

zil and Mexico cannot hold their debt payment packages together infinitely. By the fall, these agreements could fall apart. Then the U.S. will be in big trouble, without a policy.”

At that point, he indicated, the British might be perfectly willing to hold a “new Bretton Woods” conference, to give the IMF even greater powers over both the Third World and the by-then collapsing U.S. economy. “Then, anything goes.”

By the fall of this year, the British hope, the Reagan administration will be incapacitated by a domestic political crisis and numerous foreign policy failures, including military fiasco in Central America, and an utter policy failure on the world debt crisis. The Third World, which at this time still has the potential to negotiate with the U.S. as a fellow sovereign nation-state *without the IMF*, will then be without a viable U.S. negotiating partner. At that point, there could be little obstacle to convening some IMF-run Bretton Woods II conference.

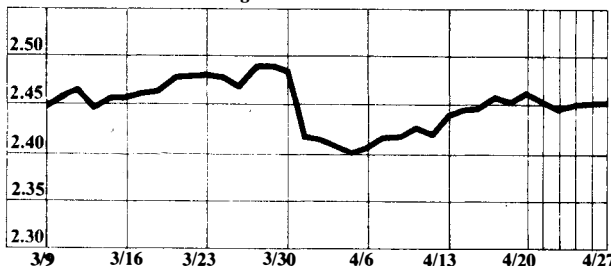
That they may impose their own renegotiation of the debt mountain under IMF auspices, the British, and particularly their Commonwealth agents, have already come up with their own plans for circulation. Pakistani Economics and Planning Minister Mahbub ul-Haq is circulating his own version of the plan by Felix Rohatyn of Lazard Frères for the IMF to take over \$300 billion or more of the Third World’s bankrupt short-term debt and convert it into long-term bonds, as Rohatyn did under New York’s Municipal Assistance Corporation (Big MAC) austerity program. Ul-Haq spent most of this week at the Brandt Commission-run Overseas Development Corporation in a conference held by the British Sussex University- and Tavistock-run Society for International Development. The closed meeting, attended by top Ditchley Group bankers such as George Clark of Citibank and Robert McNamara, discussed how to convene a “Bretton Woods II” conference to push an IMF-run debt bailout plan, Mr. ul-Haq’s wife Bani Haq told a reporter.

Brazilian Planning Minister Delfim Netto is also ready to demand the Rohatyn plan, on the threat that Brazil will not pay its debts, a Brazilian journalist claimed at the Development Committee meeting. “Delfim wants a stretch-out, and he agrees with Rohatyn,” the sources said. “That is obviously why Brazil is deliberately not paying some of its debts. Mexico is not paying either,” he pointed out. “It is not so much that Delfim has a deal with the U.S. government, which officially does not want to discuss a stretch-out plan. Delfim is making a deal with the U.S. banks, which of course are not unrelated to the U.S. government. Rohatyn is a banker. And [Morgan Guaranty Latin America Executive Vice President] Tony Gebauer wants the plan, too. Gebauer is proposing that the World Bank get involved, and issue Brazil long-term 20- to 30-year bonds at 9 percent rates, to be used to pay back all of Brazil’s short-term commercial debt. That way we won’t have to keep coming back to the brink all the time.” The particular formulation of the Rohatyn scheme was first put forward last December by Giovanni Magnifico, Director of International Operations at the Italian central bank.

## Currency Rates

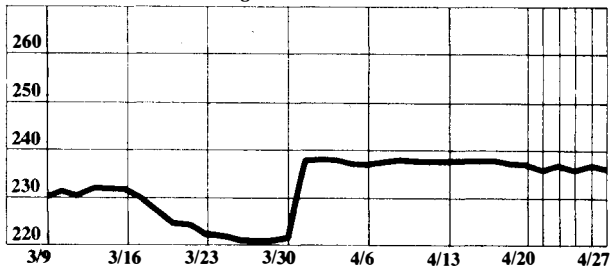
### The dollar in deutschemarks

New York late afternoon fixing



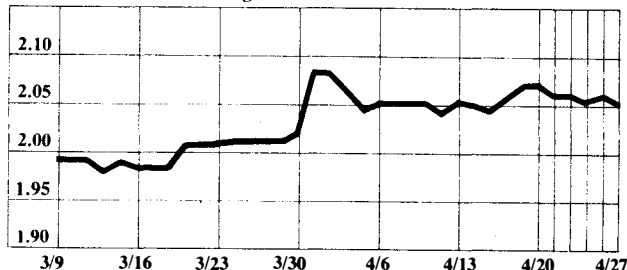
### The dollar in yen

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

