



Special Report

# NEW SOLIDARITY International Press Service

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## Guayana's Foreign Minister Proposes To Replace IMF

### The Battle For the IDB At Nairobi

May 16 (IPS) — Speaking to the May 7 plenary session of the United Nations Conference on Trade and Development, (UNCTAD) now meeting in Nairobi, Kenya, the Foreign Minister of Guyana Fred Wills proposed that the conference appoint an intergovernmental group of experts to “identify appropriate steps for the establishment of an international central bank” to replace the bankrupt New York financiers and their International Monetary Fund.

The proposal for a new, world financial institution is a further step forward out of the debate of generalized debt moratorium which is the central issue at the UNCTAD session. Attempts by U.S. Secretary of State Henry Kissinger and his State Department thugs to provoke division in the Third World, thereby avoiding the debt question and wrecking the conference, have failed. The conference debate about what to do about the Third World's \$120 billion debt began in the finance commission two days ago. All indications are that the Third World is maintaining a firm commitment to the demand for a generalized debt moratorium — a policy which Kissinger has said he rejects out-of-hand. Guyanese Foreign Minister Wills first put forward a call for the liquidation of the International Monetary Fund and the establishment of a new, international central bank at the pre-UNCTAD Third World meeting in Manila, this February. With his statements, Minister Wills is now pushing the plan one step closer to realization.

The Guyana proposal closely approximates U.S. Labor Party Presidential candidate Lyndon H. LaRouche's call for a “series of working seminars” to agree on basic measures for implementing an International Development Bank, as proposed in a special IDB Memorandum recently published by IPS.

The Labor Party's International Development Bank solution for the current 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 proposal is taking place behind-the-scenes. Developing nation discussion of the IDB have emerged publically in the form of the Wills proposal.

The Government of India this week expressed its strong support for the Wills proposal. A lengthy report on Wills speech was carried by the government news agency Samachar, and given front page coverage in the Indian government-linked National Herald and the left wing Patriot.

In Nairobi, the Indian delegation to the UNCTAD session

has denounced the “commodity indexing” schemes pushed by Kissinger. The delegation was backed by major editorials in Indian papers, which said that Kissinger proposals for an International Resources Bank “stinks.”

In his plenary speech, Foreign Minister Wills also strongly attacked Kissinger's “political method” by linking the necessity for the establishment of new financial institution to the fight against attempts by “international agencies” to destabilize the progressive governments in the Caribbean, including Guyana and Jamaica. Wills called on UNCTAD to go on record against such “destabilizations” and the promotion of “intra-regional conflicts” — an explicit denunciation by Kissinger's approach to controlling the Third World and Latin American trip in particular.

#### Debt The Main Issue

The Wills proposal has thus far been the high point of the ten day old conference, giving the pro-development delegations present with the political weapon to immediately free the Third World and Western Europe from the stranglehold of the dollar-based IMF. The developing countries have indicated support for the concept by holding firm in their demand for a generalized debt moratorium — the first step that must be taken in the establishment of a new international credit institution.

The conference finance commission debate on debt however has thus far been deadlocked according to numerous press reports, as the Kissinger-controlled delegations from most of the capitalist nations have refused to accept the Third World's demand for debt relief. The Mexican daily El Sol, reflecting the views of Mexico's President Echeverria, reports that there is “definitely no possibility” that the capitalist countries will agree to the developing sector debt demands.

However all attempts by the Kissinger forces to push a “case-by-case” approach to debt “relief” — in which the IMF isolates a country and imposes Schachtian-fascist austerity terms in return for a partial debt rollover — have been rejected by the Third World.

The Mexican and Indian press agree that the major issue of confrontation at the conference is the debt moratorium issue. In its May 10 lead editorial, the Journal of Commerce reluctantly admitted that a drive for debt moratorium had to be expected. The Journal characterized Kissinger's IRB and related “proposals as an attempt to deflect” that drive. The attempt, the Journal reported, “so far as we could determine, satisfied nobody.”

Speaking at the May 7 plenary session Indian Commerce Minister Chattopadhyaya slammed the Wall Street “com-

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