SPECIAL REPORT

Kissinger Retools "Zero Growth" For Soft Approach To Third World Genocide

Oct. 23 (NSIPS) — When Henry Kissinger addressed the United Nations General Assembly this month he simultaneously threatened reprisals against developing nations inclined to take unilateral economic actions against the U.S., at the same time promising "fresh initiatives" at the Paris Conference on International Economic Cooperation (CIEC) — North-South talks. While Kissinger's terror operations against Third World countries have been evident since last summer, a preview of his new negotiating initiatives appeared only last week with the simultaneous publication of Harvard economist Wassily Leontief's **The Future of the World Economy** and the RIO Foundation's **A Report to the Club of Rome**.

The RIO Foundation, a front for the discredited zero-growth pushing Club of Rome, is directed by Jan Tinbergen and funded by the government of the Netherlands. Its report summarized the recent work of 21 so-called experts in international politics and finance and made recommendations for action towards a new world economic order. The end result does not differ one iota from the genocidal intention of the **Limits to Growth** which the Club itself published three years ago. This time however, the road to starvation and genocide is lined with anti-imperialist slogans and big character posters proclaiming the virtues of self reliance.

The Leontief report, sponsored by the United Nations and funded by the government of the Netherlands and the Ford foundation, is a computerized input-output global model to monitor global austerity to be implemented through drastic cuts in consumption in the developing sector and slower growth in the advanced economies. Here the avowed purpose is a pious wish to equally redistribute the fixed pie of the world's wealth.

The surprising element, however, is neither Kissinger's "hard cop-soft cop" routine nor the content of the reports. Leontief, after all, helped Rockefeller's Initiatives Committee for National Economic Planning (ICNEP) to float its "Fascism with a Human Face" trial balloon a year ago, an effort which was grounded by the U.S. Labor Party.

What is surprising is that Houari Boumedienne, the president of Algeria and a leader of the Non-Aligned movement, is sponsoring a conference this week where the RIO report—billed as the future negotiating paper for the developing sector at the North-South talks—will be discussed by representatives of the Third World and other major nations and institutions. Among them are Jan Pronk, the development minister of the Netherlands, Peres Guerrero, foreign minister of Venezuela, Gamani Corea of the United Nations Conference on Trade and Development and Igor Gvishiani, the son-in-law of Soviet Prime Minister Kosygin. A month ago, in Paris, the developing nations put on the table their most explicit proposals demanding a debt moratorium and a workable new international economic order (see documents below) and despite Kissinger's destablization of key Third World countries, assassination attempts and outright atrocities such as the terror-bombing murder of 73 Cubana airlines passengers, a number of developing nations are ready to cooperate with pro-development forces in the advanced sector around a program styled on the USLP's International Development Bank. But acceptance of the genocidal proposals of the Club of Rome and Leontief — even for discussion — will set up the developing countries for case-by-case defeat by Kissinger.

Genocide by Any Other Name

Last April, after a three year long intensive campaign of the Labor Committees and a number of developing countries against the criminal insanity of the Club of Rome's zero-growth perspective a change of tactics was announced at a Philadelphia public meeting of the Club. At that time, David Rockefeller personally admitted that Americans would not buy ideas that worked against progress. At the same time, Aurelio Peccei, president of the Club suddenly discovered that there were no absolute "limits to growth" after all. Since then a number of zero-growth advocates, including Herman "Megadeath" Kahn of the Hudson Institute, have published books and papers that clothe the old genocide proposals in rhetoric which pays lip service to program, growth and development.

The latest variant of this retreaded line asserts that the "limits to growth" are not around the corner, what's bad is uncontrollable growth. With a carefully monitored "organic growth," however, the world can achieve a more equitable distribution of wealth before the so-called limits to growth are reached. Having made this discovery, the 350-pound Herman Kahn, who has to pass through doors sideways, recommends the population of the developing sector needs no more than a starvation diet of 2200 calories a day. George Ball, who has just been shown to the door of Lehman Brothers in a top-down political purge, uses the same line of reasoning in his latest book to come up with his own brand of Third World genocide.

The RIO Report

According to the RIO Foundation report to the Club of Rome (RIO stands for Reshaping the International Order), the first and most urgent international task is to lessen inequalities between the developing and developed nations at all costs. Once these inequalities are settled, negotiations around global growth, and global management can begin. There are three ways of dividing the "fixed pie" of international wealth, says RIO, if the viability of Wall Street's debt collecting mechanism is to be preserved:

Alternative B

-The limit to world food production is less stringent than in section 6.3.3 (i.e. more than 3 per cent growth per year)

-Third World countries can achieve per capita income growth rate of 5 per cent per year.

