

Call for an International Development Bank

New Solidarity publishes here excerpts from USLP 1976 Presidential candidate Lyndon LaRouche's call for an International Development Bank to replace the bankrupt International Monetary Fund and World Bank.

We propose the immediate establishment of an International Development Bank as a three-way agreement among the three principal world sectors, the industrialized capitalist sector, the so-called development sector, and the socialist countries. The Bank would discount letters of credit and bills of exchange authorized by treaty agreement among nations and self-constituted groups of nations, and would thus act as a rediscount bank for those other letters of credit and bills of exchange generated in the course of supplying needs of final commodities producers producing for bookings issued under relevant international development bank treaty agreements.

For example, several key developing sector nations have demanded that the industrialized sector negotiate interlocking agreements concerning three items: energy, raw materials, and food. Our essential criticism of this agenda is that is included only three principal items, instead of the necessary four. The fourth item should be "development." Our remarks concerning this example are not conjectural, provided that suitable initiative proposals are generated by significant forces of the industrialized sector, key forces within the so-called "Third World" will be prepared to immediately begin working negotiations along the lines of such a four-point form of general treaty agreement with the industrialized sector.

On the basis of our own organization's studies, and our discussions of these studies with governments and leading political forces within the "Third World," we have determined to the point of certainty that the activities of an International Development Bank in connection with present wishes and consumption capabilities of the developing sector would be sufficient to generate a higher rate of industrial expansion in the advanced sector than has been seen during the most prosperous intervals of the past quarter century.

The feasibility of this proposed program demands understanding of certain often neglected ABC's of Political Economy. Without understanding those principles, we should all be hopelessly caught in the worst disaster of human history.

The basic fact on which all political economy depends is the characteristic feature of economy. That is, that a proper consumption of means of production and means of personal consumption generates levels of output in excess of the prime costs incurred. The second basic fact, essential to this solution, is that all general development, including industrial development, depends upon creating a basis for growth in an abundant supply of adequate nutrition at relatively low social cost. To the extent that these two principles are observed in practice, and advancing technology emphasized to that end, it is feasible to generate very large

amounts of long-term credit without inflationary effects.

We emphasize that a combined concentration on both industrial development and expanded food production are the absolute imperatives for this period. To the extent that long-term development credit to the developing sector places priority emphasis on rapidly increasing the amount and social productivity of world food production, any amount of credit can be issued over a 10 to 15 year term ultimately payable in expanded food, in increased masses of productive labor, and in the social productivity of human labor generally.

The immediate problem the new bank will face is this. In addition to the immediate potential for substantially increasing agricultural output and productivity generally, there are three regions of the developing sector which represent massive opportunities for increases in agricultural output. One of these, the Rio de la Plata region of South America, offers short-term major benefits for development as an agro-industrial region. The other two, the Sahel, and the India-Bangladesh-Pakistan region, represent potentially major world food-producing regions, but will require 10 to 15 years of massive engineering efforts and development to approach their enormous surplus potentials. Therefore, our problem is to provide a level of development equivalent to approximately a quarter trillion current transferable rubles annually, concentrated on low-interest loans and grants with a typical maturity in the order of ten to 15 years required for loans.

The apparent difficulty of conducting such programs is only apparent and not actual. To the extent that the industrialized sectors can generate large surpluses in excess of immediate reinvestment requirements within that sector, that portion of surplus can be issued as credits and grants without adverse economic effects. The only real problem involved is that of raising the gross level of industrial outputs to the scale the indicated undertaking requires. To give some measures of feasibility, the following comment should be considered.

Provided that Rockefeller and company do not take police-state measures to prevent this, the U.S. Labor Party will become the U.S. Government by a plurality of 33-35 per cent of the total vote cast in 1976. Under a Labor Party government, the U.S. can rapidly generate a 25 per cent annual growth in the rate of its sectoral contribution to the world economy, and can therefore readily contribute in the order of 200 billions of dollars in 1976 to world development. For example, our present pending legislation proposing an increase of U.S. tractor output capacity from one to five millions annually — through conversion of auto capacity — is eminently and immediately feasible over a two year period.

To grasp the political feasibility of this proposal, the following points may be considered.

Firstly, within a very short period — barring thermonuclear war provoked by groups around Rockefeller — the world will experience a financial catastrophe without precedent. Since — as all informed observers now recognize — the Rockefeller and allied forces are organically incapable of developing competent programs to deal with the present economic situation, the proposal identified here today will be the only practicable alternative on the table for use by billions of people in desperate need of immediate and effective actions.

Secondly, the type of included "Third World" agreements we have cited are either presently desired by major forces of that sector or are otherwise readily acceptable to the overwhelming majority of other forces in that sector. Furthermore, there is nothing in the proposal which is objectively unacceptable to the governments of the socialist sector.

In short, as we have emphasized earlier, the alternative is practically and politically feasible in terms of a majority of the world's population and leading institutions.

It might be noted that the Labor Committees and their immediate allies are socialists. Consequently, it would be assumed that capitalists generally will not only reject but strongly oppose recommendations from such a source. This overlooks the not unimportant fact that the present situation facing the capitalists leaves them no alternative but to either accept the gist of our proposition or to jump from the nearest tall building. There is no practicable alternative.

The fundamental issue between us and the

rational capitalists will center on the issue of future repayment of the categories of debt put into a moratorium "deep freeze." This is an intriguing issue. First, without a debt moratorium the capitalist system will collapse into chaos within a short time anyway. However, if the moratorium is prolonged for several years, that continuation represents a de facto expropriation of major financial holdings. The solution to this paradox lies within the realm of democracy! Let us see how the majority of the population votes on the question of repayment of suspended debt two years ahead. We are confident of the results of that vote. We permit rational capitalists to offer their own speculations on that same issue.

In practice, whether or not rational forces among capitalists accept this proposal or not, the implementation will be forced by working people and farmers throughout the capitalist sector. The key to that at this moment lies with two political labor organizations of the industrialized capitalist sector, the Labor Committees and the Communist Party of France (PCF). Provided that the Labor Committees and the PCF publicly concur in a policy-resolution to this end, the majority of the working people's and farmers' organizations will rapidly form united organizations around such proposals. Secondly, public agreement between the Labor Committees and PCF on this matter will be sufficient to prompt early supporting action by a majority of "Third World" forces. This proposal is therefore no mere speculation on possible alternatives, but the most important economic and political topic on the world's agenda at this moment.