

## 'Bonn Summit: A Franco-German Grand Design?'

*These excerpts are from an article which appeared in the June 29 issue of the French newsletter Perspectives, written by A. Gascuel, its foreign policy editor.*

Preparations for the July 16 Bonn Summit of the main industrial countries has entered an active phase. . . . There is a project which could closely associate France and Germany, on the initiative of Paris: it consists of launching the development of the Third World on a large scale, by coordinating Western technology with the financing means of the oil producing countries. This idea is not new. What is new is that the German Chancellor is interested. For a long time persuaded that Germany should remain neutral in front of the evolutions and the political events in the rest of the world, being content with ensuring progress in trade, he now sees the advantage of a more active and concerted policy, of which there would be several simultaneously:

— Acceleration of the development of the Third World, and an upswing in activity provoked by its increase in buying power. Experience shows that the Western countries should not fear this "rise of the Third World," which creates more jobs than it eliminates. It is a question of integrating the populations of the Third World in the Western economic system, to

whose functioning they will contribute, for the greater benefit of all.

— Political stability of the Third World countries, since the governments in place would, thanks to increased (economic) aid, be able to more efficiently resist attempts at destabilization. . . .

— Maintenance of control over raw materials sources. This is a stronger argument. As much as it is absurd to imagine the USSR establishing its empire over the whole of the Third World, the struggle for raw materials is increasing and becoming more precise. To help the Third World is to ensure economic stability, the permanency of trade, the long term activity of the Western economies which Moscow could, by controlling the sources of raw materials, threaten. . . .

This economic argument is reinforced by experience. We see certain countries of the Third World that have "gone to the East," coming back to the West. . . .

There are several signs of Helmut Schmidt's interest for this grand "design," of multiple aspects: he is presently visiting Nigeria and Zambia, he has met with Prince Fahd of Saudi Arabia who also talked with Giscard d'Estaing. It remains to convince the other Westerners. It is said that President Carter hesitates to commit himself on the side of Europe. . . .

French aerospace sales into Latin America and putting its extensive banking connections to use for encouraging other exports. For months now French emissaries have been traveling to that doorway to Latin America, the great Republic of Mexico. After the atomic energy chief and the Agricultural Minister came Industry Minister Giraud, who openly spoke of French expectations of nuclear plant construction projects in Mexico, Venezuela, and Argentina.

In the wake of the Giscard-Carlos meeting, there is talk of employing French expertise in the construction of the subways in Mexico City, Caracas, and Buenos Aires. And, Giscard has been officially invited to Mexico.

After the Spaniards' decision to buy four Airbus planes and take options to the next-generation B-10 Airbus plane, the Venezuelan airlines decided to put in orders for the B-10 as well, making for a real boost to the French aerospace industry.

The Giscard-Carlos entente has military implications as well since Spain is making faces at the British push to have it enter Nato, and, adding insult to injury, just decided to tighten military cooperation with the French in all areas and to buy 49 Mirage F-1 jets from the industrial firm of Dassault.

## 3. Japan's Mitsubishi Institute Proposes \$500 Billion Peace Fund

*Masaki Nakajima, chairman of Japan's Mitsubishi Research Institute, and leading spokesman of the industry-based "Zaibatsu" economic grouping, has proposed a \$500 billion "World Peace Development Fund." The fund would mobilize the technological resources of the advanced nations to transform the Third World. This international cooperation for development, Nakajima stressed, is the only guarantee of world peace.*

*An exclusive translation of an interview with Nakajima, who is now advising Japan's Prime Minister Fukuda on the role Japan must play at the Bonn economic summit, is excerpted below. The interview originally appeared in the June 21 Japan Economic Journal (Nihon Keizai Shimoun), titled: "Light at the End of the Tunnel: A New Deal for the 1980s; Global Infrastructure Fund: Construct a \$500 Billion Peace."*

*Q: It is said you have a proposal to establish a "global infrastructure fund" or world-wide public works realization fund. . . .*

A: The U.S., West Germany, Japan, Canada, and other developed nations will each year contribute \$5 billion, OPEC another \$5 billion, \$10 billion altogether, and establish a fund. Additionally, other financing sources and funds will be added and a total of \$500 billion within this century will be loaned to the "south," I hope, for electrification equipment, roads and transport networks, agricultural development, etc. There were objections, even in my Institute, that a mere \$500 billion may not be effective enough to overcome the world-wide recession, but I would call it a feasible preliminary amount. That's about what the U.S. spent in World War II.

