

Support For North-South Dialogue Reemerges

Forceful calls have reemerged for a successful conclusion of the Conference on International Economic Cooperation (CIEC), or North-South talks, after that international forum had all but disintegrated. The political push to reconvene the talks is coming from European leaders who count the Carter Administration as no ally and from leading Arab and other Third World governments. They seek it as the opportunity to see through Third World debt moratoria and the massive programs of technology transfers which can follow that initial step.

Although no date is at present set for the next CIEC session, the Group of Eight, the "north" side of the dialogue, conferred at delegation level in Paris March 2. There the Swedish representative, Mr. Nordenfalk, put his country forward as an appropriate mediator to take the talks forward. Nordenfalk declared that the declaration of unilateral debt moratoria by Third World nations is an inevitable occurrence, towards which the developed capitalist sector nations and OPEC must orient. The U.S., he charged, is the greatest enemy of the Third World demands for debt moratoria—and hence the greatest obstacle to progress at the talks and beyond.

Italian Prime Minister Giulio Andreotti, in a rare interview in the French daily *Le Monde*, called the North-South conference the best available platform for hammering out an international approach to the world economic crisis. (See excerpts, below.)

On the "south" side, an African-Arab summit meeting is scheduled for March 7-9 in Cairo, preceded by a Foreign Ministers meeting there March 3-5. Heralding this event, the Algerian daily *El Moudjahid* announced March 1 that "even if the old order still persists under diverse forms, the bell has tolled for it." The conference will focus on tasks for new world economic relations, as well as the Middle East and Southern African crisis spots. *El Moudjahid* characterized it as a successor-meeting to the August 1976 non-aligned summit in Colombo, Sri Lanka, which declared support for debt moratoria and measures for new international financial institutions to enable development.

In advance of the Cairo summit, the OPEC Finance Ministers have met in Vienna with an agenda likewise focused on the issues of the North-South dialogue and OPEC aid for industrial development of the depressed Third World sector. According to *El Moudjahid*, the OPEC ministers' agenda included:

- relations with developing countries;
- financial aid to poor nations not members of OPEC;

- OPEC participation in a fund for agricultural development;
- use of a fund to finance basic industry;
- the North-South conference.

Andreotti in Le Monde: North-South Talks Crucial

The following are excerpts from an interview with Italian Premier Andreotti which appeared in the French paper Le Monde March 2.

On East-West relations:

I deeply believe in the value of the Helsinki agreements....We are no longer in the cold war era. I believe that present day generations are more open than those who suffered from too frequent periods of war. We know too well what would happen in case of nuclear war not to be inoculated against any attempt to take recourse in force. I would say willingly that detente is an obligation.

On the economic crisis:

The worst disease is inflation. Since inflation does not recognize borders, it must be confronted with a grand international plan. It seems to me that the North-South conference constitutes the most valuable platform, on the world level, for the discussion of a program among industrialized countries, the Third World, and the oil producers — who hold the key to the effectiveness of any plan of this nature.

On the future of Italy:

I would like to say that when I think of the situation from which we emerged after the war, I have great confidence that we can walk towards a happy future. Seeing the Italians work in 1945-1949, allowed me to discover this people's will for reconstruction, its capacity to reach levels of production and of life which would have seemed unthinkable. We haven't changed.

The interviewer interjects: But this effort was inscribed in a broader European and international framework, and it would have been unthinkable without the Marshall plan....

Andreotti answered: That is true, but it is also true that without the spirit of sacrifice of the Italian people, the Marshall plan would not have been worth anything. I don't see why we couldn't take up that path again.

