

potential for international collaboration, including financing.

We deplore the decisions taken by the recent OPEC conference. We recognize that relative moderation was displayed by certain of the participants. But the unwarranted rises in oil prices nevertheless agreed are bound to have very serious economic and social consequences. They mean more worldwide inflation and less growth. That will lead to more unemployment, more balance of payments difficulty and will endanger stability in developing and developed countries of the world alike. We remain ready to examine with oil exporting countries how to define supply and demand prospects on the world oil market.

4.

We agree that we should continue with the policies for our economies agreed at Bonn, adjusted to reflect current circumstances. Energy shortages and high oil prices have caused a real transfer of incomes. We will try, by our domestic economic policies, to minimize the damage to our economies. But our options are limited. Attempts to compensate for the damage by matching income increases would simply add to inflation.

5.

We agree that we must do more to improve the long-term productive efficiency and flexibility of our economies. The measures needed may include more stimulus

for investment and for research and development; steps to make it easier for capital and labor to move from declining to new industries; regulatory policies which avoid unnecessary impediments to investment and productivity; reduced growth in some public sector current expenditures; and removal of impediments to the international flow of trade and capital.

6.

The agreements reached in the Tokyo round are an important achievement. We are committed to their early and faithful implementation. We renew our determination to fight protectionism. We want to strengthen the GATT (General Agreement on Tariffs and Trade) both to monitor the agreements reached in the MTNS (Tokyo round of multilateral trade negotiations) and as an instrument for future policy in maintaining the open world trading system. We will welcome the full participation of as many countries as possible in these agreements and in the system as a whole.

7.

We will intensify our efforts to pursue the economic policies appropriate in each of our countries to achieve durable external equilibrium. Stability in the foreign exchange market is essential for the sound development of world trade and the global economy. This has been furthered since the Bonn summit by two important developments—the Nov. 1, 1978 program of the United

## Le Figaro: 'We are on the brink of World War III'

*The following are excerpts of the editorial published in Le Figaro in its June 30-July 1 edition, responding to the Tokyo summit and the OPEC price increases. The editorial, authored by Christian Guery, Le Figaro's pronuclear energy specialist, is entitled "The Brink."*

The verdict has come down: the world is condemned to recession and shortages.

To a recession, because the price increase decided on by OPEC can only be paid by the consumer countries through draconian measures against economic growth....

To shortages, since the limitation of oil imports decided on by the Tokyo summit of industrial nations will impose important sacrifices on each of us.

And this is only the beginning. We are on the brink. Because there is nothing to prevent some member of OPEC from implementing, in one month, in three months, new "wild" increases....

In our street cafes, where the sound of boots are already echoing, the solution is very simple: let's go back to the good old colonial days. Let's land in Algeria and our former possessions in black Africa. Let the Americans do the same in Saudi Arabia, and the game is played. No more embargo or excessive oil price increase problems.

We must break the neck of such folly.

We must be convinced that we will be living ... in a world in which oil resources will be running out. We must rapidly develop other energy sources. And we can only do this if our economies are solid enough.

This is only possible if the consumer countries find agreement with an OPEC-become-reasonable, to program the price of oil over a long period so that there be no surprises....

A third world war would thus not resolve anything. Especially since a military invasion could not

States in conjunction with other monetary authorities and the successful emergence of the European Monetary System.

We will continue close cooperation in exchange market policies and in support of the effective discharge by the I.M.F. (International Monetary Fund) of its responsibilities, particularly its surveillance role and its role in strengthening further the international monetary system.

8.

Constructive North-South relations are essential to the health of the world economy. We for our part have consistently worked to bring developing countries more fully into the open world trading system and to adjust our economies to changing international circumstances. The problems we face are global. They can only be resolved through shared responsibility and partnership. But this partnership cannot depend solely on the efforts of the industrialized countries. The OPEC countries have just as important a role to play. The latest decision to substantially increase oil prices will also severely increase the problems facing developing countries without oil resources as well as the difficulties for developed countries in helping them. The decision could even have a crippling effect on some of the developing countries.

In this situation, we recognize in particular, the need for the flow of financial resources to the developing

countries to increase, including private and public, bilateral and multilateral resources. A good investment climate in developing countries will help the flow of foreign investment.

We are deeply concerned about the millions of people still living in conditions of absolute poverty. We will take particular account of the poorest countries in our aid programs.

Once more we urge Comecon (Council for Mutual Economic Assistance) countries to play their part.

We will place more emphasis on cooperation with developing countries in overcoming hunger and malnutrition. We will urge multilateral organizations to help these countries to develop effective food sector strategies and to build up the storage capacity needed for strong national food reserves. Increased bilateral and multilateral aid for agricultural research will be particularly important. In these and other ways we will step up our efforts to help these countries develop their human resources, through technical cooperation adapted to local conditions.

We will also place special emphasis on helping developing countries to exploit their energy potential. We strongly support the World Bank's program for hydrocarbon exploitation and urge its expansion. We will do more to help developing countries increase the use of renewable energy; we welcome the World Bank's coordination of these efforts.

be carried out without disrupting for months, if not years, the oil wells being exploited....

But the constitution of a common front of consumer countries, resolved not to give in to embargo or price increase blackmail, while being receptive to all forms of cooperation (with OPEC) would be a realistic response.

Let's be clear: this week was of great importance for the future of the entire world. It ended on a failure. OPEC refused to act like an adult organization. And so many diplomatic calculations went into the last minute compromises of the Tokyo summit, that there is no reason for enthusiasm on that score. ... The mixture will only become explosive if oil consuming and producing countries insist on continuing their blindness.

There is still time to wake up.

### **Andreotti: the alternatives are coal and nuclear**

*The Italian daily Corriere della Sera reported on July 2 the following statement made by Italy's Prime Minister Giulio Andreotti on the Tokyo summit.*

... Our problems are serious, and will not be solved by abstract, insufficiently documented polemics like the generic polemic against nuclear energy. The problem of the security of nuclear plants is certainly being dealt with, and with a great sense of responsibility.

... The totality of the efforts we have succeeded in making up to now, for example, to reduce inflation, will fail unless we formulate coherent policies to meet new needs of an international character—such as the need to reduce our dependence on oil and develop substitute sources: coal and nuclear.