

# III. Brandt's subcommission

## Behind Jamaica's 'break' with the IMF

by Dennis Small

On March 27, Jamaica's Prime Minister Michael Manley announced that his country was permanently breaking off negotiations with the International Monetary Fund, after three years of battling against that institution's attempts to strangle the island's economy with Friedmanite austerity measures.

When Peru dared to ponder such a break in 1976, then-Secretary of State Henry Kissinger organized a cold coup d'etat and brought the country quickly back in line. When Guyana's Foreign Minister Fred Wills in 1975 called for replacing the IMF with an international development bank, he was canned within months. And when Pakistani Prime Minister Bhutto refused to sacrifice his nation's nuclear energy plans to meet IMF strictures, he was overthrown and murdered for his insolence.

But when Michael Manley two weeks ago announced his "break" with the premier Anglo-American monetarist institution, bankers in London and New York yawned. Political insiders contacted by *EIR* were equally blasé, and explained why: the moving force behind Jamaica's "break" is the notorious Brandt Commission, and Manley's announcement is actually part of an operation coordinated with the Trilateral Commission to reorganize the world monetary system along the guidelines laid out in the recently released Brandt Commission report.

### A rose by any other name...

The Brandt Commission was set up on the suggestion of Robert McNamara, president of the World Bank—which is the sister institution of the IMF! Its policies are a thinly-disguised version of the identical no-growth policies promoted by the IMF, but which have been

packaged in a form designed to sucker in credulous Third World governments. The Brandt report includes a sharp "critique" of the IMF and its "conditionality" policies. It also argues the necessity of "developing" the Third World—with low-energy, "appropriate technologies," and by replacing sovereign nation-states with a One World government. In other words, precisely the Trilateral Commission plan. It is not accidental that Brandt Commission luminary Shridath Ramphal delivered one of the major papers at the recent Trilateral Commission meeting in London (see below).

The specific thinking behind the Brandt-linked organizing effort is that, as the world economic crisis deepens under the weight of U.S. Federal Reserve chief Volcker's depressionary austerity policies, developing sector nations must be stopped at all costs from actually breaking with IMF policies in favor of a development alliance with the European Monetary System. As it is, even under the current enormous pressure of the London-Washington axis, virtually every major Third World nation—no matter what its political ideology—is refusing to abandon its commitment to develop. Saudi Arabia has a mammoth, 10-year, \$250 billion industrial plan; Mexico intends to use its oil wealth to grow by 8 percent over the next decade; anti-communist Argentina won't join the American grain boycott of the Soviet Union, and is instead concluding sizeable deals with Communist nations involving nuclear and hydroelectric energy; and India is dramatically enlarging and broadening economic accords with the Soviet Union and Western Europe.

Given all this, the Trilateral conspirators are asking themselves, what will these nations do now that the orders are coming down that half to two-thirds of their populations are "useless eaters" and must be sacrificed? Military power must be used to contain them—as proposed in the Trilateral plan to extend NATO throughout the Third World—but a net must simultaneously be cast to ensure that all "breakaways" are channeled in the direction now being jointly charted by Jamaica and the Brandt Commission. Manley, it is intended, is only the first fish in the Brandt Commission net.

## Targetting the Non-Aligned

While the Trilateral Commission was gathered in London, the Socialist International was gathered for a top-level meeting in the Dominican Republic. Presiding over the gathering was Herr Willy Brandt, who called for world support for beleaguered Jamaica and criticized the IMF for trying to impose excessively harsh "conditionalities." Manley, in turn, was open about his cooperation with the Brandt crowd, telling the Jamaican press: "We think it is very important to try to galvanize international response to the Brandt Commission report, which runs along the lines we have been carrying for a long time... We have been very active in trying to get international action to follow up on the recommendations in that report which have a lot to do with the IMF and conditionality."

The next day, Manley flew to Havana, Cuba where he met with President Fidel Castro to try to get him—as

head of the nonaligned movement—to "bring Jamaica's plight to the attention of the Nonaligned" and "mobilize support for the recommendations of the Brandt Commission on international development issues."

Manley also told the Jamaican press that he had been in touch with Brandt since the early 1980 publication of the report, and had held strategy sessions with such leading international supporters of the Brandt Commission's efforts as Canadian Prime Minister Trudeau, Tanzanian President Julius Nyerere, and Prime Minister Malcolm Frazier of Australia.

Although there is no indication that the Nonaligned as a whole will follow in Jamaica's suicidal path, the operation so far must be rated as the first successful project of the Brandt Commission since its report was issued in early 1980. The question now remains whether the Trilateral-Brandt policies can be imposed throughout the developing sector.

