
Conference Report

The Society for International Development presents McNamara policy in Baltimore

by Peter Rush and Lonnie Wolfe

The British Foreign Office-controlled Society for International Development (SID) held its 25th anniversary conference in Baltimore on July 18-22. Under the title "The Emerging Global Village," the Conference was intended to promote the notion of "one-world" interdependency, within which primitivism of the "village" ought to rule as the operative social ethic.

The economic correlative presented is to use the current world financial crises to force acceptance of a new world monetary institution exercising control over all international credit, and hence all Third World development, a proposal spelled out by former World Bank president Robert McNamara in a keynote speech. The "world central bank" proposed by McNamara and publicly seconded by several SID leaders would enforce a lending contraction that in reality would spell genocide for tens of millions in the developing sector.

The conference was intended to attract both leaders and "grass-roots" organizers in the developing countries, and bring them together with the hard-core zero-growth base of the misnamed SID in the United States and Western Europe. Fifteen hundred people attended, but Third World leaders were almost entirely absent, and outside of Africa, participation from other Third World representatives was also very thin.

The conference was run on two parallel levels, one emphasizing more traditional development issues such as aid, investment, and the necessity for the industrial countries to do more for the Third World, to appeal to the developing sector; and a second track for the "Aquarian Age" deindustrializers and opponents of development, who, it is hoped by SID's leadership, will eventually be able to destabilize the governments presently being publicly courted. These Aquarians are intended to congeal into the shocktroops of a new fascist world order in both developed and developing countries. Their proposals for "decentralization," "community organizing," and "people-oriented" actions emphasized the alleged evil of "Western" patterns of development and culture.

Club of Rome founder Aurelio Peccei was conspicuously absent from the conference, though he was scheduled to make two major presentations. The official word from conference organizers, and on a note circulated in Peccei's name, was that he was sick; reliable sources report that Peccei's invitation was withdrawn so that the Club of Rome's reputation in the developing sector would not "stink up" the SID conference.

The SID leadership and the Club of Rome have no principled policy differences. The Club of Rome, however, has been unable to sell its ideas to any but a handful of developing-sector leaders. It has been damaged severely by attacks on its genocidal policies by organizations associated with economist Lyndon H. LaRouche, Jr.

In 1981, the Club of Rome announced plans to build mass-based organizations in the advanced and developing sector, and especially in the United States. Though it attempted to repackage its "limits to growth" ideas with more positive rhetoric, the Club of Rome has failed to achieve any of its stated organizing objectives. Sources close to the SID leadership say that these failures led to the decision to distance themselves from Peccei and the Club.

McNamara's initiative

The principal effort of the Conference directed toward the Third World participants was McNamara's "world central bank" proposal. Coming in the wake of speech after speech about how the developed countries, especially the United States, could not be expected to do much more than the very little they are presently doing to aid the Third World, this proposal was billed as the best hope for these countries. Mahbub ul-Haq, long-time SID leader and former lieutenant of McNamara's at the World Bank, now Pakistan's Planning Minister, reiterated in open session that the most important feature of this proposal was the elimination of the dollar from its role as a reserve currency, and the

placing of the industrial countries under the same supranational monetary controls the developing countries now suffer under, all in the name of “fairness.”

A top official of SID's leading affiliate in the U.S., the Overseas Development Council, specified to a journalist that the new bank would “have the power to eliminate the right of sovereign nations to issue credit on their own behalf without [the bank's] approval adding that it “would impose the same kind of austerity on advanced-sector countries and the U.S. that the IMF imposes on the Third World. In that way everything appears much fairer.” He said the draft proposal had had input from the ODC, the SID, the World Bank, the British Commonwealth (whose Secretary-General, Sridath Ramphal, endorsed the proposal at the conference) and “enlightened bankers” (see interviews below).

To give the plan the appearance of the “best deal possible” to developing sector leaders, the McNamara speech was preceded by a hardline statement at a conference panel by IMF Vice President Azizali Mohammed that the IMF would mount no bailout operations for Third World debt.

The McNamara plan, first floated by the Brandt Commission over a year ago, was identified at the time by economist LaRouche and this magazine as a program for global fascism. Its main feature is an agreement to regulate all international lending through one central facility. This new facility would issue its own currency, a form of paper money similar to the IMF's Special Drawing Rights. The U.S. dollar would be dethroned as the world reserve currency, accomplishing a longstanding goal of the City of London.

The new facility would end the power of sovereign nations to issue credit through their treasuries and central banks without the approval of the bank. In addition, the new facility would ensure that credit—both private and government—would go only for projects that it approved.

The plan is being sold to gullible developing-sector leaders as “anti-North.”

