

nothing, can play a special role in the effort to create a just world economic order.

Indian Ocean Peace Zone

Jayakody's remarks, which show how the Third World leadership is organizing itself politically for a fight, coincide with efforts by Sri Lanka's neighbor India to forge a SELA-type system in Asia. The Indian government has linked the creation of a zone of peace in the Indian Ocean, a proposal already on the Colombo agenda, with fostering close economic cooperation between the South Asian and Southeast Asian nations.

Indian Foreign Minister Chavan met recently with his Indonesian counterpart Malik to discuss defusing the U.S. military buildup in the Indian Ocean (see p.8) and related questions in preparation for the summit, and the two countries emerged fully committed to "close collaboration at the Colombo summit." Similar discussions between Indian representatives and top officials from Laos, Vietnam and Malaysia had already taken place.

The focus of the emerging Asian pro-development front are the escalating attacks on the foreign oil companies, mainly the Rockefeller-controlled major, Caltex. Following last week's ultimatum by Indonesia to force the oil companies to revise their contracts to provide more Indonesian control and share of production and revenues, the Malaysian government has now threatened to nationalize the foreign oil companies if they continue to deadlock the 15-month negotiations with the state oil company Petronas. India has offered technical assistance from its own oil fields to the Malaysians, Indonesians and Vietnamese, who are beginning major offshore oil exploration.

The summit occurs following signs that the Atlantic Alliance itself is beginning to fissure over the question of how to handle the question of Third World debt. Earlier this week, the ministers of the nine nation European Economic Community called for a more generous stance towards developing countries with payments difficulties. The action was taken, according to several sources, to prevent the total collapse of the now stalled Paris "North-South Talks" — a sign that Europe would like to pursue such discussions even if Secretary of State Kissinger and his State Department doesn't. While several diplomatic sources stated the move was made just "to keep channels open" and was by "no means a concession of the debt question to the developing nations," behind the scenes maneuvering in Europe shows that thinking about the possibilities of a global realignment of forces that could be the outcome of the Colombo meeting has wreaked havoc within the alliance. The louder such individuals publicly deny that any changes could take place, the more certain it is that they don't believe their own words.

Attempts To Abort Debt Fight

Secret Negotiations Grant Debt Moratorium To Egypt

July 31 (NSIPS4—Top secret negotiations on a debt moratorium for Egypt took place in Cairo and Bonn, West Germany this week. Party to the talks were Egypt and its major creditors: Chase Manhattan Bank, Citibank, Manufacturers Hannover Trust, several Western European banks, the International Monetary Fund, and the West German government.

According to sources at Chase Manhattan bank, during negotiations in Bonn, a spokesman for Egyptian President Anwar Sadat issued an ultimatum: "Give me a debt moratorium." According to the same source, he got it. Otherwise, the spokesman threatened, Egypt would join with the leading Non-Aligned nations in moving for unilateral public declarations of debt moratoria for Third World nations at the upcoming Non-Aligned summit meeting in Sri Lanka. The Chase spokesman said that the Soviet Union had just granted Sadat credit on trade deals giving Egypt "considerable leeway" on debt payments, and that for this reason, a "debt moratorium" was granted to Egypt during the secret negotiations, with no austerity conditions imposed. Sadat, in turn, agreed to keep the moratorium secret, said the source.

Citibank and the International Monetary Fund have categorically denied that such negotiations took place. The IMF's Egyptian Bureau similarly denied that it had sent any delegation to Bonn. The presence of that delegation in Bonn, however, has been independently confirmed.

If the Chase Manhattan source is truthful, Egypt has been granted a debt moratorium, and the IMF has not had the political authority to exact austerity conditions. Were this known to Third World Nations in general, or to the commercial markets, many nations would declare debt moratorium and a collapse in investor confidence would topple Wall Street. Hence, the top-secret nature of the negotiations.

