

modity" schemes to jack up Third World export prices to provide the funds to meet debt service payments. Such schemes, Chattopadhyaya said, do not take into account the interests of importers, who would be hurt by a large increase in the price of raw materials. He demanded a generalized debt moratorium for the Third World, stressing that "the progress of the talks will depend on the ability of all parties" to take into account the needs of the "different economies."

The French daily, *Le Gigaro* reports that many developing sector delegations, in addition to India, have also voiced opposition to the numerous variations of Kissinger's commodity schemes floating around the conference.

The Indian government views were less diplomatically stated this week in editorials in the *National Herald* and the *Economic Times of India*. The *Herald* said that Kissinger's "oration" at the conference was "completely barren" and the resources bank "stinks in the face of the developing nations." The *Economic Times* echoed these statements.

Kissinger Blackmail

The firm stand of the developing nations has been maintained despite an extensive campaign by Kissinger to threaten and disrupt the conference. Wall Street early last week moved to cut off all credit to the three countries of the East African Community (Tanzania, Uganda, and Kenya) the *London Financial Times* reported. The World Bank cut off, meant as a genocidal lesson to the delegates gathered at Nairobi of what happens when debt is not fully repaid, followed the community's default on a measly \$750,000 interest payment to the World Bank.

The Mexican daily *Excelsior* exposed "an extensive campaign of political pressure" by the U.S. "to divide the poor countries and promote the package of proposals presented by Kissinger." The extortionist Kissinger enlisted the aid of President Ferdinand Marcos of the Philippines, a U.S. puppet regime, to organize secret meetings of select Third World representatives as a parallel meeting to the UNCTAD session. The first such counter-meeting intended to push the U.S. line was attended by 20 Third World agents and the head of UNCTAD, Gamani Corea. Meanwhile, various top State Department officials, including Assistant Secretary of State for Inter-American Affairs W. Rogers, were seen loitering around the conference hall and hotels "incognito" trying to drag Third World delegates off into dark corners to "discuss Kissinger's speech."

Kissinger's wrecking operation was exposed and denounced at the conference by Third World delegates who stressed first, that the developing countries must be united and second, that all negotiations must be multilateral, including the socialist countries. The Algerians declared that if the Third World were to sit down with any country it would not be the U.S. but the Soviet Union. Press accounts have

placed Algeria, Mexico, Jamaica, and India in the vanguard of the Third World nations opposing Kissinger's wrecking operations.

Soviets Balk

Despite this overwhelming commitment to world development and debt moratorium on the part of the developing countries, a major bloc in the path toward the realization of these aims has developed, as the Soviet Union and the other socialist countries have refused to commit their political muscle to the Third World. Not wanting to "provoke" the imperialists, the socialist countries have heeded Kissinger's warnings to adopt a low profile at the UNCTAD session.

Preliminary reports indicate that the head of the Soviet delegation, Trade Minister Patolichev did not mention the debt question or debt moratorium in his speech. Various accounts indicate that he attacked the U.S. for "attempting to unleash economic warfare" and proposed long-term trade and development agreements between the socialist, advanced and developing sectors. Such proposals, though they emphasized industrial and technological development of the Third World, are hollow without a debt moratorium.

In the finance commission, the socialist countries have de facto aligned with the capitalist nations, refusing to consider anything but "case-by-case debt relief. While voicing opposition to the incompetent commodity programs, they have refused to put forward any practical proposals in their place.

The Labor Party's International Development Bank solution for the current world depression is known and widely discussed throughout the UNCTAD delegations and the developing sector generally. The commitment to a new international financial institution to replace the IMF has been crucial in giving the developing sector delegations the political stamina to maintain a fight for debt moratorium. At this point, organizing for the IDB is taking place behind-the-scenes. Developing nation discussions of the IDB have emerged publicly in the form of the Wills proposal.

The U.S. Labor Party has circulated a memorandum to all the major developing sector nations represented at the Nairobi conference stressing that any unilateral declaration of debt moratorium by the Third World would receive overwhelming support from civil rights, trade union, and industrial layers in the United States. A moratorium on debt payments to the "Euro-dollar" market, New York banks and the IMF would immediately topple these rotting institutions and the Atlanticist machine. In the absence of support from the Comecon sector for the debt moratorium and the IDB, pro-development Third World forces rely on the organized working class support in advanced sector and especially in the U.S. to provide the muscle required to back up their drive for the realization of a new world economic order.

