

way of getting some of the Latin American countries together with common purposes. And, of course, these ideas could be expounded to other countries of the hemisphere which will not be participating directly in the celebration, but which have the same difficulties.

**EIR:** Do you expect something major to come out of that summit?

**Lloreda Caicedo:** You never can tell. I can't give you an advance on that. It depends on the possibilities of the presidents to really present very effective proposals. I think it's going to be an important meeting. I don't know what you would call "major decisions," but in as far as what has been done and what can be done, I would expect important decisions from that meeting.

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## Interview: Egypt's Economics Minister

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# 'It is now time for the world to act'

*Egyptian Minister for Economy and Foreign Trade Moustapha El Saeed, head of Egypt's delegation to the UNCTAD VI Conference was interviewed by EIR in Belgrade June 10.*

**EIR:** Faced with the tremendous debt burden in Latin America and other parts of the world, there is a growing recognition, including in the United States, that it is very possible that part of this debt will have to be written off. A member of the U.S. National Security Council, Norman Bailey, indicated this in a speech he gave May 17 at a monetary conference in Brussels.

**El Saeed:** We are meeting at a time when there is a greater recognition of the mutual interdependence of the world. The advanced countries themselves are facing their problems. They have to encourage their exports. Developing countries now are becoming important customers. About 44 percent of Japan's total exports are imported by the developing countries; and for the United States, I think the figure is about 34 percent. In the last few years it was possible to finance exports through giving more loans—official loans from governments or private loans from banks.

Now, due to the increase of the world's debt, the whole international indebtedness, and, due to the failure and even default of many countries, private loans are not expected to be available in the same quantities and at the same rate as they were before. Therefore, you have proposals from people, as you mentioned, [from] Bailey or others, who say we

have to write off the old debt and start again. The basic aim is to find ways to facilitate the movement of exports from advanced countries to developing countries.

**EIR:** Your president, Mr. Mubarak, has basically given the answer for a way out for both the North and the South in his speech here June 9. He proposed to build large regional development projects and to create a new world bank for development, which would design and finance such projects with the participation of the industrialized countries. This would create a tremendous upsurge.

**El Saeed:** We are saying that the advanced sector, to facilitate not only the development of the developing countries but also for their own recovery, has to provide the developing world with more loans so that these nations will be able to establish those regional development projects. This is the most important point. It is not a question of charity. It is a question of mutual interdependence.

For the recovery in the West and advanced countries to gain momentum, they have to take care of the development objectives of the developing countries, because the interlinkage of the two groups is becoming great. You can't go ahead with your recovery unless you export more to the developing countries, and unless the developing countries are able to absorb more of your exports. You either have to write off the old debt and start to provide new loans, or you have to create a new international division of labor with less protectionism and more liberal movement of goods from developing countries to the industrialized countries. This is the dilemma which the world is facing, and here at UNCTAD there is more recognition of this. It is now time for the world to act. Even at Williamsburg the question of interdependence of the world economy is recognized.

Although the world is now becoming more and more convinced of this argument, it remains to take concrete steps to achieve this. And here lies the importance of the proposal of Mr. Mubarak yesterday, calling for summit meetings between developed and developing countries so that they can sit together and try to find ways and means to implement great projects. Here lies the importance of the question of creating a new bank in order to finance those regional infrastructure projects which would help all the countries.

**EIR:** Can you give some examples concerning these regional development projects?

**El Saeed:** Take an example: A highway from Egypt to West Africa. The problem is that we are not able to trade with Senegal, Nigeria, or with Ivory Coast, and the shipping lines are not regular. You have to ship your products to Marseilles, to Naples, and then change ship or boat going to Nigeria and Senegal. The cost is high, the time is long. You could not compete with commodities coming from the West, although the production costs are cheaper.

But if you have a road from Cairo crossing the desert

through Chad, Niger, and so on, then you can create a lot of movement of people, commodities, and so on. If you take the Nile River, for example, it needs many projects to preserve water and to increase the availability of water for irrigation. Also, at the Congo River, we can build a lot of energy projects generating electricity.