Trade Unionists of 20 Nations Confer On Mediterranean Development

The Algerian daily *El Moudjahid* has reported a gathering of trade unionists from the metals industries of 20 nations, including most of the major Mediterranean littoral states. Held in Rome, the meeting was organized by trade union federations of France (CGT and CFDT), Italy (CGIL and the metalworkers' union FLM), Yugoslavia, Egypt and Algeria. According to the Algerian report, the conference centered on the common interests of the working class in the capitalist sector and the developing nations in establishing a new world economic order, and passed a resolution featuring:

- the state of economic relations at the present time, with special attention to present industrialization programs in the developing countries and shifts in capitalist sector industry;

- ways and means to overcome technological and financial "dependencies" — that is, barriers to development — in the Mediterranean region;

- the interest of workers in the advanced capitalist sector in the progress of developing sector industrialization, and trade union actions in support of that industrialization'

- living and working conditions as issues for trade union mobilization;

- the concrete collaboration of trade unions from the steel industry for developing trade union relations among the Mediterranean countries, especially in sectors affecting emigrant workers;

- the necessity to raise the technological competence of workers in the less developed sector

Yugoslav Sees Integrated Economic Cooperation Emerging

The Yugoslav daily Vjesnik carried an article Feb. 24 under the headline "Fishing in Political Waters," over the signature Mira Hirsl. The commentator anticipated that just-concluded negotiations between the Soviet Union and the European Economic Community (EEC) on fishing territories, being the first time the Soviets would recognize the EEC as an institution competent for negotiations, might open the doors to mutual recognition and new cooperation agreements between the EEC and the socialist countries' Council for Mutual Economic Assistance (CMEA). The implications of these developments for the economic relations of these two sectors and their mutual trade with the Middle East were assessed by Hirsl in the selections which follow.

The economic interests of Western Europe significantly influenced the shift in the nine's policies towards support for a resolution of the crisis in the Mideast within the framework sought by the Arab countries. This political support by the nine has been accompanied by a growing number of agreements concluded between Brussels (the EEC) and the

Mediterranean countries of the Middle East, to whose goods the Western European market is now open in exchange for the technology which Western Europe is able to supply.

The presence of the Soviet Union is also marked in business with these countries, especially the oil-producers, but on a different basis than in the past. The CMEA countries are interested in loans from the oil-producers, which might earlier have been sought on the Western European capital markets...The CMEA countries will repay the loans on the basis of aiding the Middle East countries in carrying out economic projects or with deliveries of production financed by these loans. Thus a qualitatively new sort of cooperation has been established, by which income from oil helps, by a circuitous path, the development and economic growth of the Middle East.

Instead of having conflicting interests, Eastern and Western Europe could complement each other in the Middle East and benefit all the countries. Once cooperation between the CMEA and the EEC were established, these projects could be expedited based on the following: capital from oil used for carrying out economic projects in the CMEA countries, technology from the EEC, and benefits from the implemented projects for the developing countries of the Middle East.

But if the barriers are not lowered to mutual recognition of the reality of the existing institutions in Eastern and Western Europe, this sort of East-West-developing countries cooperation will run up against more political barriers.

Britain's Foreign Minister Emphasizes International Cooperation

Britain's new Foreign Minister, Dr. David Owen, has made his first speech in parliament since taking office. Speaking March 1, he outlined his foreign policy outlook and identified himself as spokesman for the approach Prime Minister Callaghan has taken: "national prosperity," or development of British industry, and the international links necessary for that. Excerpts from the March 2 London Times account follow:

(Owen) said that the future (for Britain) lay in Europe as a member of the EEC but the scale of their international interests was not such that they could withdraw from them....There was little yearning, however, for the Imperial past and in the last 10 years Britain had become realistic about their influence in the world. Equally it was time to stop selling themselves short and show more national self-confidence....In today's world they could no longer rely on their insular position to safeguard what they valued. Interdependence had since 1945 transformed the international context of British foreign policy.

The central task of our foreign policy (he said) is to decide how best to realize the fundamental objectives of promoting national prosperity and safeguarding national security....Sound domestic policies had to be complemented with international economic cooperation if efforts at home, particularly the benefits gained from the social contract, were not to be quickly eroded.