How the World Press Covered the Kissinger Speech at UNCTAD and Related Developments

U.S.

New York Times, May 7: "Secretary of State Henry Kissinger today outlined an intricate and comprehensive American approach to economic relations between rich and poor countries that laid heavy stress on free enterprise and private initiative.

He urged the delegates at the United Nations Conference on Trade and Development meeting here to give up slogans and instead build economic institutions...

The most dramatic of the Secretary's suggestions here was a call for the creation of an International Resources Bank....

"Significantly, Mr. Kissinger did not refer to several key

points of that package (Group of 77 demands).

In his address the Secretary said that "generalized rescheduling of debts is not the answer." He suggested instead a country-by-country review, adding that the United States "stands ready to help countries suffering acute debt service problems."

New York Times, May 7 (news analysis):The centerpiece of the Kissinger proposals, as expected, was the International Resources Bank....

With this provision as a sweetener — for commodity price stabilization is perhaps the single most important demand of the less developed countries — the Ford Administration hopes to diffuse more radical Third World proposals for "indexing"... for an "integrated commodity program"....

On the other key demands of the Group of 77 — a group that actually includes 111 of the world's poorer nations — the Kissinger message followed the same pattern of giving an inch to avoid going the mile. To sweeping calls for debt moratorium by the poorest nations and for a major debt conference later this year the United States replied by repeating its view that the debts of individual countries could be handled only on a case-by-case basis....

Washington Post, May 7:Kissinger told his wary audience of Communist, capitalist, socialist, and non-aligned nations that the United States is prepared to 'get down to business,' going beyond slogans and rhetoric. But he also warned bluntly: 'We can resist confrontation and rhetorical attacks if other nations choose that course.'...

American officials acknowledged privately that their proposals are bound to get a severe working over by the most militant nations here who are demanding much more than Kissinger offered.

The United States balked at the underdeveloped nations' demand for wholesale rescheduling of their debts to the richer nations...Kissinger said 'generalized rescheduling of debts' would "erode the creditworthiness of countries borrowing in the private capital markets."...

Kissinger's presentation was destined to fall short of the more militant developing nations expectations for 'a new international economic order.'...

One American specialist who is not a member of the official delegation said succinctly that what the United States has offered here is "a sandwich and a pickle compared to the banquet menu that many of the underdeveloped nations demand."

"The very poorest nations," this source said, "don't stand to gain on commodities — they don't have them to export in any meaningful quantity. What these nations need most he said is relief on their debts...."

Wall Street Journal, May 7: In typical Gallic fashion, France moved to upstage the U.S. on opening day of the North-South talks here.

French Finance Minister Jean-Pierre Fourcade surprised delegates by going farther than any other major developed nation has done to meet the demands of the developing nations for help in supporting commodity prices and relieving their debt burdens....

He (Fourcade) also suggested that the credit rating of poor nations could be strengthened through an international system of loan guarantees.

On debts, Mr. Kissinger didn't make any major proposals....

Mr. Kissinger laid Washington's cards down on the table yesterday morning. Warning that the U.S.'s more radical, confrontation minded members that the U.S. "could better survive a period of economic warfare" better than any other nations, the Secretary nonetheless stated that the current economic conditions provide "a brief but special opportunity to reinvigorate and improve the world's economic system."

Similarly on debts, Mr. Fourcade echoed Washington's case-by-case approach....

France

Le Nouveau Journal, May 5:the most urgent task (of the UNCTAD conference) will have to be taken first, that is to try to liquidate a disastrous financial past The Third World has found an easy solution: debt cancellation or moratorium. The industrialized countries do not agree. It would be a dangerous precedent which in the future would make any transaction impossible and would encourage those who spend too much. Thus there will be a very harsh discussion on this question, but a positive result will necessarily have to be reached because industrialized countries have no interest in having the Third World countries provoke a political explosion of which the West would be the first victim.

Le Figaro, May 11: The UNCTAD Conference ... is at a turning point. Contrary to what one might have believed, the divergences in the clan of the Western industrialized countries did not benefit the Third World Not all of them are ready to defend the common program to the end; many influential members of important delegations do not hide this fact in private. The Western countries have made proposals and have not stuck themselves in a sterile attitude of systematic refusal. The coming days should mark the beginning of true negotiations on major agenda items of the day.