## The Brandt Commission's 'problem' countries

Sometimes phrased differently, the "economic development" policy of the Brandt Commission is identical in all respects to the genocide policy of the IMF and World Bank. The Brandt Commission report is merely an effort to impose the IMF-World Bank policy on Third World nations who will not accept it under its original name. Typical of those nations, who have committed themselves to industrialization, are the following, defined as "problem" countries by the Brandt Commission:

**Mexico:** Massive oil reserves are being exploited to finance brute-force modernization of the economy. President Lopez Portillo's National Industrial Development Plan channels oil revenues into capital goods production and development of industrial port complexes for a projected 8 percent annual growth rate.

**South Korea:** An effort to sustain 10 percent annual growth rates of the last 15 years is focused on expansion of steel, shipbuilding and advanced electronics industries. By the year 2000, 42 nuclear plants are to be built, covering 60 percent of projected energy needs.

**India:** Already the world's ninth largest industrial power, India under Indira Gandhi is committed to

renewing the emphasis on industrial development and a nuclear energy base briefly interrupted by the World Bank's rule under the Janata coalition. Under Mrs. Gandhi's first government, India was a leader of the Nonaligned movement's fight for a new world economic order based on technology transfer to the developing nations. Under her present government, whose first act of diplomacy was to receive French President Giscard d'Estaing on a late January state visit that resulted in a dozen trade and development agreements, India is positioning itself to lead the Third World into collaboration with the development program goals of the European Monetary System.

**Saudi Arabia:** Current plans call for \$250 billion over 5 years to create an industrial base broader than oil production alone. Investment is geared to high-technology agricultural methods like hydroponics, and mineral development as well oil processing installations.

**Iraq:** Development planning, with a heavy focus on popular education, aims at highly mechanized agriculture, and an oil refining and petrochemicals industry, fueled by a substantial nuclear energy capacity.

**Argentina:** Resisting all U.S. pressures to halt its plans for nuclear development, the military junta has determined that "ideology is bad for business" and is seeking Soviet aid and Soviet trade to maintain its energy sector.

## 'Work with Brandt for a global village'

The nations of the world must surrender their sovereignty to a self-appointed elite operating through the United Nations bureaucracy, which will properly restrict "economic development" to the proliferation of "appropriate technologies" like sticks and cowdung in the Third World, and a radical reduction in consumption levels in the advanced industrial sectors.

This vision of *One World* of "appropriate technologies" is the theme of the February report of the Independent Commission on International Development Issues, or the "Brandt Commission" as it is known. The commissioners responsible are a group of bankers like Lehman Bros.-Kuhn Loeb's Peter Peterson, politicians like Sweden's Olof Palme and Chile's Eduardo Frei, economists from British Commonwealth countries, publishers like Katherine Meyer Graham of the *Washington Post*, and others selected by World Bank President Robert McNamara on the strength of their agreement that national sovereignty must be subordinated to supranational institutions, because only that can prevent economic progress.

Accordingly, the commission's proposals, intended for a Third World audience, are sometimes differently phrased, but identical to the genocide policy of the World Bank and International Monetary Fund—which unofficially sponsored the commission. To employ the phrase of commission member Shridath Ramphal, Secretary General of the British Commonwealth whose speech to the Trilateral Commission in London we excerpt below, the world economy is to be reduced to the level of a "global village," and be cured of its "sovereignty syndrome"—i.e., the nation-state.

Exemplary of Brandt Commission recommendations for which Ramphal spoke are the following:

"The rich of the world could help to increase food supplies if they used less fertilizer for non-food purposes, and also if they ate less meat: to produce one unit of meat protein uses up eight units of vegetable protein, which could be consumed directly." (p. 101)

"Nuclear energy is problematic and cannot be expected to make more than a partial contribution to overall energy use in this century." (p. 167)

"We should create jobs through low-cost labour-intensive industry and create the necessary social and economic infrastructure." (p. 241)

"We believe that certain elements of what might be

called international government are already called for... By the end of this century the world will probably not be able to function without some form of international taxation and a decision-making process which goes a good deal beyond existing procedures." (p. 22)

"The focus has to be not on machines or institutions but on people... (not) highly sophisticated technology which threatens to ignore human values and which people may not be able to handle adequately." (p. 19)

*Shridath Ramphal, British Commonwealth Secretary General, is the former Minister of Foreign Affairs and Justice of Guyana (1972-75). Ramphal was key to the formation of the commodity buffer stocks policy through his role in the Commonwealth. He is known to be very close to British ruling circles and to Henry Kissinger. In addressing the Trilateral Commission, he spoke for the Brandt Commission.*

It probably will not surprise you that for many in the South the image of the Trilateral Commission is that of a self-ordained Trinity committed to ordering human affairs in furtherance of triadic primacy. I am sure that image is a distortion of your highest purposes; but it is one that persists. It needs to be dispelled if your purposes are to be fulfilled....

