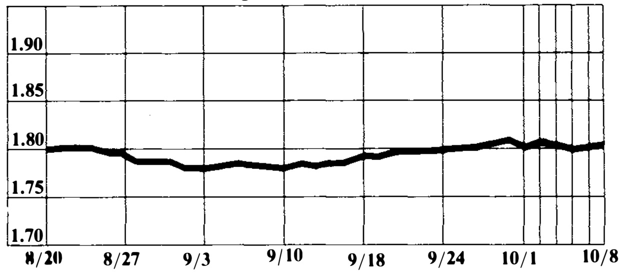
new wave of austerity. On the one hand, banks wanted the IMF to lend to Third World countries to enable them to carry their foreign debts without defaulting. But on the other hand, they didn't want the Fund to do this at their own expense. They seemed to want to get richer from the world monetary crisis they had brought about, as offered in recent crank paperbacks of the "How You Can Make Money Off the End of the World" ilk. From the U.S. vantage point, Third World countries should borrow in Europe to pay American creditors and buy American food and arms exports. Europe wanted to wait two years until its balance of payments recovered sufficiently to implement the EMF, leaving the IMF standing in its tracks. Third World finance ministers wanted anyone at all to finance continued backwardness and the social inequity that has made their life so pleasant these last few decades. Japan sought not to offend anyone, and so did China (whose 22 delegates in grey business suits were duly noted by most reporters). All sought to become partners in backwardness, not in progress, bidding farewell to a year which most populations outside the meetings felt to be one of unparalleled depression, but which is merely a foretaste of the economic battle to come.

The 1980 meetings, by contrast, were the first at which Third World problems had emerged paramount. The industrial nations had virtually stopped borrowing from the IMF, and long since had ceased to be World Bank customers. Meanwhile, there was little concern about financing Third World imports of American or European products. A world depression and massive unemployment were now viewed as healthy purgatives. The link between finance and exports seemed to have been severed entirely: finance had emerged as a thing-in-itself, even at the expense of world trade and production. The Third World needed money first and foremost to service its debts, not to increase its imports or invest in raising its productive powers. Debt service was crowding out all production and trade functions. And it was now the commercial banks who were concerned to be bailed out. The only labor it hires is that of a few finance ministers who hardly need jobs anyway (although a productive day's work would no doubt do them a world of good).

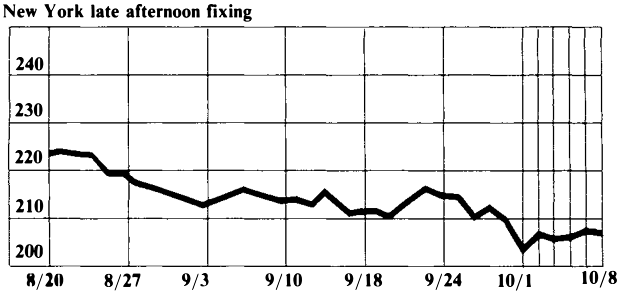
Politically oriented delegates to the meetings expressed concern that the IMF was joining the World Bank in becoming a servicing institution almost exclusively for Third World countries. This certainly was what the U.S. and European press picked up. But it is not the real point at all. The problem is not that the Fund and Bank are focusing on the Third World, for that can be highly productive and sound in itself, given its massive opportunities for development. The problem is that the new focus is utterly devoid of any attempt to increase Third World productivity.

Currency Rates

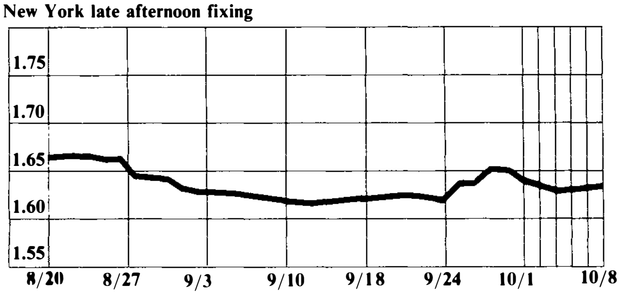
The dollar in deutschemarks
New York late afternoon fixing



The dollar in yen
New York late afternoon fixing



The dollar in Swiss francs
New York late afternoon fixing



The British pound in dollars
New York late afternoon fixing