Le Monde, May 10: (headlined) "Moratorium on Third World Debts — A Financial Problem Which Has Become Political" — by Paul Fabra

The demand of the developing nations for debt moratorium has up to now received less publicity in the industrialized countries than the integrated program for raw materials. Yet, the consequences it could have are of crucial importance for the evolution of the world economic and financial situation In Nairobi, industrialized countries, including France, will claim that (moratorium) measures would result in decreasing amount of resources available for the interested countries ... (They) will probably keep quiet on the detrimental effects and the grave consequences which a debt moratorium, even partial, would have, not on the borrowing countries this time but on the banking system of the lending countries. It is sufficient to recall the grave consequences which the insolvency of a number of real estate firms has had on several big American banks, to measure the effect that a default on payment from several important debtor countries could have.

In Europe the consequences would not be less serious, given the part played by French, British, German, and other banks on the Eurocredit market.

It is unlikely that decisions of concrete significance are going to be taken at Nairobi. But the demand for debt

moratorium is, according to financial circles, too important a question to be left in the hands of diplomats

This process of forced liquidation of the international debts is not over. It is practically certain that, one way or another, Third World countries will get rid of their burden. The fact that moratorium has become a political problem will undoubtedly hasten an evolution which is in any case inevitable.

Italy

La Repubblica, May 5: The first person to realize that the Nairobi date is decisive is precisely Henry Kissinger, up to now the most indifferent person regarding the drama of underdevelopment In Nairobi the Third World will formulate series of "global" demands which have already been rejected en bloc by the U.S.: the creation of a regulating fund which guarantees in an "integrated manner" the course of at least ten raw materials ... and a moratorium of the debts of the poorest countries towards the industrialized countries.

La Stampa, May 5: Kissinger stated that the U.S. will do its best to meet the economic demands of the poor countries, but he underlined the absolute need for both the rich and the poor countries to "avoid economic blocs" since any attempt to use economic blocs as a weapon will bring "grave consequences for all."

La Repubblica, May 8: The European line (at the conference) was further reinforced by the intervention of the French Minister of Finance, Jean-Pierre Fourcade, and that of the British Commerce Minister, Edmund Dell. Fourcade said that his government favors a solution to the commodities question on a "case-by-case" basis and with specific agreement. The Third World countries of the Group of 77 demand instead a global solution The French Minister also stated his opposition to the cancellation of debts demanded by the developing countries whose balance of payments are already in a difficult position The countries of the Group of 77 are also opposed to the creation of an International Resource Bank ...

Britain

Daily Telegraph, May 7: Dr. Kissinger stunned Third World delegates ... with a detailed offer of cooperation on trade and economic matters that deflated much of the anger expressed in their Manila declaration ... To judge by the tone of the Manila declaration, drafted earlier this year by the Group of 77 non-aligned nations, the numerous Third World delegations arrived ready for confrontation ... Britain and other Western countries appeared to be cool to the idea (of the IRB).

Financial Times of London, May 7: France today upstaged Dr. Kissinger by making surprise new proposals for financing world trade in raw materials only hours after the U.S. Secretary of State had presented a major new initiative ...

The French plan, which was presented as a "compromise" by Jean-Pierre Fourcade, Finance and Economics Minister, was clearly designed to be more acceptable to the Third World than Dr. Kissinger's approach

Most Third World delegates were still considering the Kissinger proposal tonight but preliminary reactions appeared negative

Financial Times of London, May 7 (column by C. Gordon Tether): "The Debts Are Crucial, Too"

The fate of the integrated plan for commodities on which the developing nations has set its heart may well be the most

important of the big political questions before the UNCTAD conference in Nairobi. But the external debt issue certainly runs a close second ...

Thus even if it were not painfully evident that a number of developing countries are already coming up to the point where they find themselves with no real option but to start defaulting on their maturing obligations it would still be necessary to think in terms of promptly organizing a drastic overhaul of this aspect of the international indebtedness problem.

There is no doubt that an assault on the problem on the scale required — and with the urgency required — can only come about as a result of a political decision to sanction some form of moratorium for poor country debts ...

