

## SPECIAL REPORT

# Third World Nations Consolidate Fight for Debt Moratoria

Feb. 19 (IPS) — Developments since the Manila Conference of the Group of 77 developing nations at the beginning of the month indicate a process of consolidation of a core group of Third World nations committed to fighting a political battle on the issues of debt moratoria and International Development Bank-type institutional arrangements for expanded trade and production. The Manila meeting drove home the point to several key governments that any attempt to achieve "Third World unity" as a precondition to posing these programmatic solutions to the present crisis is a fruitless exercise. In the aftermath of Manila, there has already been sufficient backup for the most advanced Third World battle perspectives from both the Soviet bloc and certain, anti-Atlanticist capitalist factions in Western Europe. Although this backup has not been very visible in press or other public forums, it has thoroughly terrified the Atlanticist financiers.

In at least a few cases, there has been the realization on the part of Third World leaders that the continuation of the deadlocked negotiating process exposes leading governments to heightened dangers of internal decay and destabilization operations. The fundamental problem of how the use of program creates the necessary forces is analogous to the Italian political situation and the difficulties of the Italian anti-austerity pro-debt moratorium factions around Andreotti of the Christian Democracy, Mancini of the Socialist Party, and the Cefis industrialist grouping.

### The North-South Talks

The initiation of the next round of the Conference on International Economic Cooperation (CIEC — the North-South Talks) in Paris on Feb. 11, scheduled to last for 10 days, provides one obvious focal point for Third World action on debt moratoria and related programmatic efforts. From the information now available (mainly through diplomatic sources), it appears that the battle which took place at Manila within the Group of 77 is continuing in Paris. The first point of battle was the Yugoslavian call for Soviet-Comecon participation in the talks. It is highly unlikely that the proposal, which was backed by the Egyptians and the majority of the Group of 19, would have been made without the Soviets' approval. An article yesterday in the Soviet newspaper Pravda reiterated Soviet backing for the Manila conference, without mentioning debt as the Soviets had earlier but emphasizing Comecon-Third World cooperation. No further reports on the progress of the move to include the Soviets in the CIEC talks have been made since the initial proposal was advanced.

The Foreign Broadcasting Information Service confirms previous diplomatic reports that Yugoslavia was one of the nations pushing for the debt moratorium at the Manila con-

ference two weeks ago. The Yugoslav delegate told the conference "As long as the recession lasts, repayment of debts should be postponed for these (developing) countries because this would help to revive production and would be in the interests of not only the developing nations, but the advanced countries as well."

Further, a Nigerian diplomatic source has revealed that debt moratoria is a major topic of discussion — something which has been completely absent from the limited press reports of the meeting. Sources at the United Nations in New York reported, without details, that the Group of 19 developing nations has been unable to agree among themselves on presenting unified positions in the North-South conference's working Commissions.

An Algerian source in Paris indicated that the Manila Charter on debt moratoria was considered the program for the Paris talks as well, although this obviously leaves plenty of room for hard political battle. The report of breakdown with the Group of 19 is partially confirmed by press reports which state that in at least one case, the Energy Commission (co-chaired by the U.S. and Saudi Arabia), there has been no agreement yet on even an agenda. The other Commissions have reportedly agreed on agendas but the contents of these agendas, as reported by the Agence France Press wire are totally vague and make no mention of the debt issue.

### Fascist Refinancing

The intense focus on debt moratoria, in Paris and elsewhere is most sharply indicated, however, by a series of articles in the U.S. press which treat the threat of moratoria by the developing sector explicitly for the first time and pose various short-term, hyperinflationary, Schachtian "refinancing" moves to avoid this immediate threat. Writing in the Feb. 17 New York Times, chief economics reporter, Edwin Dale focuses an article entirely on the Third World debt question, citing discussion in Washington policy circles in response to the Manila Charter. Dale points to the existence of a group of "poorer countries" that are pushing a "radical call for a sweeping debt moratorium," but denies that this is the position represented by the Manila Charter. Dale picks up the worst aspects of the Charter — the section on commercial debt which proposes an International Bank (or "fund") for Redemption of Debt which would refinance short-term debt — to focus on. Even with these loopholes, however, Dale admits that there is no assurance that there will be any positive response to the debt moratoria proposal in the Charter, especially given the blockage of any "case by case" approach.