Egypt, which has 18.5 billion in external debt, according to United Nations sources, has already defaulted on an unknown but sizeable quantity of these obligations. It is six months in arrears on all its payments, according to sources at Chase

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Manhattan bank. Authoritative banking sources in Europe say that an estimated \$4.5 billion of the total Egyptian debts overdue are short-term suppliers credits given by the New York and European commercial banks.

Among the defaults are payments due to the U.S. Department of Agriculture, and the Commodity Credit Corporation as long ago as March, 1974. The Commodity Credit Corporation at the end of May had over \$2 million in defaulted payments due from Egypt. Though defaults to the U.S. government's Export-Import bank and other U.S. and Australian government institutions are extensive, a Chase Manhattan source says that the Export-Import bank and U.S. Agency for International Development have continued to issue credit to Egypt.

USLP Presidential Statement — LaRouche Calls For Repeal of Johnson Act

WASHINGTON, D. C., July 30 (NSIPS) — An immediate repeal of the Johnson Act is imperative to protect major U.S. financial institutions from risk of violation of U.S. law in such urgent cases as that of Egypt.

The Egyptian debt situation is the most prominent case of the moment among a number of developing sector nations for which no possible alternatives but debt moratoria exist. Under present circumstances, major U.S. financial institutions who have no choice but to accept such moratoria would be at risk of violating the law.

Therefore, appropriate emergency legislation, based on such findings of fact, should be promptly passed — prior to the crucial Colombo, Sri Lanka meeting of non-aligned nations. The implied lawful alternatives for failing to pass such legislation are international monetary and political chaos.

*Exclusive Interview with
Chase Manhattan Bank*

Sadat To Get Debt Moratorium In Return For Keeping His Mouth Shut At Colombo

July 29 (NSIPS) — Following is an interview with the chief Middle East economist at Chase Manhattan Bank in New York City today which has been obtained exclusively by NSIPS.

Q: My reading is Sadat has no choice but to declare a debt moratorium. What do you think?

Chase: Yes. Sadat is under considerable political pressure. He can't get anywhere without some debt relief. The interesting thing is the Soviets have just signed a trade deal with him that gives him considerable leeway on his Soviet debt service payments.

Q: Do you have any details on this trade deal?

Chase: No, I'm afraid I don't. It came through very recently and I don't have that information.

Q: Now, going back to the question of a declaration of debt moratorium on the 9 to 11 billion dollars owed to the West, I understand from an Al Ahram correspondent that Sadat is under considerable pressure from the Nasserites to repudiate his debts to the West. The question is will he do that immediately now that he has the Soviet offer or will he do it at Colombo? And what about the report that the IMF Egypt desk has sent a delegation to West Germany to hold multilateral rescheduling talks on the Egyptian debt?

Chase: Neither. First of all, let me mention to you that I know of no multilateral debt negotiations in West Germany that you mentioned. Also, it's true that the Johnson Act (which bars U.S. government aid to companies that default on obligations to U.S. corporations-ed.) might apply to Egypt. Whether it does or not, I know that Egypt is getting U.S. government money. Ex-Im Bank just gave it \$63 million and U.S. AID is spending \$693

million this year. Whether the Johnson Act applies or not, the U.S. government has ways of going around it. The reason, as you know, is that Egypt is so crucial to the U.S.

Q: What about the debt moratorium?

Chase: Oh, I know that Sadat has been telling the private banks to give him a debt moratorium. But the form it takes is, "Please give me a debt moratorium." In return he will keep his mouth shut so that nobody gets any ideas. No, it doesn't have anything to do with Nasserite pressure. Look, it's straight. Sadat cannot implement the IMF program. The banks won't give him medium-term money unless somebody else, like Arab brothers of his and Western governments take care of his day-to-day needs. Then project lending can go on. Until then, Sadat has to get a rescheduling of all his debts. So, it is out of the question that Sadat will take a debt moratorium stand at this Colombo meeting or anywhere else.

