

## **Pravda Commentary: Soviets Say Kenya-Uganda Conflict Set Up By West**

**Aug. 6 (NSIPS) — The following article by Y. Tsaplin appeared in the "Commentary" column of the July 29 Pravda, newspaper of the Soviet Communist Party.**

The liberation struggle in southern Africa has entered into a new and decisive phase. The train of freedom is gathering speed on an irreversible course towards the Cape of Good Hope. However, imperialist circles are by no means passive observers to the processes occurring on this continent. They are actively maneuvering to maintain their shaken positions. By means of highly refined measures and various intrigues, they are attempting to extinguish the flame of the liberation struggle and divert the attention of the African peoples from the resolution of urgent problems.

In the headquarters of the imperialist forces, far-going plans are being constructed to sow the seeds of distrust and discord among the independent countries of Africa and create new breeding grounds of tension. The Israeli pirate raid on Uganda's Entebbe Airport was a graphic lesson in this regard.

Resorting to the services of Israeli commandos, imperialist circles were aiming to undermine the defense capability of Uganda, destroy its air force and demoralize the country. Israel's use of the airport of Uganda's neighbor, Kenya, has complicated Uganda-Kenyan relations. Kenya has closed down its border with Uganda, depriving it of its last fuel oil and other vital goods. The violation of traditional and mutually beneficial ties has also had a pernicious effect in Ruanda. In the present situation, any border incident between Uganda and Kenya has the potential to explode into a serious conflict.

Both African countries have tried to take steps to normalize the inflamed situation. However, such a course of events does not fit into the plans of certain circles in the West. These circles are trying by all means to sustain an atmosphere of distrust and hostility, provoking Kenya to reinforce the blockade against Uganda.

Such actions are directed at undermining the anti-imperialist unity of the independent African states and creating conflict situations between them. Under these conditions, the peoples of Africa are displaying vigilance and are striving towards peaceful resolution of controversial questions. They are directing their forces and energy to the struggle against racism and colonialism on the African continent.

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# **Europeans Back Off From Wall St. Debt Collection Policy As Dissent Spreads In U.S.**

**Aug. 6 (NSIPS) — A number of key Western sources and official of international financial organizations contacted reported that a significant faction of Western European Atlanticists, including the West Germans and the British, have joined the protest of the Danes, Dutch and the Swedes against a U.S. directed massive destabilization of the Third World in order to block the developing nations push for a generalized debt moratorium and a new world economic order.**

The rift first surfaced during the May Nairobi, Kenya meeting of the United Nations Conference on Trade and Development (UNCTAD) where the U.S. strongarmed Western European efforts to meet the Third World half way by offering token concessions on the official debt of the developing nations. Since then the European Economic Community (EEC), which viewed the Wall Street's intransigence as a threat to its own political viability, agreed, "in principle," to the granting of debt moratoria to Third World countries in payment difficulties. The Rockefeller dominated Atlanticists reaffirmed their "hard line" on the debt question in its mouthpiece the New York Times which announced their victory over the pro-development forces in the Peruvian military and proclaimed their intention to carry out Chilean solutions on nations who were less cooperative.

High State Department officials and advisors to Democratic Presidential candidate Jimmy Carter (see interview below) have confirmed that this is indeed their agreed policy: The Third World progressive governments are too weak to push for generalized debt moratoria, destabilization operations will work, and patchwork refinancing will have to be used until a supranational fascist system to guarantee debt repayment is ready.

The Third World however has toughened its stance on the debt issue. This was exemplified this week by the central position that the question of debt will play in the Colombo meeting of the non-aligned, the "fight-back" reaction to the Atlanticist attempts to destabilize governments in Latin America and Africa, and finally the Third World rejection of the EEC compromise

solution. These developments are prompting European bankers to begin some difficult rethinking: real concessions will now have to be made on the debt question.

A West German banker, whose country was considered as the most trusted "hard line" U.S. ally on the question, after noting that this will be the number one issue in Colombo concluded that the crisis can no longer be contained by treating or pretending to treat the symptoms: "you must tackle the real problem — development." A top London investment banker, who scorned the idea that governments as tightly controlled as those of Algeria, India, Mexico etc., can be easily destabilized, admitted that pure debt collection makes no sense from a commercial point of view: "Realistically," he concluded, "the only thing you can do is give fresh money and get the man to earn his way out." Taking this a step further the French daily Le Monde today published a front page article by Senator René Monory in which he calls for a debt moratorium for the developing nations as a starting point for economic recovery in the West.