It (debt moratorium) is a highly complex business that will have to be entrusted to a special conference. But it is hoped that the developing countries will maintain a firm enough front to ensure that the advanced countries will not be able to palm them off with vague promises

London Times, May 7: In addresses to the United Nations Conference on Trade and Development in Nairobi today, Britain and the United States made clear that they are unwilling to accept sweeping demands of stabilization of commodity prices and rescheduling of debts proposed by the Group of 77

Sunday Observer, May 9: In their opening statements here, the rich nations have been united in saying they want to help the poor escape from poverty. And yet they have been almost equally united in opposing the one measure that could immediately help the poor — debt relief

Observer editorial, May 9: The indebtedness of the Third World to both the West and the Soviet bloc has reached such staggering levels that many countries are now required to pay out more in interest than they receive in new aid; and the unemployment or underemployment continues to rise at a frightening rate among two-thirds of the world's population. So the Nairobi talks really do matter to us all.

London Times, May 12: The Soviet Union was also ready to discuss with the developing countries mutually acceptable solutions to the debt servicing and other financial problems of the developing countries. (Soviet Trade Minister) Patolichev complained that discrimination was still applied by rich countries in their trade with the socialist countries. To promote wider trade, his country was prepared to consider wider use of the transferable ruble in settlements with the developing countries.

Financial Times of London, May 14: "UNCTAD Deadlock Over Debts"

The crucial question of alleviating Third World debt, now running near \$140 billion, ran into heavy weather today at the first meeting of the negotiating group on finance There was little indication of how far the Western nations are prepared to go in the question of debt rescheduling with the EEC countries maintaining a tough front against the radical demands of the developing countries, but perhaps not quite as tough as the U.S.

Third World

India

Samachar (Indian government news agency) as printed front-page in the **National Herald** and **Patroit**, May 10: In one of the ministerial ... Guyana's Foreign Minister Frederick

Wills called for the abolition of the International Monetary Fund and the creation of a new, international central bank. Will's proposal countered the U.S. proposal for an International Resources Bank, adding to the attacks from the developing countries on Secretary of State Henry Kissinger ... Wills also called for increased cooperation between the socialist and developing countries

National Herald, May 10 (editorial): "Dr. K Turns His Back"

Western officials and press have been sedulously preparing the Third World for disappointment The main opposition to the Manila Declaration, representing the agreed suggestions of the Group of 77 comes from the U.S. But Dr. Kissinger's performance at Nairobi has exceeded the worst fears of the developing countries ... (he) went ahead and suggested the establishment of a privately financed resources bank ... Apart from this his 10,000 word oration was completely barren, there being no mention in it of such urgent issues as debt relief The resources bank stinks in the face of the Group of 77

Mexico

Excelsior, May 7: "Henry Kissinger today condemned the economic policy of the Third World "the United States more than any other country can survive a period of economic warfare. We know how to resist confrontation and rhetorical attacks."

... The Secretary of State denied the support of his government for a compulsory code on transfer of technology; he belittled the Third World demand for global renegotiation of developing countries' foreign debt.

El Sol, May 10: it will be difficult to arrive at really significant agreements in regard to the common fund, a code for the transfer of technology, and new terms for the amortization of the foreign debt of the developing countries. There is no possibility whatsoever that the industrialized countries will accept a moratoria on debt payments.

El Sol, May 12: After 10 days of formal and extra official discussions between delegates of 153 countries it is difficult to see any immediate success Due to splitting tactics and the introduction of political aspects that have little or nothing to do with the conference, serious negotiations are already quite backed up Thanks to the Paris conference, the industrialized countries have been able to engulf the UNCTAD meeting in a cloud of smog, and there are no reasons to think it will disappear before the end of the month

The real tone of UNCTAD up until now has been imposed by Kissinger ... whose programs have been widely picked up by the industrialized countries.