Q: Will he or won't he get a debt moratorium from the West?

Chase: Definitely yes. What other choice is there. Yes, the private banks are giving him a debt moratorium, right now, as a matter of fact. As I said before, Egypt, after all, is Egypt. It's too important for us.

Chase VP On Egypt: It's Not A Question Of If They Will Default

NEW YORK, July 29 (NSIPS) — *The following interview with Chase Manhattan Bank's Vice President for Mideast and Africa operations, on Egypt's debt repayment situation, conducted today, has been made available exclusively to NSIPS. Chase Manhattan, along with several other leading international banks, has extensive short-term bank-to-bank loans in Egypt.*

Q: Are the commercial banks putting together a bailout to prevent an Egyptian debt moratorium?

Chase: There are discussions about an Aid-Egypt consortium, but the country has \$14 billion in external debt and \$100 million in foreign reserves, so no commercial bank is going to do long-term lending in there until some government money comes in to take pressure off the foreign exchange needs ... Like the Saudi \$2 billion, that's part of it But the negotiations are very, very sensitive and not at all formalized.

Q: But isn't it true Egypt is going to default?

Chase: It is not a question of if they will default. Just how far have they gone already? Look at their payments, they're six months behind in every single bill they have It's a complete disaster, a very shaky situation.

Q: Is it true that most of the debt is owed to governments? Will it hurt private banks?

Chase: Are you kidding? There hasn't been a long-term private loan to Egypt in eight to ten years. But let me tell you, there's trouble with their CCC credits (Commodity Credit Corporation of the U.S. Department of Agriculture - ed.), trouble with Ex-Im Bank, trouble with the Australian Wheat Council Of course it will hurt the private markets if this thing leaks out Especially those who are intending to go into Egypt and do some loans

"U.S. Has No Room To Move In Egypt"

New York, July 30 (NSIPS) — *The following conversation took place between a reporter and a high official of the Foreign Policy Research Institute in Philadelphia on the subject of the Egyptian economic conditions The official was asked to give his opinion on Egyptian President Anwar Sadat's political situation. The following are excerpts from his reply.*

(Secretary of State) Kissinger does not have the flexibility that he had in the 1974-75 period, where credit was available. The 1973 (Arab-Israeli) war is backfiring on Sadat's face. The Western economies are not in position to deal with the Egyptian problems.

Sadat's turn towards the U.S. has not brought the economic and political perspectives that he thought it could. As you know, when a country is in Egypt's situation the International Monetary Fund and similar institution start to demand austerity. But austerity demands cuts into military spending, into food production and food imports, into public services. They bring riots in the streets — something that Sadat can not afford. He has to turn to the Soviets for political stability.

In my opinion, in the next six months the two men that the U.S. has put all its hopes in Syrian President Assad and Sadat — these men have to turn towards Moscow or they are going to be overthrown. At the present, IMF officials are trying to reschedule the Egyptian debt for Sadat's survival. However, they are demanding the convertibility of the Egyptian pound and austerity programs — something that Sadat cannot and will not do. I do not think that the U.S. has any more to move in Egypt.

Loeb, Rhoades: "Our Real Problem Is Brazil"

NEW YORK, July 29 (NSIPS) — In an interview today, an international partner at Loeb, Rhoades and Co. stated that he did not fear the threat of debt moratorium from the more radical countries in the Group of 77 Third World nations; the graver threat to the New York banks, he maintained, comes from the threat of default on the massive foreign debt of Brazil. The interview has been made available exclusively to NSIPS.

Q: Aren't you afraid the Peru situation will trigger a wave of Third World debt moratoria?

Loeb, Rhoades: Certainly not. These two-bit countries take one look at Peru and are scared shitless, does 'em good. They wouldn't dare default, they know what will happen.

Q: But the rumor is the Soviets will give Sadat a moratorium to push him to default on his debt to the West too.