And perhaps most significantly, the Soviet Union has announced that international debt is a central obstacle to Third World development. What had been a cornerstone of Atlanticist debt policy — the idea that Soviet Union would sit on the sidelines and not give backing and aid to nations which repudiated their debts — was severely challenged in a front page Aug. 5 Pravda article. The debt rollover process is described by the Soviet commentator as "economic bloodletting which makes development impossible." Such statements confirm the previous evaluation of the outcome of last month's Caribbean Finance Ministers meeting. The Soviet Union will not try to "absorb" as it did with Cuba countries punished by the West, but rather will support politically and economically a Third World-initiated effort for a debt moratorium and a new world economic order. This development has two immediate interrelated effects. By moving the world closer to the end of the Atlanticist dollar-based monetary system, it helps move humanity in direction away from otherwise certain thermonuclear war.

## Exclusive Interviews on "Currency War"

Aug. 6 (NSIPS) — The following interviews were obtained this week by NSIPS from our New York bureau. The first interview was made available by an independent journalist.

**International Partner, Loeb, Rhoades and Co., New York**

**Q:** Would you comment on reports that most of the European Economic Community (EEC) and regional U.S. banking interests are moving to put controls on the Euromarket? Such controls might involve some form of debt moratorium.

**Banker:** Aw, the EEC Finance Ministers eventually had to admit that it couldn't be done. The Euromarkets can't possibly be controlled, much less eliminated. They'd just move to Panama, Liberia, the Bahamas, or Timbuctoo. They're already there. So it's much better just to have it in London. As for these regional banks, I speak to them and many others everyday about the Euromarkets. They may not like it, but they're going to have a hell of a time doing anything about it. The French government — (late French President Charles) DeGaulle, (Georges) Pompidou, tried for years to do something and if they couldn't do it....

**Q:** But isn't it true most of the Chicago and Pittsburgh, Philadelphia banks are against the Euromarkets?

**Banker:** Well, yes, Michigan National, insists it is only a Michigan bank. And Harris Trust, Northern Trust, Central National in Chicago, they don't do much Euromarkets, because the maturities are too long... But Harris holds alot of bank balances in Chase, you know. Pittsburgh National's (Assistant Treasury Secretary Edwin Yeo was President of Pittsburgh National-ed.) opposition to the Euromarkets has existed for a long time, its nothing new. On the other hand, First National Chicago, Continental Illinois, First Pennsylvania, Pennsylvania National Fidelity Bank, and all the San Francisco Banks — Bank of America, Wells Fargo, Crocker, Bank of California, and the Los Angeles banks, are all into the Euromarkets.

**Q:** Midwestern banks are reported to favor a debt moratorium and are pressuring President Ford to support it.

**Banker:** I don't doubt that kind of sentiment exists out there. Fortunately, its not President Ford's decision. Ford's not stupid, that would be the heights of stupidity (to support debt moratorium). I'd put my money on (Citibank Board Chairman) Walter Wriston and (Chase Manhattan Board Chairman) David Rockefeller any day — they have much more influence and power than the Midwest bands, a debt moratorium would mean world depression.

**Vice President for Foreign Exchange,  
Top Five New York Commercial Bank**

**NSIPS:** How did the markets do today, and do you think the banks can get away with forcing upvaluations of the yen and mark, since factions in the Treasury, Fed Oppose it?

**Banker:** The French franc went as low as 4.99 to the dollar, then traders lost their nerve and began profit taking, with the target at 5. Next week we'll put the target at 5.10 and people will pressure the Banque de France to 5. The (Banque de France) isn't reacting at all — they did last time (several months ago) and got buried. The pressure on the deutschmark and yen is still there. There could be a revaluation any day, maybe not, until after the West German elections in October, but then, no one wants to hold dollars, and everyone wants deutschmarks. We could make it hot for the West Germans and Japanese, they're still running a billion and half a billion trade surpluses a month each. But we won't push them too far — we have to give them a certain amount of leeway. We need a strong presence in Asia, and in Wester Europe. I don't believe there is any such thinking in the Fed or Treasury (on the subject) but sure, we have to move slowly with France, Japan, West Germany, for fear of political reaction...but we'll eventually get a 30 percent devaluation of the franc against the deutschmark little-by-little.

