

# What Jimmy Carter Is Up To On North-South Policy

by Daniel Sneider

To those developing countries demanding the establishment of a new world economic order, Jimmy Carter's Trilateral Commission government is offering a "renovated" old order. The most succinct statement of Carter policy was put to an Indian development expert a few weeks ago by Carter advisor Orville Freeman, the head of Business International and former Kennedy Agriculture Secretary who may be named Ambassador to India. Freeman said that the new Carter policy would be the old Kissinger International Resources Bank package put forward at the IV United Nations Conference on Trade and Development in Nairobi in May 76, but "without Kissinger." As he explained it, Kissinger's proposal would have been accepted if only someone less loathed by the developing countries than Kissinger had presented it.

Two key documents indicate how Carter is refurbishing Kissinger diplomacy. One is the report of the Commission on U.S.-Latin American Relations, prepared as a transition statement for the Carter Administration. The Commission was chaired by Sol Linowitz who will be Carter's special envoy to the Panama Canal talks. Robert Pastor, the new National Security Council staff officer for North-South affairs, was Executive Director of the Commission staff and Treasury Secretary Blumenthal was a prominent member of the Commission. The other document is the draft report of the Trilateral Commission task force on "A Renovated International System," authored in part by Richard Cooper, the newly appointed Assistant Secretary of State for Economic Affairs. The men involved in these two reports will have most of the responsibility for Carter policy on the North-South issue.

## *Debt and the IMF: The Key Issue*

The essential core of the Kissinger-Carter International Resource Bank (IRB) policy is to secure the payment of the huge debt obligations of the developing sector owed principally to the New York banks and the allied Eurodollar market and, secondarily, to the International Monetary Fund (IMF) and World Bank. Carter policy is aimed to stop the two-sided threat of the large-scale default-moratoria by developing country borrowers, and Third World moves in collaboration with Europe, Japan and the Comecon to create a new monetary system. The consequences of a Third World success in that effort would be the financial and political bankruptcy of David Rockefeller's Chase Manhattan Bank and the other major New York commercial banks

loaded with Third World paper.

Carter's agenda includes not only the preservation of the existing monetary system but the expansion of the IMF's role to a supranational body centrally directing the economic policies of member governments. With respect to "international lending" and the "creation of new international reserves," the Trilateral report states: "It is desirable that the IMF increasingly evolve into a central bank for national central banks." With the policy of such a bank to be "agreed and operated by the leading five to ten countries," there will be no question as to what the IMF will do.

The IMF's role toward the developing sector, as the reports describe, is to function as a backstop for the New York banks, to bail out Chase Manhattan's bad loans and to enforce the austerity policies to ensure prompt and full payment.

The Linowitz report calls for increased lending by the IMF-World Bank: "With such expansion of public funds along with necessary domestic efforts to achieve stabilization, the role of private lending can be restored to its rightful, and significant place." Elsewhere the report says: "Contributions to the multilateral development banks represent an effective means for the U.S. to support global development, since the international institutions provide the financial framework within which the private capital markets can make their greatest contribution to development finance."

Just what that benighted contribution will be is quickly answered. While the IMF bails out the New York banks' loans, private capital will go instead into the IRB, which as Kissinger proposed will be an agency to finance the multinational corporations' raking in of raw materials in the developing sector. This is designated to ensure a proper level of exports to guarantee debt repayment.

## *The Commodity Issue*

Without substantial real capital investment, the only exports being discussed are raw materials and other such commodities. To accompany this aid program for Chase Manhattan, both reports urge that backing be given — selectively — to various forms of commodity buffer stock and support mechanisms to jack up commodity prices on a case-by-case basis, ensuring a flow of commodity dollars — coffee dollars, copper dollars, and so on — into Lower Manhattan. The only concern held by the Carter team is that control of such stocks and funds be exercised by their IMF dictatorship through the financing of such operations within an IRB framework.