Loeb, Rhoades: The Soviets? The Soviets can't do a damn thing in Egypt, the Egyptians can't stand 'em, their frigging dam doesn't work. That's right, the Aswan dam. There's no power and it's silting up very, very fast. The Russians have created nothing but a lot of bitter hatred in Egypt and they're in terrible shape there. Let them default, it's all owed to governments anyway.

Q: Egypt will likely lead the entire Non-Aligned Group to moratorium at Colombo...

Loeb, Rhoades: Who cares about 77 little two-bit countries. Boumediene? Algeria can't cut the cord, they would have to quit eating, they're not gonna get food from France this year, eh?? Indonesia? The Japs are screwed there. They gave political loans, whereas Morgan and the U.S. banks have their loans fully collateralized with blocked balances in their own banks....

Stop worrying about 77 little countries and I'll tell you the real problem: **Brazil.** Brazil is a scary situation. They're a real mess, up against the wall. And the financial community is in there so deep that they can't get out. The country has \$28 billion in debt and they can't pay, that's all. It's scary, I tell you.

Q: Isn't it true the state sector (in Brazil-ed.) wants a debt moratorium and better relations with the Soviets?

Loeb, Rhoades: Look, everybody in the world wants a debt

moratorium. Simonsen (Brazil's Rockefeller-allied Finance Minister) doesn't want one, but I can't tell you any more. It's a very touchy situation and will have to be resolved by rolling them over and stretching it out and then some.

Brookings: Sadat Doesn't Really Mean His Threats About Debt Moratorium

July 31 (NSIPS) — The following interview was conducted with MIT's Nadav Safran, a participant in a Brookings Institution study of the Mideast, by a friendly reporter who passed it on to NSIPS.

Q: Egypt is in serious debt trouble, and in a recent speech, (Egyptian President Anwar) Sadat indicated that if the U.S. banks wouldn't give him the money or permit debt moratorium voluntarily, he might just turn "elsewhere," meaning the Soviets. What do you think?

Safran: Sadat doesn't mean it. It's all a question of timing. He knows that at this time, it's too close to the national elections to get any major commitment from the U.S. and he knows it well. So the big question is why now? Usually Sadat makes a statement for two reasons — to put pressure on the Arabs and to get oil from them.

Q: Well, usually when Sadat needs money he threatens the Arabs, mainly the Saudis, 'look, I have pressures, I will be overthrown if you don't help me.'

Q: Well, isn't Sadat in fact close to calling debt moratorium?

Safran: A moratorium would be helpful, but it's not the solution. He is in dire straits. The Saudis know they are pouring money into a bottomless pit. They are shrewd those Saudis, very shrewd. Sadat used to tell them that he might be overthrown, but now this is a new line that he will turn to the Soviets. I don't think this is possible. There is a hint that the Egyptians might be turning to the Libyans. The Saudi's don't like that idea.

Q: What are the dangers of Sadat actually aligning with the Soviet camp?

Safran: This could happen only under extreme provocation, but the danger of a Soviet turn exists, but not on the account of money. The Soviets are not in love with Sadat. They don't trust him one bit; they are not actually hanging on his words. In fact, the Soviets have tried many times to bump him off. No, the only way Sadat will go to the Soviets is if there is an organic need. Meaning that if the U.S. lets him down and if the area is moving towards a general war.

Q: But isn't that just what is happening? Isn't that what Lebanon means? Couldn't this spread into a general war?

Safran: No, no, no, no, no! There is not real war in the Middle East. Lebanon is a kind of Cyprus, and you know how long that has been going on, since 1973 or so.

West German Bank.

"We Can't Be Sure How Sadat Is Going To Move Anymore"

DUSSELDORF, W.Germany, July 27 (NSIPS) — The following interview on the Egyptian situation was granted to NSIPS today by an official of the Westdeutsche Landesbank here.