Sure, Japan has a little more restrictive (credit) policy, we have to let them do more to restrict capital flows than Germany. But if we were ever really hurt by their policies, we'd force them to change.

**NSIPS:** President Ford might back a debt moratorium for Italy, like the Gaullists in France will.

**Banker:** Ford, who's Ford. Sure there is always danger of defaults. That is why we take it easy on the franc; that's why the capital flight from Italy. If they default, they fall to the Communists, they go hand in hand with the Soviet Union — Britain, France, Italy all of them (will go). But that's why all the capital is flying to this country (the U.S.) already. Everyone wants to get out of the weaker places: If Italy and some LDCs (less developed countries) defaulted — say for \$50 billion — all the money in Europe would rush into the dollar. Europe would go with the Soviets. Then we'd have Armageddon — that's a war so bad God would have to come down to save man. But before that ever occurs, there'll be a massive bailout to stop it — maybe \$100 billion. \$33 billion each from the U.S., West Germany, and Japan. That's (Atlanticist Investment Banker Robert) Roosa's plan. Like the New York City crisis — bail out the banks. Sure, the banks run the government, you know that. Ford, Carter, they'll all do the same. It's cheaper than a war.

**London Banker:**

**"You Can't Pick Up the Debt  
In a Helicopter"**

Aug. 6 (NSIPS) — A leading London banker with close ties to a major New York bank was asked to comment on the debt collection difficulties Wall Street is having in key Third World nations like Egypt: would the policy of destabilization and terror adopted by Henry Kissinger in fact work?

"From a commercial banker's standpoint, when you've got a bad debt and a bad client, realistically, you can't pick the debt up with a helicopter and leave. See what I mean, you can only, realistically, give fresh money or get the man to earn his way out. That's all lenders can do. It's explosive! These tightly controlled governments like Algeria, India, Indonesia, Egypt, Mexico, you can't destabilize!"

**ICNEP Chairman:**

**We Must Override  
U.S. Political System**

Aug. 6 (NSIPS) — The following is an interview conducted this week with Arnold Saltzman, chairman of the Seagrave Corp. (N.Y.), Saltzman is the co-chairman of the Initiatives Committee for National Economic Planning (ICNEP) and the chairman of the National Advisory Committee on Growth Processes. Last year, ICNEP, one of the groups involved in the creation of the Humphrey-Hawkins "full employment" legislation, distributed literature calling for "fascism with a human face." The interview was given to NSIPS by an investigative reporter.

**SALTZMAN:** This is just the tip of the iceberg. I'm sure what Mr. Roosa was referring to was the more general world crisis, the worst since the 1820 Congress of Vienna. We can no longer pluck what we want by force of arms from colonies. To deal with the Third World, and Western Europe, we need vast new structures for planning of national and international policies, not just sending troops. The world has finite, and now much more expensive resources, and we must make structures to deal with this. I'm the Chairman of the National Advisory Committee on Growth Policy Processes. We're conducting investigations into the answers for such questions and we'll be making major policy recommendations. In September, we'll propose to the Congress, President and Public our two-part structure. This will be composed of public policy board, made up of labor, business, academic leaders similar to our Committee, to look ahead, make policy. They'll have access to all information necessary

for long range policies. We also propose that the states must be organized into regional economic development regions to streamline their policy vis-a-vis the Federal government. The structures must come before the ideas, and we can't do anything in Europe, Japan, or the rest of the world until we have things set up in the U.S. We need a mechanism to control population growth. Then we could do a million things — like plan food control. We must look at global food production. More and more the world will be getting its food from the U.S. Even with optimal population increase, perfect weather, optimal energy development, fertilizer, etc., in 25 years we might come out even. We must plan. The U.S. government must take over all distribution of exportable grains, prevent Russia and others from profiteering with private companies, and control food distribution.

**Q:** Do you support Mr. Carter's energy conservation program? His calls for coal gassification projects and similar plans?

**SALTZMAN:** Yes, certainly. But I must stress, the biggest change has to occur here in the U.S. Our people must cross a psychological divide, we've lived too rich too long.