This article is accompanied by a Feb. 18 Journal of Commerce piece on the threat of default on Third World debt to

the New York banks who hold these nations' loans. Using a speech made last week by David Kleinman, an International Monetary Fund advisor and former advisor to the Brazilian central bank (where he helped devise the infamous Brazilian indexation scheme) the article cites the threat of immediate default posed by Argentina, Chile, Peru, and Zambia. Kleinman called for the implementation of indexation all over the Third World, combined with an OPEC-Federal Reserve bailout operation explicitly modeled on the U.S. Treasury "bailout" of New York City and tied to implementation of indexation. OPEC surpluses, he proposes, should go to finance exports, based on a triage of all but those sectors which can "be most efficient" — in producing loot.

These calls for fascist refinancing to avert debt moratoria and default are accompanied by similar responses focused on the issue of food production and consumption. C.L. Sulzberger frantically calls in today's New York Times for the U.S. to come up with a global food program or face famine in the developing countries. More directly, the Wall Street Journal, in an editorial entitled "Humanitarian Impulses," quotes Rockefeller Foundation "Green Revolution" founder Norman Borlaug's call for triage in the developing countries to force what is termed "economic self-reliance and independence." Borlaug is quoted as condemning "food giveaways" for "encouraging dependency" and illusions about industrialization in such places as India and Pakistan.

#### **Euro-Third World Coordination**

It is clear even from the limited information presently available, taken together with the intensity of the Atlanticist response and the policy shift to hyperinflation in Europe, that the moves within the Third World for debt moratoria and an International Development Bank have already developed a degree of extensive inner-Third World coordination and linkage with political circles in Europe. The evidence for this linkage is minimal but revealing.

Most important are the Euro-Arab links, because of the crucial nature of the oil resources of the Middle East for Europe and the breaking of any blockage of oil by the cartels. Arab diplomatic sources in the past week indicated their willingness to sell oil directly to the Italians at any time outside the bounds of the oil majors. Algeria, Libya, and Iraq are the Arab producers best situated and best connected to play that role, and they have already indicated direct links to Gaullist circles in France and, less directly, to Italy.

The Franco-Arab ties are most clear. Gaullist leader Debré and others are known to have relations with the Boumedienne government in Algeria, and Debré indicated his commitment to Third World development in a recent interview in the *Nouvelle Observateur*. He praised the population (growth) policies of Hungary and Czechoslovakia and cited the necessity of population growth of that type — based on a real labor shortage — for the development of the Third World.

The Libyan government has also created ties to France: a recent visit by Libyan Prime Minister Jalloud to France was accompanied by an interview with Qaddafi in *Le Monde*, in which he attacked French President Giscard for discarding the Gaullist tradition and Gaullist foreign policy in favor of the role of an arms merchant in the Third World.

On the Italian side, there is a concerted deployment of representatives of the pro-development Cefis-Andreotti forces to the Third World. Cefis representative Ratti has gone to Cuba following his visit to Moscow, where he proposed close economic cooperation between Italy and

Comecon. The Vice-Chairman of the Italian Christian Democratic parliamentary delegation was in Mexico last week holding discussions with President Echeverria and pro-development Minister of Natural Resources Alejo. And a delegation from the Cefis Montedison group is presently in India, reportedly discussing joint development projects.

There are also some indications of Japanese moves toward the developing sector along the lines of Prime Minister Miki's development proposals at the November Rambouillet summit, although the present state of the Miki regime is not conducive to full government moves in this direction. The president of Nippon Steel, Inayama, will shortly go to Cuba for a visit — which follows a major Japanese delegation at the banking conference in Havana more than a month ago. Japanese activity is also focused on Southeast Asia, where they are negotiating with the Vietnamese to take over the U.S. oil concessions off South Vietnam.

