

conditions. This is a prescription for a debt crisis by the end of the present month.

One glimmer of sense in the declaration was introduced, reportedly at the behest of Japanese Prime Minister Nakasone, who had promised Indian Prime Minister Indira Gandhi and other Third World leaders to explain their position to the other leaders. Nakasone kept his promise, a senior Japanese official said, and the result is the following statement in the declaration (which did not appear in the drafts submitted to their leaders by the seven nations' officials):

"We welcome the openness to dialogue which the developing countries evinced at the recent conferences of the Non-Aligned movement in New Delhi and the Group of 77 in Buenos Aires, and we share their commitment to engage with understanding and cooperation in the forthcoming meeting of the United Nations Conference on Trade and Development in Belgrade."

That is a verbal gesture only, but it is still a gesture. The New Delhi summit of Non-Aligned leaders called for a new world monetary system outside the framework of the hated International Monetary Fund, a theme which none of the industrial nations' leaders would touch. Mitterrand, who advocated a "new Bretton Woods" in a speech two weeks before the summit, discovered that he had touched a sensitive chord in the White House: that phrase is employed by President Reagan's enemies here and abroad to mean a super-IMF with power to dictate terms to the United States. In particular, IMF Managing Director Jacques de Larosière has demanded that the United States cut its defense budget, and wants the power to enforce it.

Rather than the confrontation between the French and American leaders which the *New York Times* and *Washington Post* predicted, Mitterrand arrived with a public denunciation of the American press for distorting his position!

Mitterrand explained that he did not foresee any immediate big international conference to re-organize the monetary system—a demand that the U.S. press had read into his speech. The French President is well aware that the monetary issue is also a military issue: the complaints about high U.S. budget deficits and interest rates have become the pretext, at the IMF and in London, to demand that the United States stop spending money on arms.

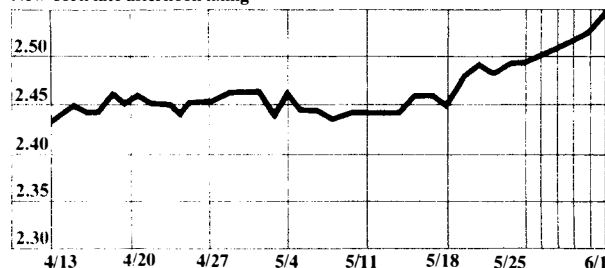
The fact that Reagan impressed upon his colleagues the urgency of the strategic danger pre-empted the expected confrontation over the U.S. budget deficit. The final declaration contents itself with vague language about reducing budget deficits and pursuing policies which will lead to lower interest rates.

What success may be ascribed to the summit rests on Japanese-American cooperation in the security field. If Reagan and Nakasone can pursue the direction indicated by the gesture towards the New Delhi Non-Aligned meeting, the summit may turn out to have been a key turning point in modern history; if they cannot confront the world debt crisis, the modest success at Williamsburg may turn into a disaster.

Currency Rates

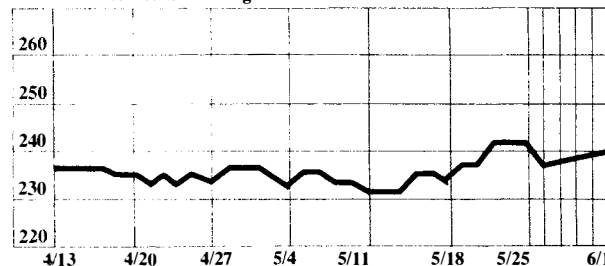
The dollar in deutschmarks

New York late afternoon fixing



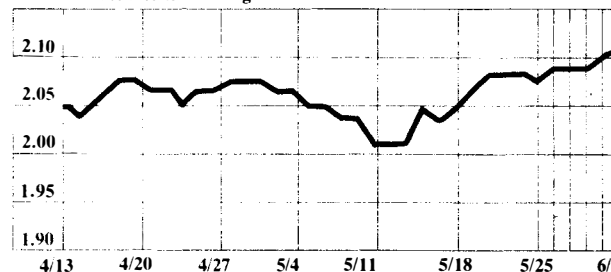
The dollar in yen

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