**Q:** But won't U.S. labor movement revolt against these proposals? What local urban machines in both parties, they won't go along either, will they?

**SALTZMAN:** I'm not talking about a long-term perspective — we can't wait. But I must stress, the biggest change has to occur here in the U.S. Our people must cross a psychological divide. In 1971, Senators (Mike) Mansfield (D. Mont), (Hugh) Scott (R-Penn) and I went to Nixon, and said "Mr. President there's a crisis in our country," and he said "I don't want to hear that word." Since then we've been pressuring the White House, but they're much less enthusiastic than the Congress. We have cross party support — Mansfield, Scott, (Rep. Tip) O'Neill (D-Mass) (Rep. John) Rhoades, (D-Ariz), (House Speaker Carl) Albert....

**Q:** Isn't it true that Ford has set up a counter-committee to yours?

**SALTZMAN:** Yes, the White House has a "Committee on Shortages and Supplies" which instead of structures insists on looking only piecemeal at individual commodities...our problem as you said is not only Ford, but all of them (the opposition). We must override the political system in this country, and force reality onto it. What we'll do is more than set up a policy board. All the media — you newspaper, your TV station, the New York Times, the Christian Science Monitor, will all debate and agree (on our program).

**Q:** Will Jimmy Carter support this program? Won't it mean large growth of the money supply, inflation?

**SALTZMAN:** Mr. Carter, whom I personally speak with often, strongly supports these structures. He thinks in terms of structures. This is what is actually in his head, not necessarily what you might hear. And he need not have an inflationary money supply if the political conditions are right for our program.

**Q:** What about the European crisis and the possibility of Third World debt moratorium before January?

**SALTZMAN:** In the meantime we'll patch and patch — give Britain some money as Mr. Roosa said. The West Germans will help. We'll patch things up until the proper structure can be set up. As for the LDCs (less developed countries), I'm not afraid of defaults...these developing nations all have terrible internal problems, real crisis. Why, Africa is explosive. All kinds of things could happen before defaults occur...

**Q:** But don't you think President Ford and conservative circles around him might oppose these inflationary bailouts and try to arrange something with West Europe?

**SALTZMAN:** Ford, set up a new international currency system? He's a little busy, isn't he? He can't even get a new Controller of the Currency (Shirk) appointed. (Sen. William) Proxmire (D-Wisc.) nixed it...

**Q:** Do you think Ford was trying to reign in the international banks, and might be behind the accountants move to change regulations and make the banks write off dubious loans?

**SALTZMAN:** Ford does all kinds of things. But there's nothing he really can do, he's too busy...

## Interview With Senior European IMF Official

*WASHINGTON, D.C., Aug. 6 (NSIPS) —Following is the text of an interview today with a senior European official of the International Monetary Fund.*

**Q:** There appears to be a split between the U.S. and Western Europe on how to approach Third World demands for debt moratoria. Is this true?

**A:** This is correct. France, Belgium, and the United Kingdom will have a more open mind towards the Third World than the United States. This is of course what the European finance ministers talked about last week.

**Q:** Nobody seems to be impressed with "open — mindedness." The French admit it's a lure to get the Third World back into the North-South talks in Paris.

**a:** Yes, that is true, we may go farther than the EEC finance ministers after the International Monetary Fund meeting in Manila (in October —ed.). But there have not yet been sufficient discussions among the European ministers to come up with anything definite yet.

**Q:** What if the Colombo meeting declares for a unilateral debt moratorium?

**A:** In that case we would accept it. There is nothing else we could do.

**Q:** What is your evaluation of the strength of the Gaullists and others in Europe who want to return to a gold-backed monetary system?

**A:** The danger of a return to a gold system is very great indeed, particularly because the danger of a new recession is very pronounced for the last quarter of this year.

**Q:** In Europe or the United States? Europe began a downturn across the board during May.

**A:** That is correct, this will continue. In the United States we foresee economic stagnation.

**Q:** Now that the European currencies are under intense speculative pressure, what do you see happening? Will European countries accept austerity plans? Will there be a bigger push for gold?

**A:** Of course, no European country could accept restrictive measures at this time. First, it is much too early in the business cycle, and secondly, it would be socially unacceptable. I think there will be many adjustments. There will have to be more money for some countries.