-The growth in per capita incomes in the industrialized countries maintains its present rate (3 per cent per year).

-The low population forecast of the UN are assumed. Then the decile ratio between the world's richest and poorest could be reduced from 13.1 to 13.2 over a 42 year period.

Alternative A(ii)

-3.1 per cent food production growth per year.

-5 per cent growth in per capita incomes in Third World countries.

-A growth rate of only 1.7 per cent in the industrialized countries (approximately half the existing rate so as to attain zero growth in 40 years).

-A population growth of 0.1 per cent less that the 'low' UN forecasts. The ratio could then be reduced to 13:4.

Alternative A (i)

The same ratio of 13:4 could also be obtained over the 42 year *period on the basis of the 'low' UN population forecasts, although in this case, assuming a 3.1 per cent growth in food supply and 5 per cent growth for the Third World, the growth of per capita incomes in the industrialized countries would need to be limited to the order of 1.2 per cent per year.*

Who in the world would be around to collect the debt if such a plan were to last for even one year? What is necessary for humanity to survive — once the debt which is gutting productive activity is dumped — is to secure the standard of living of present-day U.S. skilled worker for four to five billion people, raising overall industrial and agricultural production by 20 per cent within this decade. During the same period the majority of the world's peasant population must be upgraded through training to the skill of a modern industrial worker. The only stragegy which can realize such rates of development is one that uses the most advanced technologies available in the industrial countries. This would realize an even greater increase in the rates of growth of industrial countries than the past dismal trends. Development and growth in the Third World will take place in a concentric circle fashion around selected agricultural and industrial foci created by an increased inflow of advanced machinery and technology from the developed sector. It is not a question of trading off development in the advanced versus the developing sector.

In the industrial sector, then, what is needed is an increase in the standard of living to free the population for the new industries of a fusion based economy. With such a combination of developed-developing sector capabilities world growth rate will immediately rise to 15 per cent per year. This will be a sufficient rate to provide a decent standard of living for the entire world's population and prepare the transition to a global fusion-based economy. Any of the Club of Rome alternatives spell **genocide.**

The Club's "Planned Change"

The cornerstone of the Club's transfer of wealth from developed to developing sector is the Brookings Institution-authored and UNCTAD-sponsored commodities cartel swindle. Through such a program, nations would raise prices for their raw materials — control its **own** resources, close the resources gap with the advanced countries, and "grow endogenously."

Before the April changeover, Aurelio Peccei praised cannibalism as a means of survival; in the RIO report the same bestial notion is clothed in academic language. It's now called "endogenous growth." Starting from abstractly defined notions of freedom and political democracy ("Freedom must be viewed as the maximum compatible with that of others," etc.), the report arrives at the conclusion that the way to an equally abstract "humanistic socialism" is through "self-reliance...and...endogenous development." As to what self-reliance is, RIO gives a hint on p. 70: "...new development strategies must encourage recycling, especially at the local level; animal and human excrement can be used, a possibility that would enhance the opportunities for local self-reliance."

A notion of political democracy and freedom that is not situated within criteria for technological progress and accompanying forms of improved cultural and private life which only realized technological progress makes possible, leads again and again to recommendations for labor intensive projects, inefficient and ineffective thermal, tidal and solar energy sources and a fear of new technologies. Science and technology, which have made human existence possible, are frightening to the Club of Rome, phenomena to be controlled: "The control of technological development is in many ways more important than economic planning, since the uncontrollable use of technology preempts future economic options."

The demagogic arguments that the report uses to co-opt the developing nations to a suicidal notion of "self-reliance" — such as the absolute sovereignty over a nation's own productivity and resources — are put in the perspective with a review of the financial structure that will hold this "humanistic socialism" together. Wall Street's International Monetary Fund is to be given absolute power over every financial transaction and a global Treasury, empowered to collect taxes, would make sure that no "self-reliant" nation steps out of line. The carrot for this top-down control is a pledge of increased Third World participation in the decision-making process of these institutions. The question of debt is treated in the report with the same attitude: "The hardship cases, of course, require debt relief." The whole subject of debt occupies no more than a few lines in the report.

The Leontief Scheme

Leontief clothes his plan in the input-output theories he plagiarized from Soviet economist Kantarovitch and then exported to the West when he defected — an act that earned Leontief the Nobel Prize in economics.