On a larger scale, there is a conference beginning tomorrow in London of the Commonwealth group of experts which, according to reports in today's *Financial Times*, will have moratoria on the estimated \$120 billion in Third World debt as a major topic of discussion. Previous reports from United Nations sources on the Kingston Commonwealth meeting last year which set up the group of experts had cited covert British backing for debt moratoria which would "lead the way" for Britain itself.

#### **Factional Battles on Development**

Within the leading Third World nations there are factional battles being carried out on development policy. Debt moratorium is the key issue inside various governments to counter agent elements internally and in the Third World as a whole.

This is clear in Latin America. In Peru, the pro-development grouping led by Foreign Minister De la Flor has, since Manila, pushed the debt moratorium issue especially hard. The government has announced that its agenda for the talks with U.S. Secretary of State Kissinger, who arrived yesterday in Lima, will have three points: the trade restrictions vs. Peru; no embargoes or retaliation for Peruvian nationalizations; and debt moratorium. At this moment, in addition, Mexican Minister Alejo is in Peru attending a meeting of the Third World Forum — the group of Third World experts which last August, at the time of the Lima Conference of the Non-Aligned Nations, formulated a proposal for debt moratoria and formation of an international development bank on the behalf particularly of the Mexican government.

At a Lima press conference today, Peruvian Foreign Minister de la Flor directly countered Kissinger's demand for only bilateral negotiations by indicating that the Third World was now in a position to ignore such threats and demands from the U.S. With Kissinger present, de la Flor said, "Countries of the Third World and Latin America share similar concerns, which causes them to confront political pressures and economic coercions ... (the attitudes of the U.S. government) show hegemonic conceptions which are now obsolete ... and do not reflect the new reality in which we are living." De la Flor then "informed" the abrasive Secretary of State that the Third World need not submit to his diplomacy, that it could go elsewhere; "the United Nations is the appropriate forum for consolidating diverging positions ... (it is Peru's hope that) the UN be converted into an instrument of real negotiation and cooperation."

Within Mexico, the battles on development policy are immediately focused on countering urban Brazilian "decentralization" schemes with urban development based on scientific technological urban planning. The Latin American Labor Committees (CLLA) is holding an Urbanization Conference now where our program for development of Mexico City will be presented. Already commitments from various Ministries, including the President's office, to send representatives have been made, as well as various federal agencies for Mexico City itself. Yesterday, CLLA was invited by the left think-tank of the ruling party, the PRI to attend a forum held on the same subject where various Ministers such as Lopez Portillo, PRI candidate for President, were present.

In the Middle East, a similar battle is being waged, as expressed in the proposal by the Soviet-linked Iraqis for an Arab summit on agricultural development. Within Algeria, President Boumedienne moved several days ago to dump his Hudson-Institute-linked Finance Minister, Ismail Mahroug, a move directly tied to backing for debt moratoria. Boumedienne followed this with a speech over the past

weekend in which he denounced the Spanish Sahara "war" carried out by Morocco as an attempt to tie Algeria down in a pointless conflict which was a diversion from Algeria's development needs and its international role in leading the fight for the new world economic order.

In India, a similar battle is being fought between pro-development layers of the Congress Party and Ford-Foundation, capitalist-landlord based elements. One indication of this was the proposal advanced by the Indian Economic Institute, linked to the pro-Soviet Planning Commission, which called for further integration of the Indian economy with Comecon and strengthening of the public sector. This proposal was specifically advanced for consideration at the Fourth UNCTAD in Nairobi. Indian diplomatic sources have indicated as much, and confirmed their perception of the need to abandon a "Third World unity" chimera in favor of the consolidation of a core group of countries with an agreed-to programmatic unity. The Indian sense of "vulnerability" to retaliation, in contrast to the Arab sector, was presented as the basic reason for a policy of quiet support for debt moratoria.