**Q:** Like the June \$5.3 billion bailout for Britain?

**A:** Yes, this will have to be repeated, and the exchange rates will adjust. This is the easiest way to do it. I do not think there will be a return to gold.

**Q:** You are assuming that Third World debt moratoria can be avoided, and that you can prevent an Italian default. What is the state of contingency planning at the Monetary Fund for these things?

**A:** I do not think the Fund and the governments have taken into account the more drastic possibilities. There is severe underestimation of the risk in Washington. In Western Europe

people are much more concerned. Washington still believes, or they are still saying, that the Third World's payments situation has improved because of the rise in commodities prices, and that with this, more aid from the international institutions, and some stretching out of debt maturities, a major problem can be averted.

**Q:** But commodity prices fell faster in July than they rose in June.

**A:** Yes, of course, the argument is nonsense.

**Q:** Our estimation is that Kissinger is responding to the threat of unilateral moratoria with destabilizations, attempted coups, and other forms of outright terror. This brings about tremendous danger of general war between the United States and the Soviet Union. What is your view of this?

**A:** We are watching this very carefully.

## PCI Journal Analyzes Atlanticist Attack on Gold

**Aug. 6 (NSIPS)—***The following realistic analysis of U.S.-directed moves to destroy gold as a basis for the world monetary system appeared in this week's Rinascita, the weekly journal of the Italian Communist Party. The article, which is in substantial agreement with the views of leading Gaullist economists such as Jacques Rueff, as well as Italy's own pro-development industrialists linked to Montedison President Eugenio Cefis, represents a sharp departure from the previous views of the Italian Communist "economic theoreticians" and particularly of Rinascita. Until recent weeks, the Italian Communists fully endorsed the monetarist approaches and accompanying programs of austerity and labor intensive public works associated with the New York banks and in Italy with FIAT owner Gianni Agnelli. The Rinascita article signals a move by the Communist Party's "economic" layers, such as the party-affiliated firms which depend on East-West trade, against Atlanticist control and towards a practical alliance with the Cefis forces and their political ally, the new Italian Premier Giulio Andreotti.*

Gold, taken as a measuring unit of monetary flows . . . follows its own laws. It behaves as a product with contents of value. . . .

This is why, perhaps, those countries such as the U.S. which hold ambitions of full imperial recovery, try to dethrone it (gold) from its pedestal at any cost.

The price fluctuations of gold can always be interpreted in at least two ways.

The most immediate is the interpretation which attributes the sudden fall (of gold prices) to American pressure (transmitted via West Germany). Undoubtedly, there is some truth in this summary analysis. . . .

To this argument is added the issue of Soviet payments in gold for the purchase of important products that are urgently needed (grain, etc.). Therefore, the increase of supply with respect to demand must have had some effect on the devaluation of the metal. . . .

Some countries in particular, such as ours, and then France, the USSR, and South Africa, did not think that the fall of the price of gold was absolutely acceptable. . . .

It is precisely the governments of Paris and Moscow which deserve the credit for having caused the substantial failure of the politico-speculative operation of the German-American (axis), in cooperation with the Swiss financial milieu, aimed at pulling the price of gold to 80 dollars per ounce.

At this point there appears a second and more structural reading of the "July 20 conspiracy." . . .

The Bloody Tuesday . . . of gold can be understood in the context of a complete strategy of which this move is only one significant wedge. In fact, the aim of the U.S. has grand dimensions. The institution of a Dollar Standard, made official by the complete demonetization of Gold, is a design that the Washington government has systematically followed for many years, at least since August of 1971, when Nixon and Connally . . . decided to unilaterally suspend the convertibility of the dollar into gold. But the first theorizing of gold demonetization on the part of the U.S. goes back to an earlier time, when General de Gaulle reigned in France, and in particular during March 1968, when, after the first large devaluation of the Pound Sterling . . . the Group of 10 decided on the creation of a double market which excluded the free market . . . restricting the negotiations over gold, at a fixed price, only to the central banks. . . .

Nevertheless . . . it was precisely that move by Washington that consolidated in the main Western countries, and also among the oil-producing Arabs, the conviction that gold could never be dumped as a reserve and poured into the market, since the instability of the exchanges which would result and the American political aggressiveness practiced through a series of devaluations and revaluations, induced many of those countries that held the highest percentage quotas of their own reserves in gold, to safeguard them jealously. . . .