*Q: Is the continuing narrowing of the world market the idea behind your proposal?*

A: Yes . . . (while) the destruction of the (Second World) War weighed heavily on economic growth, at the same time, a good part of the major new technologies were born during the war. This was why new production also developed. . . for the most part during the 1950s, after which that level of technology has not been surpassed. . . Productive capacity hurriedly constructed during the war fell into overcapacity. . . . Although they say they would like to improve production by new investment, business never actually does so, because it would soon mean overcapacity. . . .

*Q: On the part of big business, . . . there are calls for war production. . . .*

A: Yes, when I floated the fund proposal it was because I heard those calls. Japan's military expenditures are now less than 1 percent of the GNP. . . . If Japan had large military power, would the nations of the world have bought Japanese goods? Even if the demand was there, for us to be a war-loving nation would have produced an allergy. . . .

Keynes, to deal with the 1930s recession, thought of individual domestic public investment. How about widening this idea on a global basis, the idea of global public investment? Besides, even if nations such as in Western Europe decide on domestic public investment, social capital is already overstrained and besides there is the fear of inflation. . . .

#### *Greening the Desert*

*Q: Do you have concrete plans?*

A: What is most important is projects like greening the desert. These have already begun piecemeal, and this is easiest for OPEC to invest in, since it means development of food production.

I personally think the Indian-China border Brahmaputra River-Himalaya hydroelectric power station construction project is an excellent idea. It was conceived by Mr. Matsue. This river's water basin starts in the Pamir (Tibet —ed.) plateau, traverses the Tibet

plateau, gathers the water shed from the entire northern face of the Himalayas, and falls 3,000 kilometers from the highest west face of the mountains. Then it falls another 2,500 km into the Indus River. From that high point, we would build a 17 km tunnel which would produce . . . about half of the total electricity production of Japan. . . . This would give India a major energy resource.

The problem with the plan is that the area lies on the disputed Indo-Chinese border, but it should be possible to sit down and discuss the plan and the sharing of the electric power between India and China.

*Q: What about . . . U.N. sponsorship for the fund?*

A: No . . . too much politics. We need an independent fund for such a special program.

*Q: Don't you worry that many people say that . . . before building foreign public infrastructure, Japanese domestic projects are more important?*

A: For the sake of Japan's peace and military security, we should have an insurance policy. If you don't have a fire in your own house fire insurance may gain you nothing, but by taking out the insurance policy . . . you have various kinds of safety . . . . This is also true of Japan's security. . . . In so far as business has a social conscience, peoples will have an international conscience. . . .

*An addendum, excerpts of which are also translated below, followed the interview. It was taken from the working papers of the Mitsubishi Research Institute and was headlined: "World Public Infrastructure Plan Specifics."*

— Himalaya Hydroelectricity (India, China): Bring together the upper flow of the Brahmaputra, the Senpo River at the Indo-China border, and transport the water to India by tunnel. 50 gigawatts of electricity.

— Bering straits (Soviet Union, United States): Widen the Bering Straits to permit inflow from Arctic Ocean to Bering Sea. This will modify the Northern Pacific climate and summerize (warm) the entire region. (This is clearly for purposes of climatizing Siberia to aid resource development there — ed.)

— Greening the Desert (North Africa, Israel, Egypt, Arab nations): Green the Sahara, Sinai, and Arabian peninsulas.

— Central African Lake (countries of all central Africa): Dam the Congo River and form a huge new lake in the Congo-Chad region. From this construct regional irrigation projects.

— Second Panama Canal (U.S., Nicaragua, Panama): Build a second Panama canal from Atlantic to Pacific through Nicaragua.

— Kra Canal (Thailand, Malaysia, Singapore): Across Malaysian Isthmus.