Limits to crude power are ... appearing in economic relations. Mutual dependence arising, for example, from the need for unimpeded expansion of world trade, from the prospect of mineral shortages and, more specifically, of oil depletion, are now imposing compulsions for global consensus on new arrangements that assume the proportions of a programme for survival. And the imperative of global agreement in areas of the environment like the future of the forests and the life sustaining qualities of the seas and the atmosphere defy all notions of 'going it alone'—or even as a threesome!

My point is to register hope that the Trilateral Commission proceeds on the assumption that we have indeed entered the era that Alistair Buchan foresaw as the "era of negotiations"—an era in which the old premises of power will no longer suffice as the touchstone of human destiny; indeed, I would add in which the old premises of sovereignty will no longer be adequate to the tasks of human organization....

We cannot go on in this way giving lip service to interdependence but believing that it requires obligations only of others. It derives from mutual needs and imposes mutual obligations. At its heart is sharing of power and responsibilities, and the question for us all in the 80s is really not 'whether' but 'how' that sharing is to take place. Co-management of the world economy is surely the concomitant of interdependence. Irrespective of

preferences for economic theories is a palpable need for shared management of the world economy; excessive dependence on uncoordinated national choices will only make the global crisis worse. If dominance is out and co-management is declined, the alternative can only be conflict, disorder and chaos....

The way forward must be, therefore, a way that goes beyond strict trilateralism. Despite continuing, indeed constantly enlarging, world poverty, important centres of political and economic power are developing in the South: OPEC, ASEAN, the 'newly industrialized countries' of the Group of '77 and the special examples of India, Nigeria, Brazil, Korea, Mexico. They cannot either be ignored or suffered until they can be overborne....

The answer surely is not to make ad hoc adjustments to accommodate the few who "graduate," and to do so grudgingly and with resentment; but to develop a new internationalism which sees positive and mutual value in accelerating the development of the South in general and which therefore prepares and provides for the countries of the South a place in the world economy away from its periphery. Trilateralism must not be the enemy of internationalism; it should be its enlightened friend, itself changing with that enlightenment....

Western responses to Soviet intervention in Afghanistan are, of course, understandable and, if they do not miscarry, could be important to the peace of the world and the preservation of the independence of smaller countries. But they have little to do with a moral stand on the side of the people of the mountain passes. It is to do with the balance of power in the world. But how much more might not have been accomplished, even in that cause, had Afghanistan ... been helped in straightforward ways to stand on its feet economically, to grow as a nation with economic, social and political institutions stabilized against the erosion of poverty and so against pressures from without.

Threats to detente do not, of course, derive only from conditions within Third World countries; but ... widening disparities in wealth and poverty between nations bear on the peace of the world, just as such disparities within nations have shaken societies to their foundations.

The trouble is that we find it difficult—even the most enlightened of us—to sustain consciousness of the world as an inter-locked community. As Barbara Ward reminds us: "The vision of 'earth rise' seen by human beings standing on the moon had its impact. Planet earth is a small place." For the most part, however, we are like village yokels preoccupied with our neighbourhood concerns and banishing thoughts of problems beyond our own. Yet the world has, indeed, become a global village and those problems are all village problems now.

How do we escape the old image of a world of separate, scattered, unlike communities whose fortunes

can be disengaged and whose misfortunes need not impair the prosperity or tranquility of the most favoured? Perceptions of one world and an inseparable humanity do not easily dissolve the image of several separate worlds that centuries of the sovereignty syndrome have imprinted on our consciousness.

But I wonder if another approach may make it easier to overcome the malfunctioning of our political vision and see the tragedy that confronts our global village. Imagine, if you will, our world's total area scaled down to the rough dimensions of Western Europe. In broad dimensional terms and without attempting to replicate locational patterns, all of the United States will be Britain, and the whole of Western Europe, including the EEC, will be Portugal. Japan will be Northern Ireland and Canada, Germany. Africa will be all of France, the Benelux countries, Denmark and Switzerland. Latin America will be Spain. The USSR, both Sweden and Finland; while China and Australia will cover Norway and Iceland. India will be Ireland; the rest of Asia, Italy; and Eastern Europe, Austria....