The Dollar Standard. . . had to be imposed through political blackmail; the economic retaliation and sowing division among the Western countries. One can perhaps also understand in this light the failure of the currency "snake" attempted by the EEC, under the German aegis. . . .

In 1975, the U.S. changed its policy, attempting to use the crisis of the Europeans and Japan to induce them to contract loans with the IMF. . . .

Undoubtedly, the increasingly submissive attitude of Giscardian France and that of the other allies facilitated the task of the Washington government. But the factor which more than any other induced the U.S. to try to "sink" the London fixing was the reinforcement of the American economic recovery. . . .

One can understand, therefore, the euphoria of the New York Times, which in one of its commentaries last Friday . . . praised the end of gold as a measurement of monetary values and even as a commodity refuge. . . .

The fall of the price of gold can act in an anti-inflationary sense, stimulating the decrease of the price of oil and of the other raw materials. In fact, it is understood that the increase of gold weakens the dollar, thus acting in an inflationary way. . . . Other observers, particularly the Soviets, France, but also some near to the milieu of the City (the London banking community — ed.), hold the opposite opinion. The general conviction is that the gold (price) fell because the quantities (of gold) negotiated were restricted such that a concentrated pressure was sufficient to provoke the price fall. This thesis is probably near to the technical truth, so to speak, of the market quotations, but (the explanation) is not satisfying. . . .

Our understanding is that the imposition of a Dollar Standard and the demonetization of gold, even if it were to be successful in the short run, would not have any strength in the mid and long-term. The reasons for this conviction reside in the fact that despite the present strengthening of the economy with respect to the current productive structures of the capitalist West, the U.S. has not yet been able to develop a mechanism of international payments capable of guaranteeing the autonomy and assurance comparable to — even if only approximately — the defunct system of fixed exchange instituted in 1944 in Bretton Woods. . . . Until the U.S. attains international cooperation on a world level, it will not be able to reinstate a system of exchanges comparable in some way to the Gold Standard or to the even older Gold Standard based on some currency that is recognized

by all, that is more efficient than those phantasmagorical "Special Drawing Rights." It is very difficult for gold to be definitively dethroned from its core role in attaching value, even if indirectly, to the price of paper currencies. Finally, if one considers that the ongoing recovery . . . is already threatened (and not only in Italy) by an increase of domestic and international prices which is totally anomalous, such that even Belgium registers monthly inflation rates that are higher than the Italian . . . and that this corresponds to the danger of a sudden halt by August, then we can say that the U.S. rush (for the Dollar Standard) . . . hides the fear of the nearness of a new phase of fluctuation in the business cycle during which gold, despite all the forces operating in the opposing direction, will be given back the function of a commodity-shelter and a measure of the relative weakness of the western currencies, including the dollar.

### **Italian SP Paper:**

## **Italy Must Support Third World's Demand for New World Economic Order**

by **Riccardo Calzeroni**

*Aug. 7 (NSIPS) — The following article appeared in the Aug. 3 edition of Avanti, newspaper of the Italian Socialist Party.*

The fifth conference of the non-aligned (countries) will meet in Colombo from August 16 to the 19. The assembly... is an important appointment on the road of the increasing awareness of the self-identity of the Third World... (they will probably adopt the Charter of Rights of Peoples proclaimed at Algeria)... Even more baffling, therefore, appears to be the unjustified absence at Colombo of EEC observers, and particularly of Italy, given the importance of the meeting... This is the nth opportunity for establishing that relation with the developing countries which can represent a decisive axis in the near future, particularly in the face of the economic crisis — which is very grave and for now without any solution — of both the EEC and our country... The European countries, which are very ready to participate in the various Puerto Rico summits dominated by the North American "super ally", disappear on the occasions that are most opportune for stating their own autonomous action...

Among the demands of the Third World countries is the re-evaluation of raw materials and the rescheduling of debts which subject them to both the industrialized world and the hegemonic pretenses which the US and Europe have limited themselves to babbling albeit with dissonant voices: (West) Germany alienated on American "neo colonialist" positions; France and Great Britain disoriented; Italy totally or almost totally mute. At Nairobi (the May UNCTAD meeting in Nairobi —ed.), only the Scandinavian democracies, particularly Sweden, had the courage to choose a side supporting the demands of the Third World...

