found expression in the plan to establish the European Monetary System.

Complex Mechanism

In the eight months from the day the Franco-West German proposal was advanced to the day the EMS plan was finally approved the financial experts had invested no little effort into tying in the system's "technical details" with the frequently opposite interests of the Nine. In its final form, the EMS represents an amplified variant of the existing Snake, but with considerable innovations.

The "Supersnake," as the Western press has christened the EMS, will coil not around the dollar, but around the European Currency Unit. The rates of exchange of national currencies will be maintained not so much by the purchase and sale of dollars as by operations with the national currencies in the Supersnake. Although the pound sterling is not yet part of it, London has participated in the establishment of the EMS mechanism and promised to help with the currency stabilization scheme.

It is significant that in the new unit of account the

CZECHS NOTE GISCARD-BRZEZINSKI RIFT

Coverage of the Guadeloupe meeting in the official Czechoslovak Communist Party daily, Rude Pravo, *reported an indirect jibe by French President Giscard at Zbigniew Brzezinski, the U.S. National Security Advisor.* Rude Pravo *said:*

"We want to speak directly about things, as openly as possible and without any academic theorizing," Giscard d'Estaing told journalists after his arrival in Guadeloupe. The press agency AP added that the most prominent originator of academic theories is present here as Carter's advisor on national security questions, and that it is quite possible that the French president's remark was aimed directly at him.