**EIR:** What about the Quattara Depression?

**El Saeed:** We did not yet come to a definite conclusion regarding its economic feasibility. . . . If you can generate more electricity through a nuclear power station or by hydroelectric projects at the Nile, or through other projects, then you have to make your calculations to come to a feasibility study which is convincing.

**EIR:** Let us go back to the debt problem. There is a growing concern in Latin America about the debt. The idea is being discussed that several Latin American countries should form a club of debtors, or a debtors' association, to use the debt as a means of pressure. Will your country support such a group of debtors if it comes into existence?

**El Saeed:** You mean a club of debtors [formed] in order to protect themselves?

**EIR:** Yes, to negotiate collectively with their creditors.

**El Saeed:** As a matter of fact, I began to feel that the debtors now are in the stronger position. It is the creditors who try to find ways and means how to solve these problems. Of course, it may even be in the interest of the creditors if such a club is formed, to discuss and find agreed-upon means how to repay the debt. It is clear that the debtor countries—above all the major ones like Brazil, Argentina, Mexico, Poland, even Yugoslavia and France in a sense—given the structure of their economies and foreign trade, are unable to pay this huge amount of debt without going bankrupt completely. If their economic development is stopped, how can they generate more for paying their debts? I mean it is really a problem of the creditors more than a problem of the debtors.

I think that unless something completely new and unusual is done, either by writing off the debt or a large part of it, or by investing in certain export-oriented projects, which can bring in initial capital, and which can generate profits that can be used to pay for the old debt, this problem cannot be solved. Something should be done.

But it is a problem for the creditors more than for the debtors. And certainly the formation you talked about may well serve some purpose.

**EIR:** We discussed before the Global Infrastructure Fund [proposed by the Japanese]. Do you think Japan could play a special role as a bridge between North and South?

**El Saeed:** Definitely. Japan, if it has the will, can play an important role, because it is after all a rich and dynamic country. It has good relations with the Western countries and

is acceptable to the East as well. But always Japan is hesitant to take the initiative on such international questions. They prefer to wait, watch the others, and then join in.

**EIR:** But they brought a huge delegation of 70 people to this conference.

**El Saeed:** Yes, because they are interested in world trade and development. Japan is exporting more to the developing world than any other country. Forty-four percent of Japan's exports are to the developing world, so Japan is interested. And, of course, if we have such a bank, which is going to carry out such huge regional projects, the advanced countries will benefit. Some of the companies will also benefit, because they will carry out those projects. By opening new fields of development as a result of those huge infrastructure projects, of course there will be a chance of those developing countries to buy more. These are things which are of advantage for everyone, and we are hoping that Japan will play its role and will participate by putting in more money to create such projects.

**EIR:** One last question on the subject of military policy. President Reagan announced on March 23 that the United States will change its military policy from offense to defense. With the development of defensive laser beams which could destroy incoming missiles, the era of mutually assured destruction and nuclear terror could be left behind. In addition, the development of these defensive laser weapons could have an extremely productive effect on the economy, comparable with that of the NASA project. Do you regard this as a positive development?

**El Saeed:** As we all know, the development of arms technology is great, and all countries, in addition to the weaponry which they produce for attack, are trying to produce at the same time weaponry to defend themselves and to destroy any offensive weapons that may be directed against them.

Whether the United States is emphasizing more the defensive, rather than the offensive, remains to be seen, since the question is whether this emphasis will be at the expense of the offensive or in addition to it. The Eastern countries and the U.S.S.R. are developing the two types of weaponry, so these two things go together. At a certain time, you may put more emphasis on the offensive, and at another time, when the balance is destroyed, you come back to put more emphasis on the defensive. But certainly you could not confine yourself totally to the defensive, ignoring the offensive kind of weaponry.

What is the impact of each type of weaponry on the economy? It is a matter of technology. Maybe a certain type of defensive weapon has a greater impact on the economy than another type of offensive weaponry. From the technical point of view, it is difficult to say that one type of weaponry will have more impact. You have to have precise information on the type of technology you are talking about.