Debt Is Moral Issue On Which Carter Will Be Judged

The following is excerpted from "The World's problems keep flying to Carter" by Washington correspondent Mark Frankland, appearing in *The Observer of London*, Feb. 27:

...But on the other great international moral issue, aid to the poor countries, the new Administration's approach is fairly conventional. There is little sympathy for some of the new ideas about how to help the poor which will be discussed in a number of United Nations and other forums in the coming months. One hears nothing but scepticism about a common commodity fund which could

help the world's commodity producers increase their earnings. No one wants to talk about relieving the growing debts of many developing countries.

This is not surprising, for American banks, chiefly a handful of the very biggest, have lent as much as \$50 billion to the developing world....Instead the Carter people are thinking of traditional aid-giving either directly or through organizations like the World Bank. At the moment America gives only 0.27 per cent of its gross national product in development aid, which is a far smaller proportion than most West European governments.

What is more, half of America's aid goes to comparatively well-off countries, like Israel....

The Ford Administration did not seem to give a hang about this. But it is surely what the poor people of the world will judge the moral pretensions of Jimmy Carter's foreign policy by."

International Faction Fight Over T-Ruble

Mr. Janos Fekete, vice president of the Hungarian National Bank and a leading economic theoretician for the entire Council for Mutual Economic Assistance (CMEA), has publicly proposed the creation of a new world monetary system based on "a new international standard of value (which) would fulfill the role of a key currency," according to the Feb. 28 *Financial Times*. The standard of value Mr. Fekete is referring to is the CMEA's transfer ruble, backed by gold. In a recent article in the Hungarian weekly *Figyelo*, Mr. Fekete emphasized his international call by noting that "the election of a new U.S. President provides the opportunity for a revival of the Bretton Woods spirit," out of which the now-defunct dollar system was created.

Mr. Fekete's remarks are exemplary of the commitment which has been made, not only in the CMEA, but also in Western Europe's Common Market (EEC) to review in detail during the month of March the outstanding political and monetary questions which need to be solved in order to implement usage of the transfer ruble in long-term trade transactions. In a recent issue of the Czechoslovakian party daily *Rude Pravo*, Deputy Finance Minister Mirko Svoboda reported that the CMEA Currency and Monetary Commission will reach concrete decisions on the t-ruble's parity relations with other currencies, explicitly aimed to extend its usage.

Speaking for the EEC, a senior official at the West German Federal Development Ministry reported March 4 that global usage of the t-ruble will be a leading agenda item during the series of March conference of the EEC's finance and foreign ministers. A key component of the EEC's deliberations he noted will also be working out a compromise on the issue of debt moratorium with Western Europe's trading partners in the Third World, an issue which has provoked intense controversy in all member states.

Italian industrialists are in the forefront of all European forces pushing for a rapid finalization of nego-

tiations both with the Third World and the Soviet bloc, and to that end have just concluded an extended series of negotiations in Moscow in which no less than 180 top-level Italian industry spokesmen participated. On March 4, Vitangeli, correspondent for Italy's financial daily *Il Fiorino*, documented what is presently known to western observers about the heated debate within the CMEA as to how soon the t-ruble should be introduced internationally. Vitangeli himself agreed with the estimation that the present period is indeed comparable to the crisis which lead to the Bretton Woods conventions. Admitting that "There is an extreme difficulty in getting clarifications from official (Soviet) sources," on the time scale they are discussing, he summed up the underlying conflict in the CMEA as "two primary attitudes... one which would like to undertake the road of transferability... without hesitation, and the other which is instead conscious that by doing so the Communist countries would be directly hitting the most exposed raw nerve of the United States, and fear the consequences of such a frontal attack."

Il Fiorino, March 4:

There is a political desire to extend the use of the transfer ruble to enable it to play a greater role in international monetary affairs. What is now being sought is the best road for reaching such a goal. This was confided to me by an authoritative Russian economic journalist... There is an extreme difficulty in getting clarifications from official sources, while among experts and bankers there are very contradictory views. ... The *Financial Times* has raised the issue anew, stressing the interested ferment in the City (of London) and signalling rumors of an intensification of gold mining activities on the part of the Russians as a means of creating a stock of (gold) reserves which could make more credible an extension of the role of the Euroruble in international trade.

If the evaluations among Western sources appear