The Brandt Commission turns the world upside down

by Stephen Parsons

The World Bank's advisory panel known as "the Brandt Commission" released from Leeds Castle in England last week an extraordinary set of policy proposals which would turn the world economy into a Rube Goldberg contraption. Oil and other commodities would be stockpiled, contracts between competing currency blocs would be indexed to commodity prices, and all would be overseen by a new World Development Agency.

The Commission's release is the first popularization of this plan, which proposes to hold the industrial world to ransom for expensive raw materials from Third World countries, who, in turn, would suffer reduction to essentially colonial status and substantial reduction of population size.

Two things are of the highest importance regarding the Leeds Castle business.

First, it represents a decision to surface a policy approach which, according to the *New York Times* and *Washington Post*, has the sympathy of both the State Department and the White House. Previously, hectic planning for this policy—which *EIR*'s cover story last issue dubbed the "one-world conspiracy"—went on in fairly quiet fashion.

Second, various features of this program are already in implementation; a "commodity standard" (see Gold); diversification out of the dollar and the splitting of the world into currency blocs (see Foreign Exchange); and the swift takeover of leading developing-sector economies by the International Monetary Fund/World Bank combination (see International Credit).

The Brandt Commission was formed in 1977, following the collapse of the Paris Conference on International Economic Cooperation, known as the "North-South" dialogue. At Henry Kissinger's instigation, the OECD nations stonewalled development proposals initiated by France's President Valery Giscard d'Estaing. World Bank President Robert McNamara then initiated the commission under the chairmanship of the former West German Chancellor. Brandt cemented formal ties with the World Bank at its September 1977 Annual Meeting. The Leeds Castle effort represents a summary report, after two years of work.

The proposal

The Commission now publicly stands for everything this publication has been warning of since Federal Reserve chairman Volcker's "Saturday night special" of October 6. Volcker's credit crunch on the U.S. economy signaled the beginning of the recession and concomitant renewed downturn of the dollar. Combined with the Iranian crisis—most importantly, the freeze on Iranian assets and threatened oil cutoff to Europe—the stage is now set for measures such as those of the Commission, which include:

- A tax on international trade to finance a new World Development Agency;

- Long-term, price-indexed oil agreements between consumers and producers, including a guarantee of supply;

- Sharply increased financial aid to the less developed countries (LDCs). This would have several features. First, since private banks will no longer be able to either recycle OPEC petrodollars, sharply increased by the oil price rises, other agencies must be used and/or created for recycling. Second, LDC revenue must be "automatically" guaranteed, which could come from a tax on various segments of world trade, including oil.

These funds would be handled in part through a "World Development Agency," an agency that would be much more "sensitive" to Third World needs than the IMF or World Bank.

- "International Revolving Funds" for exploration and research of new energy and mineral resources, complete with insurance systems.

- Establishment of oil buffer stocks to maintain price levels and avoid market fluctuations.

- Ending the role of the U.S. dollar as the international reserve currency, with oil payment and other transactions denominated in a basket of currencies, with or without the IMF as a mediating agency.

- The inclusion of the East Bloc in these arrangements, for a true "One World" international community, as envisioned by such organizations as UNITAR.

- A world food program, along lines of the Club of Rome, which encourages local, small scale agriculture and food reserve banks under supranational institutions' control.

In plain language, this adds up to virtual abrogation of national sovereignty, with beefed-up IMF and even larger supranational "development" institutions dictating policy to all nations. Third World countries would be reduced to the status of colonial states more impoverished than they already are, dependent on the "appropriate technologies" they are permitted to use by these agencies. The advanced sector would be held hostage to the same institutions, their populations paying hand over fist for energy and commodities whose prices are rigged by various cartels.

Meanwhile, with the demise of the dollar and substitution of a basket of currencies or the Special Drawing Rights of the IMF, the world will become "one" through the creation of currency zones or regions which will tend to trade only among their constituent nations, in competition with other such zones. The international banking system is to be rationalized into a handful of major banks under rigid control of the IMF and related organizations.

Conference Chairman Brandt proposed, to push this through from the top by convening a "new kind of summit" of world leaders representing different major regions, possibly through the mediation of a "neutral" head of state.

The Commission's proposal for price-indexed agreements between oil consumers and producers is the front end for similar arrangements for all commodities. These can only work in the context of prices for oil and various precious metals such as gold, silver, platinum and key industrial ores rising to grossly inflated levels. These price rises will soon become about the only source of foreign exchange for those LDCs fortunate enough to have one of these metals; that income will go increasingly for inflated energy costs and expanded debt service.

The conjunction of the commodities boom with the creation of the various "development funds" and an invigorated IMF is merely the forerunner for Henry Kissinger's International Resources Bank, first proposed in April, 1976. Kissinger's plan rapidly became the most-hated American policy proposal in the field of economics during the postwar period. However, the Iranian crisis "has changed all that," the London *Economist* comments. If Europe does not handle the problem with the perspective of industrializing the Third World, then the World Bank, as advised by its Brandt Commission team, will institute the measures detailed above. Furthermore, if the Soviet bloc decides that the Thatcher governmment is the place to go for deals with the West, the Brandt Commission's offers to include the Comecon in the new Development Agency's lending plans might look attractive.

Who is the Brandt Commission?

The Independent Commission on International Development Issues, known as the Brandt Commission, includes members from nearly every corner of the globe. Here is a partial listing.

Katherine Graham,
publisher, *Washington Post.*
Peter Peterson,
chairman, Lehman Brothers Kuhn Loeb.
Edward Heath,
former Conservative prime minister of Great Britain.
Olof Palme,
former Social Democratic prime minister of Sweden.
Shridath Ramphal,
British Commonwealth secretary-general from Guyana.
L.K. Jha,
governor of India's Jammu-Kashmir state.
Adam Malik,
vice-president of Indonesia.
Eduardo Frei,
former president of Chile, head of the Christian Democratic Party.

In addition, there are members from Algeria, Tanzania, France, Japan, Canada, and Kuwait.