Report from Paris by Christine Bierre

What kind of new monetary system?

French policy is contradictory; what could work, would be a combination of the European Monetary System and Guillaume's Africa plan.

France's Economics Minister Eduard Balladur and Prime Minister Jacques Chirac have recently proposed the accelerated creation of a European monetary structure, by means of a European Central Bank which would become the center of an "ECU zone," named for the European Currency Unit, based on a basket of European currencies.

This is not the first time it has been suggested that the way to stabilize the international monetary order is by diversifying out of the dollar-reserve system and creating an ECU zone and a yen zone. Last year, former President Valéry Giscard d'Estaing set himself up with former German Chancellor Helmut Schmidt as the high priests of an international financial reorganization around this very proposal.

Unfortunately, Schmidt, who created the Inter-Action Council to promote this scheme, would like to see the Soviet Union as a full partner in his new world monetary order. Also unfortunately, Schmidt wants to make the economic policy of his new system a savage commitment to end economics, by stopping population growth.

Nor is this any wonder: From the moment that Schmidt and Giscard d'Estaing created the European Monetary System in the late 1970s, then-French President Giscard wanted to bring the ultra-malthusian Club of Rome in on the ground floor of his economic "Trialogue," which was to be combined Arab capital and advanced-sector technology to relaunch investment in the Third World.

Giscard and Schmidt resurfaced these options before the ink had dried on the INF Treaty that would hand the Russians military supremacy over Europe. And who should show up in France, but the East German Erich Honecker, boss of the East bloc's biggest economic power, offering tantalizing deals, to move to the economic phase of the "new Munich"?

Any European monetary reform must be conceived as the beginning of an international monetary reorganization, since it is the whole system that has to be rebuilt. Moreover, it is pure illusion to think that one can reform the system while keeping the monetary and economic-policy institutions that have plunged us into this crisis.

French policy is contradictory, as seen not only in Mr. Balladur's recent proposals, but also in the outlook presented by Minister of Cooperation Michel Aurillac in a Jan. 7 press conference.

Responding to a question concerning France's willingness to offer an alternative to International Monetary Fund conditions in Africa, Aurillac was unambiguous: France is in no way thinking in terms of alternatives, but only to better the current system by expanding its financing capability. According to Aurillac, increasing IMF and World Bank financing will allow these institutions to soften the conditions they impose on developing nations.

Aurillac foolishly applauded the recent Franco-African summit in Antibes, where the African countries adopted a much more conciliatory tone on the debt problem and dropped all threats of debt moratorium.

Where the destruction of productive capacity *is* being felt by the French government, is when it hits African countries whose leaders are pressing the French presidency for aid in the face of catastrophe, and where it hits farm production in France, which is also in disastrous shape. Agriculture Minister François Guillaume's proposal to launch a "Marshall Plan" for Africa is most important in this regard, since it is the only attempt by a Western government to deal with the real crisis in productive capacity.

Some of Aurillac's statements at the press conference better illustrate the French concerns in this regard. Asked about the Guillaume plan, he gave the idea his total support, stressing that the policy of the big European and U.S. grain cartel companies, which consists of selling at very low prices, is ruining both advanced- and developing-sector farmers. He cited Senegal's purchase in 1987 of 100,000 tons of wheat from the cartel, paying 34 francs per kilo, while Mali cannot export its millet to Senegal at less than 94 francs per kilo—without counting transport costs, which are paid by French aid!

Aurillac reported that French policy is to lead to a floor price which guarantees an adequate selling price to the farmer. Aurillac underlined that such a policy cannot be enacted without U.S. assent, which has not been forthcoming. He concluded on a "Machiavellian" note, appealing to the American black community to lobby in the United States for the Guillaume Plan.

If we join the idea of relaunching real production embedded in the "Marshall Plan," to the European seed-crystal of a new international monetary system to replace existing institutions, we have the needed elements to weather the financial storms ahead.