In his conference presentations and more frankly in an interview with the *EIR* (see below), SID ideologue Dudley Seers discussed the political dimensions of the McNamara proposals. Seers, the “grand old man” of the SID who is associated with the British Colonial Office's successor, the Institute for Development Studies at Sussex University, attacked the “Global Village” theme of the conference, arguing that only supranational entities on a continental scale, reminiscent of George Orwell's 1984 conception, could function in the future. Seers described his own efforts to pull together the continent of Europe, by “digesting” southern Europe into the Common Market during the 1980s, and Eastern Europe during the 1990s. According to Seers, the ideal structure is a continent-wide economic dictatorship

subsuming political-cultural entities defined by culture and language, without economic sovereignty, a design reminiscent of the Persian and Roman Empires—and more recently the British Empire. Seers also evasions the disintegration of the nation-states of the Middle East and Africa, which would come under the same kind of control.

Fascism at the ‘grass roots’

The other effort transmitted at the conference was the establishment of the “Grass Roots Strategies and Initiatives” (GRIS). Since 1969, the SID has been trying to sell the Third World on the desirability of “appropriate [i.e., low] technologies,” meeting “basic needs” rather than fostering development, and local rather than national and international development efforts, with very modest success. In Baltimore, the GRIS was touted as a means to recruit tens of thousands of local community organizers into the SID orbit in both developed and developing countries, to be used in actuality to attack Third World leaderships still committed to “Western” patterns of development.

While GRIS, less than a year old, is still embryonic, the voiced intention is to recruit zombies from the “Aquarian Age” kooks touted in Marilyn Ferguson's book *The Aquarian Conspiracy*. “New Age Consciousness” and cognate buzzwords of the Aquarian kook culture rang from podiums in numerous panels on “alternative life-styles,” “new frontiers of science” and grassroots organizing. The longest applause of the conference was given to the lunatic Ivan Illich upon completion of his speech on the necessity to restore the subsistence economy and way of life of the pre-industrial peasant village.

Will it work?

There is every likelihood that the SID will continue its evolution toward a fascist organization. But the problem that has plagued the Society since 1969, the difficulty of recruiting developing-sector agents to be used to destroy the developing sector, was not overcome in Baltimore. Three *EIR* representatives repeatedly broke the brainwashing environment by intervening to present reality in the form of the proposals for low cost, long-term credit for high-technology development worldwide, and the highest level of classical education, advanced by *EIR* founder LaRouche. Many of the Third World attendees, especially the Africans, the largest contingent from the developing sector, had no trouble recognizing the SID for the destructive organization it is, and sought to find out more about the LaRouche alternative. It was clear by then that the battle to control the minds of Third World intellectuals and political leaders has been far from won by the British Foreign Office and its appendages.

Interview: ODC spokesman

From a July 30 discussion with a senior official of the Overseas Development Council, which disseminates the Brandt Commission program:

Q: Are you familiar with McNamara's plan for a new world financial institution that he put forward at the SID conference?

A: We had some input into drafting the speech. So did many people in the leadership of the SID and at the World Bank. These ideas are really what Mabub ul-Haq has been saying for some time, also people in the Commonwealth office and people in the international banking community, the more enlightened ones, and of course people like Ted Heath and Willy Brandt and that whole [Brandt] commission.

Q: He is making this proposal in the context of what many perceive as a growing debt crisis. . . .

A: I would like to caution you about this crisis or what people say about it. First of all, most people don't perceive [it] yet as a crisis, although it is a crisis. With all that debt out there, there is still no country that has defaulted, everything seems so orderly. But there is chaos inside the system. The debt burden has destroyed the monetary system. So I know that McNamara is coming from a different direction. He is among those visionaries who recognize that we have had no monetary system since August 1971, that we need a new Bretton Woods. We have been running on empty for too long. His plan is a realization of some of the ideas of Mabub about the need for a new banking system.

Q: If nothing has gone wrong with the IMF and so forth, why do we need a new institution?

A: The problem is the decision-making process and enforcement of order. . . . The major thing that the McNamara proposal would do is create a new world reserve currency to replace the dollar. It would eliminate the power of the United States to dictate international economic policy and place it in a better forum than the IMF, this new institution. The new institution would also have the power to eliminate the right of sovereign nations to issue credit on their own behalf without [the bank's] approval. It would impose the same kind of austerity on advanced-sector countries and the U.S. that the IMF imposes on the Third World. In that way everything appears much fairer. . . .

Q: At the SID conference, IMF Vice President Azizali

Mohammed said that the IMF could not mount a bailout, even as large as the 1980 bailout, of Third World problem cases, nor did they politically desire to do so.

A: It is the last point that is important. You will have to look to the IMF board of governors' meeting in September to see how far they are going, but the IMF is definitely interested in provoking controlled crises to shake things up, to sound alarm bells about the debt situation. But the IMF is not credible as an institution to carry out these policies. It does not appear democratic enough for the developing sector. It can't be overhauled, so we need a new Bretton Woods.

Q: What would it take to get a new Bretton Woods?

