

French Industrialists Call For New Monetary System

Oct. 22 (NSIPS) — Since the International Monetary Fund meeting in Manila, when the world went out on the IMF's bankruptcy, anti-monetarist sentiment has been mounting again in France. Even traditional Atlanticist circles are now also expressing concern over the precarious situation of the dollar-based international monetary system; *Le Figaro's* financial journalist Alain Vernay, who had previously described the Manila proceedings as "the death agony of a policeman" and this week highlighted British Prime Minister Callaghan's efforts toward a "moral" capitalism devoted to economic growth rather than financial speculation. France's major economic daily, *Les Echos*, called for a new monetary system, and Gaullist "baron" Michel Debré blasted the IMF as a useless charade whose perpetuation is a major obstacle to progress.

Debré: IMF Has Buried World Monetary System

(NSIPS) — *The following are excerpts from a statement on the "Causes and Consequences of Inflation" by former Prime Minister (under de Gaulle) Michel Debré, appearing in today's Le Figaro.*

It would seem, from reading the press, that the International Monetary Fund still exists, that it continues to regularly gather, in all corners of the world and under costly conditions, more than two hundred characters who claim to be Finance Ministers, governors of central banks. . . . One is still witnessing this brilliant figuration where useless speeches are only interrupted by exotic dinners and sight-seeing tours. History will be severe, and rightly so. The International Monetary Fund and its leaders have buried the international monetary order which was their constitutional responsibility to respect.

It should have been adapted, not crushed. The U.S. Treasury has pulled all the strings. . . . But this abandonment of all rules of all measure, of all wisdom, remains deeply culpable.

Gaullist Sanguinetti Slams "The Bookkeepers Who Govern Us"

Oct. 18 — *The following are excerpts from an article by former Gaullist Minister Alexandre Sanguinetti, appearing in this month's issue of La Lettre de Michel Jobert, former Foreign Minister Michel Jobert's left-Gaullist newsletter. In his article, headlined as above, the former General Secretary of the Gaullist Party (UDR) is critical of the deflationary economic plan announced by the government last month:*

. . . In the background, one feels the obvious intervention of the Chief of State (former Finance Minister and present French President Giscard — ed.), of his erratic temperament, of his laxity, of his lack of rigor and will and of his reformist appearance.

Since Poincaré (President under the Third Republic — ed.), dozens of times, and still today, our Finance Ministers have done nothing — whatever their origins, political obedience and education — but to rise the discount rate of the Bank of France, restrict credit, increase taxes. . . . This poses the question of knowing why the French, for a century and a half, have had for the financial species a respect and a consideration which bears no relation to their actual capacities. They are in fact mere bookkeepers who know arithmetic. Now, finance must be political.

After criticizing the plan as mere "conjunctural package," Sanguinetti proposes:

We need an immense fiscal reform to adapt our finances to the reality of modern society. . . while we are still living on the errors of the 19th century. . . . We must resurrect a plan à la française (reference to de Gaulle's conception of pro-development planning — ed.) which can really tell what must be invested, what must be produced, what must be consumed.

Les Echos: 'Revaluation Of The Mark A Mere Oxygen Balloon'

Oct. 19 — *The following are excerpts from an article by journalist Martine Royo, appearing in the main French economic and financial daily Les Echos today, under the above headline.*

. . . The generalized floating of currencies has grave consequences which no one had predicted when it was adopted in March 1973, the first one being to split the industrialized countries in two. On the one hand there are the countries which control inflation, like West Germany and Switzerland, and where the de facto revaluation of the currency has otherwise a deflationary effect. On the other, countries not succeeding in doing this, and whose difficulties are aggravated by the depreciation of their currencies, which in turn further accelerates inflation.

Another phenomenon was predicted by economists . . . floating, instead of allowing an automatic re-equilibrium of balances of payments, as in classic theory, contributes to further deteriorating the situation of the country whose currency is going down, by increasing the cost of its imports. It is a multiplier phenomenon and not a remedy.

. . . Thus a real monetary reform which is required to remedy this situation. A sort of second "Bretton Woods." It should include, among other measures, a modification of the dollar-standard regime and control of the Euromarket. It is indeed remarkable that the only big monetary market which exists in the West is not controlled, and can generate, with impunity, foreign money which permanently feeds inflation.

But since the United States does not suffer from this state of things, they are not likely to do anything to help the Europeans out.