Banker: It is clear that the opposition inside the (Egyptian-ed.) Administration to the liberal policy of Sadat is increasing, because one of the main economic problems of Egypt is the high percentage of bureaucrats. There is a need to destroy the bureaucracy to open the way for a more liberalistic view of the economy. But many people at both low and high levels of the Administration are opposed to such a policy, because it is their job which is indangered. It is natural.

Sadat's policy now is extremely difficult to discern. His oppo-

sition to (Syrian President) Assad, I think, is more personal than anything else. It is a question of who from Egypt or Syria will have predominance in the Arab World. But I think Sadat made a mistake by not approving Assad's approach to solving the Lebanese crisis. We'll still have peace by such means. It is mainly a struggle for personal influence. I can assure you that such a policy has cost Sadat most of his prestige among the Western countries...

The opposition inside Egypt is not formed at this point. It is not yet a very grave problem. It will be in the immediate future, notably from the old Nasserites in the army, layers which have not yet been ousted.

I think Sadat is really aware of this problem and knows that in the immediate future he will have to deal with such organized opposition forces. This is why he makes so many tactical moves where he is trying to take into account the different pressures, where he is trying to destroy not the opposition, but the arguments used against him. Also, his main policy is to try to force the Egyptian people to look at other problems outside of Egypt, for example by attacking Libya, to divert concern from the catastrophic internal economic situation.

I don't think there will be a war between Egypt and Libya. Libya is supported by Iraq and Algeria. Sadat does not dare stand accused of responsibility for a war between (Arab) brother countries. This is too great a risk for him. For example, however, he can use Libya to divert the opposition: Libya is usually supporting terrorism, they were behind the coup d'etat in Sudan. In general the Arabs blame Libya for all kinds of problems that occur.

In fact, it is perhaps certain that Libya was not involved in the Sudanese coup d'etat because there have been periodic coup attempts there, and we can't be sure because there is always exaggeration of the Libyan's role in such stories by the different countries.

Qaddafi (Libyan leader Col. Muammar Qaddafi) does not at the immediate time have the possibility of being linked with the internal political opposition to Sadat. He does not yet have a link with Egyptian military circles, and without this there is no serious chance of overthrowing Sadat.

What he can do is use "terror commandos," push some opposition revolts in the population. He has no capabilities to form political parties or organized movements around him inside Egypt. He can support radical groups or finance an assassination attempt against Sadat, but he cannot yet cause major political problems for Sadat.

NSIPS: What about the Egyptian debt problem? There are rumors the Soviets are going to grant a debt moratorium to Egypt to encourage Sadat to declare a moratorium on payments to his Western creditors too.

Banker: I think the Soviet Union will try to grant such a moratorium to Sadat in the next period. They will take such a political chance because they would obtain more political concessions from Sadat. But it will be difficult for them to take full control (of Egypt) as before, because Sadat is much more dependent on the Saudis, and they are a conservative link which is firmly committed to seeing Egypt turned toward the West and not too close to the Russians.

In fact, it is difficult to have an idea of how Sadat will move. Look, two months ago I thought the Egyptian policy was clear: openness toward the West, peaceful policy toward Israel, solution of the conflict with Assad over Lebanon. Now we can't be sure at all how Sadat will move.

NSIPS: Do you think Sadat will use the Colombo meeting to definitively push for debt moratorium? What about the overall push for debt moratorium by the Third World?

Banker: I am sure that at this meeting there will be a unanimous declaration. Egypt can join this declaration.

Something like the "Charter of the Rights of Peoples" will probably be voted in regard to the North-South problem, but I don't think this kind of declaration will be able to define a policy for individual countries.

It is clear that the Third World's tendency is to go for the hardline attitude, to push for general debt moratorium. But on the other hand, if the Western countries don't want to make such concessions — and they don't want to — the Third World's slogan, "All or Nothing" must be reevaluated, because it is better to have little than nothing.