The population of the whole of our shrunken world

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## EXCLUSIVE INTERVIEW

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### Trilateraloids seek new 'world development fund'

A "new international institution"—the World Development Fund proposed by the so-called Brandt Commission—is required to manage "the financial crisis of developing nation's debt," in the view of the Trilateral Commission's economic thinkers. This crisis, which could "wipe out" major U.S. banks, was a subject of "great concern" at the commission's recent London sessions, according to Hendrik S. Houthakker, the Henry Lee Professor of Economics at Harvard University, a Trilateral Commission member.

One of the papers presented as a conference document, reports Houthakker, explicitly endorsed the Brandt sub-commission's recommendation: "centralize all Third World trade and finance in a new international institution such as the Brandt Commission's World Development Fund, to see to it that they can pay their debt service."

The Trilateral Commission's concern immediately found reflection in the halls of Congress and the U.S. news media. Several representatives on Capitol Hill called for reform of the IMF and World Bank, to

will increase by over 50 percent by the end of the century. But while in Portugal and Britain population increases will be 10 percent and 18 percent respectively, in Ireland the increase will be 60 percent and in France 100 percent—explosions of poverty as well as of population.

More than half of all the oil-based energy produced will be consumed by people living in Britain, Portugal and Germany. These three countries alone will have about 60 percent of the income and 64 percent of the industrial production of the world. The average person in Britain will consume 11,500 units of energy each year (measured in kilograms of coal) and in Portugal 4,200 units; but in France the average dweller will consume 397 units of energy, and in Ireland merely 218....

And these are only a few of the disparities in the human condition that will exist just across national borders. Some \$20 billion will be spent each year in the name of development and in the hope of narrowing them, but with little effect. Meanwhile, some \$450 billion annually will be devoted to military expenditure with nuclear weapons constantly aimed from Britain and Portugal over the heads of rich and poor alike towards

Scandinavia and from Sweden and Finland in reverse....

It is not, of course, a picture of a trilateral world. But that the Commission should be grappling with issues like North-South trade—and I hope North-South problems more generally—is a glow of hope on the dark horizon. Solutions to the world's problems will only emerge out of political vision; and vision needs perception and practicality melded by talents such as yours. ... In North-South issues ... it is time the North... committed its political leadership to the search for solutions....

It is to this end that the Brandt Commission makes its plea for a resort to summitry as an essential part of its 'programme for survival'. It is because we saw human survival as being at stake that we did not shrink from the difficulties implicit in the proposal. Can the Trilateral Commission close the book on trilateralism—or perhaps begin a new one—by proclaiming the message of this morning's paper: that we must share on better terms, for all its people and nations have a mutual interest in urgent change to that end; and that it is political action alone that can ensure or, by its withholding, jeopardize human survival.

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enlarge and ultimately merge them into a single *super* supranational agency to control LDC finance.

But professor Houthakker's group in the commission is thinking along slightly different lines. "Nonsense. Why merge the IMF and World Bank? We need an altogether new institution," he said.

*The following interview with Hendrik S. Houthakker, Henry Lee Professor of Economics at Harvard University who was in attendance at the London meeting of the Trilateral Commission was conducted by EIR on April 10.*

**Q:** Kiiche Miyazawa spoke at the recent commission meeting of the need for the trilateral nations to cooperate in their Third World policy. How was this reflected in discussion of the Third World debt problem?

**A:** This is very serious. There was a great deal of concern and discussion about the international financial crisis. The banks are overlent in relation to their capital. Citibank for example has an "own capital" right now of \$3 billion and claims on them of over \$100 billion, and it is by no means inconceivable that their capital could be wiped out by some crisis. The banks are so far overlent, everyone was very worried.

**Q:** How should this be dealt with? By the IMF?

**A:** No, the Brandt Commission has proposed a new

international institution and this was described by Sir Shridath Ramphal Commonwealth Secretary General, in his speech. Also the next Trilateral Commission Task Force Report is on North-South trade. The American rapporteur, Professor Albert Fishlow of Yale, writes that the debt servicing problems of the Third World are so serious that they must be dealt with through a top-down restructuring of world trade, with preference for the Third World.

**Q:** You mean to revamp GATT?

**A:** No. Forget GATT. We need to centralize all Third World trade and finance in a new international institution such as the World Development Fund to see to it that the debt service can be paid. Trade and trade-borrowing, and all international finance, are directly related.

I am also more broadly concerned about the need to sharply define the *lenders of last resort* in the world financial community. Unless this is done, peoples' insecurities themselves will feed panic. First I would propose that the General Agreement to Borrow be extended to include a claim on all the resources of OPEC.

**Q:** But OPEC has balked at this for years.

**A:** True, they still balk. But we must insist....