An input-output model — a way of algebraically formulating which raw materials produce which product — has two possible valid uses: (1) to identify possible bottlenecks in pursuing economic programs that are necessary, and (2) to aid in **short-term** economic planning toward solving such bottlenecks.

Leontief cannot even competently use the method he stole. His input-output model starts from the constraint that there is a fixed pie to be shared. Without taking into account any technological breakthroughs in a **30-year model,** Leontief concluded that the increase in fixed capital investment necessary for any growth in the Third World must come from cuts in public spending (health, education, food subsidies, and so forth) and from a 10 to 20 per cent reduction in private consumption. For the majority of the 2 billion people in the developing sector, the implementation of such a plan means immediate murder; for the rest, it means severe mental and physical crippling of the ability to develop into productive human beings.

The same death sentence holds true for the developed sector. A slowing down of the rate of growth even in the meaningless terms of the hodge-podge Gross National Product that Leontief uses as a measure would in no way effect a transfer of resources to the developing sector. Instead it would destroy the capacity to provide to the developing world the means by which they can in turn develop.

Since Leontief's model accepts no technological innovations beyond those that would increase availability of traditional resources at an increased cost (that is, more but more expensive copper, oil, and so on), the rest of his deductions are "logical" but criminally insane. By his logic, an increased rate of growth leads to widening disparities between developed and developing nations and labor intensive projects are necessary to help distribute the available wealth equally.

Leontief's scheme takes as a given the implementation of the Brookings Institution formula for providing additional financing for Third World debt repayment through commodity cartels and higher prices. But, Leontief wonders, where will the power to enforce the necessary "measures of taxation and credit and monetary and fiscal stimulation of savings" come from — never mind the forced relocation of agricultural labor and related measures his plan requires.

The excerpts printed below of the European Economic Community and the U.S. proposals and the statement of Dutch Minister for Development and Cooperation Jan Ponk make clear that their proposals around the question of debt are all designed to resume negotiations with the Third World on the basis of imposing strict conditions for genocidal levels of austerity. Both the RIO Foundation's proposals and those put forward by the Club of Rome's Wassily Leontief will maintain the International Monetary Fund and the World Bank as the policemen of such conditions over the Third World. As the excerpted documents below make clear, however, the Group of 19 leadership body for the developing nations will in no way accept such conditions.

ADDRESS BY THE MINISTER FOR DEVELOPMENT COOPERATION OF THE NETHERLANDS MR. JAN PRONK

in the General Debate of the Second Committee of the 31st session of the General Assembly

The data on which the Second Development Decade was conceived have partly become obsolete. Leontief has shown that the projects and targets of DD-II were not sufficient even to start closing the income gap between the developing and the developed countries. But he does show that a reduction of the average income gap from 12 : 1 in 1970 to about 7 : 1 in 2000 is possible under a set of conditions which can be summarized as: significant changes in the world economic order and far-reaching internal changes of a social political and institutional character in the developing countries. Professor Leontief also concludes that t timespan of 10 years is too short and that any plan for the future should extend at least over two decades i.e. up to the year 2000.

The report on Reshaping the International Order prepared under the leadership of my compatriot and teacher Jan Tinbergenarrives at the same conclusion. The two reports complement each other. Tinbergen goes on where Leontief leaves off but both reports firmly underline (independently of each other) the necessity of structural changes in international economic relations as a pre-condition for the solution of the development problem. The Tinbergen Report advocates the negotiation of comprehensive packages of solutions reflecting the legitimate interests of both the poor and rich nations in achieving a more equitable distribution of economic opportunity and wealth. . . .

. . . When we speak about development we mean "human development" or "people-oriented development." . . .

Growth cannot be a panacea. It is not good o r bad in itself. It is the aim that counts. . . .

PROPOSALS PRESENTED BY THE EEC AND THE US

Acute Debt Crisis Situations

Acute debt crisis situations would be treated on a case by case basis in creditor clubs at the request of the debtor concerned. Within these clubs the problems of the debtor concerned would be discussed in a spirit of co-operation. . . .

— The debtor country would undertake a comprehensive economic programme designed to strengthen its underlying balance of payments situation. This programme would as a general rule be worked out with and monitored by the IMF. . . .

— Debt reorganisation would cover official and officially guaranteed debt with a maturity of over one year.

— Consolidation periods would normally be kept relatively short and generally would not extend as to future maturities beyond the year in which the reorganisation is undertaken. . . .

— In respect of its private non-officially guaranteed debt the debtor country would be expected to negotiate debt reorganisation with private creditors on terms similar to those agreed in the "creditor club" for its official and officially guaranteed debt. . . .