The non-aligned (countries) that will meet in Sri Lanka... are searching for economic freedom, and demand — as the statements of the Mexicans indicate— a new world economic order... One of the central themes in discussion is precisely the monetary issue, which, with inflation, summarizes today the world disorder imposed by the capitalist economy ...

(Yugoslav President) Tito... denounced the... ongoing attempt on the part of the US to interfere from the outside, with the meeting (Colombo)...

But what about Europe and Italy? The old continent, squeezed in the competition between the U.S., USSR and Japan has all the reasons to play the main role among the "non-aligned"... instead it seems that (Italy) has made another choice: isolation — which is neither right nor splendid.

### **West German Banker:**

## **"The Real Problem Is Development"**

*Aug. 6 (NSIPS) — The following statement was made to an NSIPS reporter by a leading West German banker, who was asked to comment on the proper policies of the advanced capitalist nations regarding potential declarations of debt moratorium by non-aligned nations at the coming non-aligned summit conference in Colombo, Sri Lanka.*

"You can't treat the symptoms of the crisis, balance of payments and export prices, you must tackle the real problem — development. Now, the extremists, the U.S. and West Germany, won't do that. So, it's going to be tougher and tougher. I partly agree with (Yugoslav President) Tito that the U.S. wants to destabilize him, just because he's fighting for the new world economic order. If you add the gold price issue into the picture, you're just right.... I hope defaults can be contained to case by case, but I think the West should show willingness to tackle the real problem. But what they will do is simply to compromise as little as possible and only as far as necessary to avoid a total clash. Otherwise, there's a mighty bloc of the Third World and the East."

## **Le Monde Prints French Senator's Call for Third World Debt Moratorium**

*Aug. 7 (NSIPS) — The following are excerpts from an article appearing on the front page of today's French daily Le Monde. The article is by René Monory, Senator from the Vienne department (state) and a member of the Centrist Union of Democrats for Progress.*

Must cooperation, the great design of the Gaullian (i.e. the era of the Presidencies of the late Charles DeGaulle and Georges Pompidou—ed.) be rethought today? For diverse African countries, the development decade has been one of bankruptcy and "of deception."

As of October 1972, President Senghor (of Senegal—ed.) speaking in the name of the organization of French speaking African States, stressed that taking into account transfers and exchanges, it is not Europe which aids Africa, but the opposite. In an economy which is subjected to the anarchy of the market and the appetite of profit, aid enriches the richest countries and impoverishes the poorest — ceaselessly digging even wider the gap which separates the two.

Upsurges of solidarity will only contribute to occasionally relieving some of the most crying misery, if no transformation of the system of aid is brought about... Two hundred multinationals, mainly American, control two-thirds of the means of production, dominate the raw materials markets, determine in a dictatorial fashion — paradoxically in the name of the free market — the terms of exchange.

This growing economic inequality is accompanied by a technological inequality which is increasing no less... To locate by what criteria aid must be oriented, the reasons for the inefficiency or the illusory character of the present aid must be brought out...

This aid (of about \$6—13 billion a year to the Third World—NSIPS) must be considered in its relation to the sought objective — to wit, not the simple increase of the Gross National Product, but economic and social development, the well-being of the inhabitants. From this (flows) the importance of the structural reforms which it would be good to envisage, it being

understood of course that it is up to each partner to define, in a practical manner, the modalities of development plans or cooperation policies.

Before bringing out the axes of the actions to be undertaken, we must agree on the necessity to resolve certain problems and to eliminate practices which are on the opposite pole of the spirit of cooperation.

Among these problems, we must first include that of debts, which, at the present time, for the Third World exceed the total (amount) of annual aid. At the present rate, the poor countries must reimburse more to the rich countries than they receive. In front of this "backwards aid" a general moratoria must be imposed.

Another problem of importance (is) that of arms trade, fed by the Western governments.

...Finally there is a negative phenomenon — the brain drain — whose elimination is desirable: the best technicians of the Third World countries are presently attracted to the Western coun-

tries. Real cooperation should prevent this hemorrhaging of competence which takes place to the detriment of the legitimate interests of the poor countries.

...At the same time, we should diffuse modern techniques, such as the "Green revolution" which could, in the framework of a prudent policy of safe-guarding the earth, increase agricultural production by some 50 per cent and prepare for the economic development if it is true that only the agricultural countries will constitute the starting base for future development....