A: You need a combined political and financial crisis to get people to accept a radical change. Until the financial crisis takes on the proportions of a Beirut, you won't have any motion. If one country goes over the edge, you'll try to solve that situation with a bandaid. If some banks are hurt in the United States, if they go under, well, that's a domestic or regional problem, so you solve it locally. You need a big fireball. But there are problems with that. . . . If things get too chaotic, what happens if the developing sector says, "Screw it all, these guys in the North don't know what to do. Let's have a new world economic order on our terms," and they declare debt moratoria. Then you have a mess that becomes difficult to work out—too many intractable positions. The crisis must be managed before it gets out of hand, but it will get sharper before there is any hope of action.

Q: Do you think there is a real possibility of Third World debt moratoria?

A: It is greater now than it was before, but it is still remote. It is more dangerous a possibility as the crisis grows sharper. The way such a thing would have to work is that all the Third World countries would have to do it. If any one or two did it, the banks would sink them.

Q: What would be the response of the North?

A: If they all did it, if the South said, "We won't pay and we won't listen to the IMF and now what are you going to do," the North would s--- bricks. Then they would maybe offer the McNamara proposal. And they would hope like hell that the South didn't know precisely what it wanted.

But let me go back to the question of how to get a new Bretton Woods, because I don't like thinking about a total Third World debt moratorium. The real problem is the United States. There are bankers that support the idea, but the problem is the government and more specifically the White House. They are totally uninterested. They hardly know the developing sector exists, except when there is war there. That is the problem—they will sit on their ass over in the White House until they get

their ass burned.

The thing that will shake them up is Mexico. You can take seven countries in the developing sector and push them over the edge, and the White House might not notice, even with United States banks screaming. But if one of those countries is Mexico, then it is a different story. Mexico is the only Third World country that Reagan knows exists. So the easiest thing is to force Mexico to the edge and that is already happening. That would panic people. You get a crisis in Mexico caused by their debt problems and their poor development policies, you plunge the country into chaos right on our border, and you have several other countries close to the margin as well, then you get people screaming for a new Bretton Woods from all sides. It is already starting to happen in Mexico, like I said. Just read the newspapers or look at the TV. It is going to get much worse. That will ring the bells in the White House. Mexico alone could do it.

Interview: Sridath Ramphal

From an interview conducted by EIR's Peter Rush with Sridath "Sonny" Ramphal, Secretary-General of the British Commonwealth, on July 20 at the SID conference.

EIR: There have been numerous articles in the Latin American press recently about the possibility of a debt bomb, where Latin America would use its debt situation as leverage to force some kind of debt reorganization. Have you heard any discussion of this kind of possibility?

Ramphal: I believe that the established agents in governmental positions are refusing to come to grips with the problem of international debt, and it is in that kind of vacuum that all kinds of approaches, some of them quite scary, will emerge. We have all been trying to emphasize the enormity of the debt problem, that there should not be a conspiracy of silence, which is the normal bankers' reaction: "Don't talk about it, it'll only get worse." But everybody knows that it is so bad that you know you have to talk about it because you've got to do something about it. We should come to grips as an international community with the enormous volume of debt. Otherwise, you will respond to one crisis today, say Poland, somebody else tomorrow, and you can handle a few; and then bang, there will be a crash, and you'll be back in the 1930s, and this is a situation in which we ought to be more intelligent.

EIR: What solutions do you see?

Ramphal: I think we have to impress the international community—this is what the Bank of International Settlements was saying—they are after all virtually the central bankers to the world banking system, and they were saying things are getting out of hand. But what to

do about it is the question.

EIR: What about debt renegotiation?

Ramphal: The banks wouldn't make that suggestion . . . I haven't got a blueprint, but the next step is, having recognized it, for North and South, creditors and debtors, together to sit down and recognize that we've got to negotiate this thing on a global basis.

EIR: Was Mr. McNamara's proposal the first you'd heard of his new bank?

Ramphal: No, the idea of an international central bank is one that the Brandt Commission has specifically proposed. However, I was glad to hear Mr. McNamara, I thought, in effect, endorse it. We think this is an important development.

EIR: How would the central bank actually work?

Ramphal: Again, it's a matter for negotiations. But the concept that just as a financial community at the national level needs the regulatory agency of a national central bank, so increasingly in an interdependent world we need a regulatory agency or an international central bank, properly structured, professionally run, so as to save the world from these recurring economic crises.

EIR: But how would it deal with these obvious questions of national sovereignty over currency?

Ramphal: I think that is the real challenge that faces us in the '80s and beyond. We have to come to terms—the Third World in particular, those with newest sovereignty, are most jealous of it—with the fact that we're living in a different kind of world, interdependent. . . .

EIR: How would the currency be differentiated from SDRs, for example?

Ramphal: Well, SDRs are clearly something for which the time has come. The Brandt Commission made it quite clear that they thought SDR should be used more effectively, and they are under the control of the IMF.

EIR: How would the currency of the central bank be different from SDRs?

Ramphal: No, it would be akin to SDRs.

EIR: Would it be like the IMF's SDRs?

Ramphal: That's right.

Interview: Dudley Seers

From a July 19 interview with Dudley Seers, a British subject and guiding light of the SID, conducted by Peter