Excelsior, May 11: The United States has launched an extensive campaign of political pressure to divide the poor countries and promote the package of proposals presented by Kissinger ... Ferdinand Marcos, president of the Philippines was designated by Kissinger to propose a secret meeting of a select number of heads of Third World delegations, to elaborate Kissinger's divisive strategy; the creation of a commission parallel to the UNCTAD session dedicated exclusively to the study of the U.S. proposals made

The meetings were aimed at neutralizing criticism and achieving some form of support for Kissinger's proposals. Ambassadors Walker of Jamaica and Arredondo of Mexico held a meeting today of the Group of 77 to restrain the Kissinger-Marcos strategy Ambassador Walker, Jama-

ica's representative to Geneva (told the Group of 77) there is a need to guarantee and strengthen the unity of the developing countries and, all negotiations must be multilateral, with the representatives of the developing countries, all the industrialized countries, and all the socialist countries. The delegates of Indonesia, Ivory Coast and Peru, as spokesman for the Asian, African and Latin American countries, all supported Walker

Guyana

Sunday Chronicle, May 9: Guyana's Minister of Foreign Affairs Comrade Fred Wills called on UNCTAD to put on record the concern at efforts which are being made to destabilize certain progressive societies, including states in the Caribbean through covert and overt techniques and the promotion of regional conflict

Calling for a fundamental restructuring of the central institutions of the international monetary and financial systems to make them more responsive to the needs of the developing countries, Minister Wills recommended that the Conference appoint an intergovernmental group of experts to identify appropriate steps for the establishment of an international central bank

Soviet Union

Pravda, May 10: (Tass Release): The first days of work of the UNCTAD IV testify convincingly to the resoluteness of the developing countries to struggle for the establishment of a new world economic order, based on principles of equality and justice.

The Keynan Minister of Finances and Economic Planning M. Kibaki remarked in his speech, that the consequences of the sharp economic crisis and inflation in the Western world have a pernicious effect on the situation of the developing countries, more than 80 per cent of whose income comes from the sale of raw materials. In connection with this, the minister expressed the hopes that the Nairobi conference would adopt practical measures for the fairer distribution of income from international trade and liquidation of inequivalent exchange, which characterizes the relations between the capitalist and the developing countries.

Pravda, May 11 (text of Soviet Premier Alexi Kosygin's telegram to the conference): The present UNCTAD session has convened in a situation which is favorable for the constructive discussion of urgent questions of world trade and development. This situation is created by the process of international relaxation of tensions and the turn from confrontation to broad international cooperation.

On its part, the Soviet Union intends to do everything possible for the further normalization of international relations, and the realization of detente in concrete forms of mutually beneficial cooperation among states

... We hope that the UNCTAD IV session will make a tangible contribution to the establishment of genuinely fair and equal international economic relations. The Soviet government wishes the session's participants success in this matter.

Pravda, May 12 (TASS release): The participants of the UNCTAD IV session, taking place here, listened with great interest to the speech of the head of the Soviet delegation, Minister of Foreign Trade of the USSR, N.S. Patolichev Noting that the Soviet Union regards with understanding the complex and pressing problems which the states of Asia, Africa and Latin America face, the head of the Soviet dele-

gation spoke out in support of their resoluteness to free themselves from imperialist exploitation and control their own national wealth.

Laying out the Soviet position on concrete problems in detail, N.S. Patolichev indicated the readiness of the USSR to cooperate in a fundamental restructuring of the world raw materials market, in the creation of favorable conditions for the developing countries to expand their industrial exports, and in the formation of a technological capacity for these countries.

Developing particularly the questions of trade relations among countries with differing social-economic systems, N.S. Patolichev stressed that new possibilities in this regard were opening in connection with the results of the Conference on Security and Cooperation in Europe (CSCE) results which have a universal character.

Pravda, May 13 (commentary): The broad agenda (of the conference) includes the question of trade among countries with differing socio-economic systems.

The process of relaxation of tensions which is taking place in the world already now makes it possible to consider

fulfillable the long-ripe task of abolishing discrimination and all artificial barriers in international trade, and liquidating all manifestations of dictates and exploitation in international relations. This task, as is well known, was included in the program of further struggle for peace and international cooperation, for freedom and independence of peoples, approved by the 25th Congress of the CPSU.

.... In the progressive circles of the young independent states, it is considered an objective necessity to consolidate political, economic, trade, and scientific-technological ties with the Soviet Union and other countries of the socialist community.

In the recent period, Western attempts to lull the vigilance of the peoples and governments of the young states have been evident, attempts which employ various petty diversions and promises of financial and economic aid However such maneuvers don't fool anybody. In the countries of Asia, Africa and Latin America, there is growing conviction that the establishment of a new world economic order requires above all rejection of obsolete relations, characteristic of the colonial past.