PROPOSALS SUBMITTED BY THE G. 19 ON THE PROBLEMS OF INDEBTEDNESS OF DEVELOPING COUNTRIES —COMMISSION ON DEVELOPMENT

presentation: PAKISTAN (on behalf of G. 19)

The Commission on Development agrees:

That Generalized and immediate official debt relief through measures to be adopted by developed countries in favour of interested developing countries and particularly of the MSA least developed developing land-locked and developing island countries *(1)* are essential in restoring the momentum of growth lost during the economic crisis and to facilitate the achievement of the IDS targets.

To this end:

A. **Official Debts**

1. **Bilateral Debt owed to developed countries**

   i) The least developed developing land-locked and developing island countries should have their official debts converted into grants.

   ii) Other most seriously affected countries should receive the same treatment as above or as a minimum should have their outstanding official debts recomputed at the present IDA terms with a minimum grant element of 90 percent.

   iii) Debt relief should also be provided by developed bilateral creditors and donors to other developing countries seeking relief.

2. **Multilateral Debts**

   Multilateral development finance institutions should provide programme assistance to each MSA least developed island and land-locked developing country in an amount no less than its debt service payments to these institutions. In the case of other interested developing countries and to the extent sought by such countries multilateral development finance institutions should provide programme assistance to them in an amount no less than their service payments to these institutions.

B. **Commercial Debts**

1. i) International agreement should be reached to consolidate debts of interested developing countries and to reschedule payments over a period of at least 25 years.

   ii) The consolidation of commercial debts and the rescheduling of payments should be achieved by the funding of the commercial debts of the interested developing countries.

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(1) It is understood that countries experiencing similar geographical difficulties and which have been qualified as semi-land-locked would benefit of the same treatment.

iii) A financial facility to refinance the burdensome short-term loans contracted in recent years should be established for the use of interested developing countries perhaps under the aegis of the World Bank and the IMF.

2. In regard to the **debts contracted through financial markets or credit institutions** by developing countries seeking debt relief two possible solutions may be applied:

i) The governments of countries or origin of credit institutions should adopt measures to persuade these institutions to reschedule or refinance the total capital and interest due. This refinancing should be made at the lowest market rates. The amortization period should be the same as for the original operation being refinanced at the time of such refinancing.

ii) The grant of a loan and interest subsidy by the governments of the developed creditor countries participating in the rescheduling of the official debt of the debtor country for refinancing of the private financial debts of the country. The amount of this loan should be equivalent to the capital and interest due and should be on the same conditions established for the rescheduling of the public debt.

PROPOSALS SUBMITTED BY G. 19 ON THE PROBLEMS OF INDEBTEDNESS OF DEVELOPING COUNTRIES —FINANCIAL AFFAIRS COMMISSION

SUBMITTED BY PAKISTAN

Future debt renegotiations for interested developing countries.

Integral to the creations of a New International Economic Order is the necessity of giving a new orientation to procedures for debt reorganization of debt owed to developed countries away from the past experience of a primarily commerical framework towards a development approach. To this end there is an obvious need to redesign and reorient the operations such as those of the aid consortia and the creditor clubs in the context of international financial co-operation and keeping in view the national and international development goals and targets.

To this endthe Commission on Financial Affairs agrees to the following:

General objectives of debt reorganization.

i. Policies with regard to debt should be considered in the overall context of internationally agreed development targets which call for an increased net transfer of resources to the developing countries national development objectives and within the framework of international financial co-operation. . . .

iv. Debt relief should not be restricted to cases of so-called debt crisis since this penalizes countries that have been forced to abort their development programmes in order to service their external debts. Thus ways and means must be found for developing countries to initiate the renegotiations of financial arrangements at an early stage of emerging difficulties. . . .

vi. Policies with regard to debt and net resource transfers should be considered in an integrated manner against the background of internationally accepted targets and the economic and social objectives and priorities as specifically articulated by the debtor country itself. . . .

Procedure for analysis of the country's long-term economic situation.

Having initiated the renegotiation of a country's financial arrangements including debt reorganization within a context committing the donor countries to action the next step is the preparation of detailed analyses of the country's long-term economic situation. These analyses will have as their primary objective protection of the country's development goals and strategy within the broader context of the International Development Strategy and the New International Economic Order. Second, such analyses will not call into question the socio-economic orientation and the development priorities established by the country. . . .

Institutional arrangements for financial renegotiations.

An institutional framework should be provided for which will have the authority to convene organize and supervise financial renegotiations in accordance with internationally agreed principles rules and procedures.