This demand for the stabilization of prices through regulating stocks has been taken up by the Group of 77 under-developed countries, but it is only if the union of poor countries succeeded in modifying the relation of forces that the market situation could change.

The same observations apply to monetary reform, which is of lively interest to the under-developed countries; it cannot, in effect, be uniquely considered in its technical aspects...

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## Third World Nations Pledge Debt Moratorium Fight At Colombo Summit

Aug. 7 (NSIPS)—Thirty Third World nations stand committed to declaring unilateral debt moratoria against Wall Street banks when the Non-Aligned nations summit meeting convenes in Sri Lanka in two weeks. According to African diplomatic sources, they are the core of Third World nations organized to deal a deadly counterblow to Henry Kissinger's directed assault on the Third World

Several Non-Aligned group leaders have sternly warned over the past weeks of Kissinger's continued efforts to wreck the summit conference through deliberate exacerbation of regional conflicts in Latin America, Africa and Asia. Their battle cry in the fight for debt moratorium is No More Chiles! No More Perus! The girding of the Non-Aligned developing nations for battle is, at the same time, encouraging pro-development forces in Europe, notably Italy, Japan, and elsewhere in the advanced sector to give their crucial support to the alliance against Wall Street genocide.

Somalian Defense Minister Samantar's statement in Moscow Aug. 2 is indicative of the unity of the Non-Aligned leaders who are formulating at pre-summit meetings their strategy for survival through debt moratorium and development.

In Mexico, President Luis Echeverria, a key Third World Spokesman, has launched a strong counterattack against Atlanticist efforts to destabilize his government, while in Peru unions representing thousands of workers issued a call for general debt moratoria as the only way to prevent fascism from sweeping the Third World.

With the publication in Pravda two days ago of a major article strongly endorsing the Third World's fight for a new world economic order, the Soviets are giving signs that they intend to come off the sidelines on the critical debt fight. As the week ended, the correlation of forces preparing to use Colombo to deliver a knockout punch to the dollar-based monetary system and its debt structures appeared to be reaching critical mass.

United Nations diplomatic sources report that the government of Sri Lanka, the meeting's host and itself a target for Wall Street's debt collecting measures, is strongly pushing debt moratoria at planning sessions for the summit conference. Seminars have been held in the capital, Colombo, over the past months to specifically discuss the debt problem.

In Bombay Aug. 2, Indian Foreign Minister Chavan declared that the summit would adopt an "action program" directed towards "installing the new world economic order."

In Africa, the socialist governments of Guinea and Algeria are holding top-level meetings in Algiers to plan joint African strategy for the summit.

In Southeast Asia, representatives of the revolutionary socialist governments of Laos and Vietnam pledged yesterday to pool their resources for success at the Non-Aligned meeting, based on a policy of peace and economic development in their region. The two countries gave their full support to revolutionary movements in Southeast Asia and underlined their appreciation of the role of the socialist countries in support of the Non-Aligned and their policies.

In the Arab sector, pro-socialist Iraq has called a meeting of the Arab Leagues for Aug. 10 to reach a unified Arab position at Colombo, stressing the need to neutralize the Kissinger-directed war threats in Lebanon and East Africa.

The meeting of the United Nations Economic and Social Council ended this past week in Geneva with a full vote of support for the Charter of Economic Rights and Duties of States, a founding program of the new world economic order first introduced by Mexican President Luis Echeverria. When the final vote was taken, both Italy and Denmark voted in support of the Charter, changing an earlier decision to vote against the document when it was first introduced in the U.N. The political climate is now so strongly in favor of development that even the U.S. and its European lackeys like West Germany and Britain abstained this time around.

Italian backing for the Charter reflects the growing hegemony of pro-moratoria forces around the new Andreotti government in Italy. The Italian Socialist Party (PSI) — supporters of the new government — called on Europe to join the Non-Aligned in a break from Atlanticist domination in an article in the party paper Avanti today.

The socialist countries of the Comecon meanwhile held a Deputy Foreign Ministers' meeting last week to plan their joint strategy, particularly toward the Third World, and to give their support for the new world economic order. The leading socialist members of the Non-Aligned group including Cuba, Laos, Vietnam, and North Korea, sent top level observers to the meeting.