If the Third World only wanted to put pressure on the Western countries, they wouldn't even accept a general debt moratorium on private and public debt, because this would mean the collapse of the entire banking system in the Western nations. What we can accept is individual moratoria, kept silent or unofficial, such as that which was granted to Argentina. In fact, the Third World must understand that the big conference like UNCTAD or the North-South talks don't solve any problems.

Exclusive Translation from Izvestia

"An Important Date in the History of Egypt"

July 29 (NSIPS) — The following are excerpts from an article bylined F. Yugov, published July 23 in Izvestia, the Soviet government official daily.

....The July (1952) revolution in Egypt was not merely a change of sign-boards. It proceeded steadily, freeing itself of the conciliationist elements in the leadership and bringing the working masses of Egyptian people into the revolutionary process, which is especially important because it lent strength....

Simultaneous with the offensive against the exploiting classes, the young republic energetically created and developed a state sector in the economy....The example of Egypt helped the upsurge of the national liberation movement in the Middle East and its new successes. Egypt became the standard bearer of the struggle for the full liberation of the Arab peoples from foreign oppression, and their entrance into the world arena as sovereign participants in the world community...This development in the Middle East did not please the imperialist monopolies, which had gotten their hands on the rich oil resources of the region. The imperialist powers tried at any cost to maintain control over the Middle East as an important military strategic bridgehead. The first direct attempt to overthrow the progressive regime in Egypt was the triple English-French-Israeli aggression in October 1956, which was undertaken in response to the nationalization of the Suez canal....The Israeli aggression in June 1967...was a new open attempt by imperialism to strangle the development of the Arab national liberation movement and subvert the progressive regimes in Arab countries. The plots of imperialism in the Mideast were doomed to failure from the very start, but the course of conflict between the forces of national liberation and the forces of reaction would have been different, had not the Egyptian and other Arab peoples been able to depend on their natural ally in the anti-imperialist struggle — the Soviet Union and the countries of the socialist community....The very logic of the struggle against imperialist intruders and for the social and economic development of the country led the Egyptian leadership to understand the importance and necessity of cooperation with the Soviet Union in virtually all areas, above all the political.

Soviet-Arab friendship, and Soviet-Egyptian friendship in particular, have many ardent supporters especially among working people. But this friendship has enemies too. These are the people who would like to have full control over the resources

of the Arab East, to dictate their will to the Arab peoples, to conserve medieval structures, to 'protect' the Arabs from the influence of progressive social ideas; who are interested in preserving a dangerous hotspot of military tension in the Middle East. Acting from various sides, but in one direction, they can occasionally inflict blows against Soviet-Arab relations. But the future does not belong to these forces. The reckonings of the enemies of Soviet-Arab friendship are doomed to failure. It cannot be doubted that even those who perhaps have not fully delved into their true significance of their actions, will give up attempts to subvert the friendship of the Arabs with the Soviet people. The interests of deepening the national liberation anti-imperialist movement of Arab peoples insistently dictates the necessity of maintaining and developing their cooperation with the Soviet Union and other socialist countries.

As North-South Talks Stall

Europeans Break Rank With Kissinger's Third World Policy

July 31 (NSIPS) — The finance ministers of the nine European Economic Community nations, meeting this week in Brussels, urgently called for "a more generous stance towards developing countries in payments difficulties, without giving up opposition in principle to general debt moratoria." According to European press comments, the EEC agreement represented a compromise between the Dutch and Belgians, who proposed across the board moratoria for all developing sector countries debts, and other EEC countries who insisted on maintaining a case-by-case approach to the debt question. The French delegation maintained, "publicly" that a concession on debt was urgently required to prevent a breakdown of the North-South talks (the Paris Conference on Industrial Economic Cooperation). Danish Finance Minister Noergaard insisted on relegating the discussion of commodities to other bodies and that the EEC finalize its position on debt.