### *What Ever Happened to Development?*

For Third World countries who somehow still hope for real industrial and agricultural development, Carter has something as well. After all the debt is paid, after all the raw materials are extracted, and cutbacks imposed on all essential services, Third World countries will be left with "self-sufficiency."

Austerity is the first prerequisite and here the Linowitz report has some valuable advice:

...the countries of the region must be given the opportunity to adapt to their accumulated debt by obtaining new public credits to facilitate essential imports and to permit lengthening of the debt profile. *In turn, the countries of the region must exercise appropriate financial discipline and restrain internal consumption...*

#### On "self-sufficiency":

The real responsibility for development and the resources which contribute most to it resides in the developing countries themselves. The transfer of resources between countries and the transformation of the international economic and political systems are of great importance in development, but unless appropriate domestic measures involving savings and investment policies...then the international mobilization of resources will be of little, if any, assistance to the development process.

The reports are also explicit about the kind of development they mean when no capital is available — the World Bank's 'labor-intensive' schemes which avoid the need for large-scale capital investment in industrial development.

On this issue the Trilateral Commission says:

Foreign owned firms have frequently been charged with introducing in appropriate technology into developing countries...But that has largely been a response to national policies in the host countries that distort the choice of production techniques, e.g. toward capital-intensive means of production...We should encourage further the tendencies that now already exist in forcing aid programs to shift the relative emphasis away from big capital projects in the industrial sector toward those activities mentioned above (family planning, agriculture, etc. — ed.) which alleviate poverty (sic) more directly and tend to provide jobs for more people, especially in rural areas.

### *The North South Talks*

With a picture of the Carter Administration's paint job on Kissinger it only remains to be seen how they intend to handle the immediate issues of the North-South conflict and the demands for the new world economic order. On the formal agenda are the fruitless Paris talks, the Conference on International Economic Cooperation (CIEC) which disbanded last December with a decision by the Group of 19 developing-sector representatives to wait for Carter and resume the sterile non-ologue in the

spring. At that time the word out in more gullible developing-sector diplomatic circles was that Carter would be "softer" on the demand for general debt moratoria which had deadlocked the talks.

Given the real Carter policy on debt, one could only expect that Administration approach toward Paris would be the same as Kissinger's — keep them talking and delay everything. In an interview, Pastor made that policy explicit: "It took the other administration four years to come up with a policy.... It's a long-term process. We're dealing with hundreds of different issues and each one of the issues is part of a long-term process."

As to whether the developing countries might not be impatient by now with this long-term process, Pastor confidently said, "As far as I can tell from the people I've spoken to, they understand it completely."

While this process goes on, there is a policy to deal with those cases in the developing sector who have an intransigent commitment to development. That policy is war and other forms of destabilizing pressure. The Trilateral document expends much effort to clothe this policy in a seemingly abstract discussion of the limits of national sovereignty in favor of "interdependence," their term for Trilateral Commission dictatorship. In applying this concept to the developing countries, the object of the threat is clear enough:

Some intellectuals, groups and governments in the Third World increasingly lean toward a strategy of disassociating North and South. Various suggestions at the 1976 Mexico City conference on economic relations among developing countries clearly express such goals, e.g., proposals for a developing countries payments union, the establishment of a joint development bank, preferential treatment, multinational corporations of their own, and so forth ... *the success of the extreme disassociation strategies will create a series of disturbances unpleasant for the industrialized world and probably even more harmful to the developing world...* A cutting of transnational links, however, or a rejection of existing relationships between developing and industrialized countries is likely to be more disadvantageous to the former than the latter.

The Trilaterals proceed to warn against any attempt to carry out development policies in accord with real national self-interest:

In developing countries, under pressure to make particular efforts to alleviate poverty, the desire for autonomy poses special difficulties. Anxious to assert their independence in all fields, they often tend to regard the types of accommodation and consultation necessary interdependent relationships as interference in their domestic affairs and an encroachment upon their sovereignty.

The public and leaders of most countries continue to live in a mental universe which no longer exists — a world of separate nations....

This is what passes for "policy" and that's all there is: debt collection by any means necessary.