High-level French diplomatic sources qualified the ministers' call as "a signal to the Third World to continue negotiations, not a concession," following last week's breakdown of the North-South talks between leading industrial nations and 19 developing nations. Without enticing the Third World leadership back into the North-South talks in Paris — which broke down after months of American stonewalling on the debt question — the Third World might take unilateral action for debt moratorium, the diplomats said.

Denouncing Kissinger's tactics as "a risky play for time," the West German daily *Handelsblatt* spoke for most of the European finance ministers: "Payments schedules are getting tighter and the political response of the Third World is getting more difficult to calculate," the newspaper warned. "There is much talk of divisions in the Third World, but a hard core of African and Arab nations has the political initiative and won't be put off." Unless the capitalist industrial nations come across in the debt negotiations, "the next wave of political escalation by the Third World is assured in advance."

In cold blood, the British Atlanticists and their Dutch and Belgian allies have put the dollar empire at risk, taking the chance that the Third World will not go in for the kill against a weakened enemy. They have a double motivation. Not only is the European "concessionary" stance a desperate device to keep the Third World talking; but the Europeans want to jolt Kissinger into holding off from Sarajevo provocations in Latin America, Africa and the Mideast.

A few Third World specialists at the U.S. State Department have begun putting out the word to the press that Kissinger "should get in line with the Europeans." But attempts to persuade Henry Kissinger to be sane do not hold much promise for the future existence of the human race. Now, the fracture in the Atlanticist camp gives the Third World nations and their allies a better tactical position to finish off the monster for good.

Exclusive Interview

French Government Spokesman On EEC Debt Moratorium Concession: We Just Want To Buy Time

PARIS, July 29 (NSIPS) — In an interview yesterday, a spokesman for the French Foreign Affairs Ministry explained that a French draft calling for a "more generous stance on urgent cases of debt moratorium" which was adopted by European Economic Community Finance Ministers was by no means intended to further debt moratoria by Third World and Western European nations: on the contrary, the spokesman revealed, the proposal was a move to buy time for the Atlanticist international financier faction.

Foreign Affairs Ministry Official: What interests you most is the debt question, right? ... The French delegation has proposed a "projected text" which was discussed yesterday and again today at the EEC ad hoc meeting made up of foreign affairs functionaries as well as those coming from the finance ministries. The French proposition is intended to create an opening to pick up again in September ... Now it is not a question of concessions to the Third World. We intend to be just a little signal to the Third World that we are ready to dialogue"

Now let me explain. This French position at Brussels does not mean that we have changed our stance on debt moratorium. I must stress that we are not for a generalized moratorium. We are for a case-by-case policy with a little more flexibility. We couldn't be for a generalized debt moratorium, because global debt held by the Third World amounts to 280 billion dollars and if there were a moratorium on all of them — and especially because most of the debts are not even held by governments but by private banks — it would completely ruin the whole monetary system.

The opening which is the key intention behind our proposal at Brussels must go through three phases of agreements: Within the EEC, first of all the Nine countries' representatives at the ad hoc meeting, and then the respective governments; two, agreement within the eight powers at the North-South; and finally, three, acceptance of the French proposal by the Third World We hope that the signal given by this document of the EEC is sufficiently, shall we say 'tempting' ('alléchant' —ed.) for the Third World to accept In my estimation, tonight will probably see the text adopted by all of the Nine countries represented without much difficulty, even for the German delegation.

NSIPS: What about the Charter of the Rights of Peoples? Don't you think this is indicative of the firmness of the Third World to go for debt moratorium anyway, unilaterally maybe?

Official: What Charter? Oh, that Charter. Yes, of course it is revealing of the type of 'esprit' reigning within the Third World, but if they go for unilateral action, they will have nothing at all.

NSIP: What if the debt moratorium is used to catapult into a new international monetary system?

Official: Oh, you mean the new world economic order. Yes, even certain countries like France in the advanced sector would like a new monetary system. But you go at it little by little. Nairobi was a good example of compromise and a forum. That shows you. A group could very well want to declare a debt moratorium, but are they going to do it?