
Conference Report

Debt on the agenda at UNCTAD VII, but West cedes the floor to Soviets

by Ana María Mendoza and Hartmut Cramer

The first working week of the seventh session of the United Nations Conference on Trade and Development (UNCTAD VII) in Geneva came to a close, having defined the world economic crisis as in many cases “worse than the depression of the 1930s,” as UNCTAD General Secretary Kenneth Dazie noted in his opening speech to the delegates of 168 nations on July 9, but very far from any solution—thanks to the sabotage of the Western industrialized nations.

According to the French daily *Le Monde*, the OECD countries met some days before the opening of UNCTAD VII and reached a secret agreement “to not get involved in any technical discussion on debt that would be oriented toward a decision.” This suicidal strategy was followed to the last detail by Michel Rouge, a financial expert in the French Economics Ministry, who is coordinating strategy and tactics for the OECD countries vis-à-vis the debt problem.

The OECD first tried to prevent any *mention* of the foreign debt, by claiming that “financial matters” cannot be discussed at a U.N. conference “on trade and development” but only at meetings of the “financial experts of the International Monetary Fund (IMF) and World Bank.” Forced to put the debt on the agenda of the first of the four committees at UNCTAD VII, the OECD then tried every trick in the book in order to prevent any serious discussion of it.

Reality intrudes

No speaker, including even the few heads of government from the OECD countries attending such as President François Mitterrand of France and Prime Minister Gro Brundtland of Norway, could fail to mention the grim reality of the economic crisis. The foreign debt has skyrocketed to “unimaginable heights” according to Mitterrand, and “will not be paid back in any real sense” as Brundtland frankly admitted.

Egypt’s President Mubarak was even more explicit: “The problem of debt has reached serious proportions that cannot be ignored,” he said, adding that the debt volume of the developing countries last year reached “210% of their total exports,” with the situation being “much worse for the African countries south of the Sahara, where it reaches 270%.”

The prices of raw materials, the only source of income in the developing sector, and with it the terms of trade have collapsed to levels “lower than those of the depression of the

1930s” as virtually every representative from the OECD and developing countries alike had to admit. Mubarak urged “North” and “South” to “close ranks,” “coordinate action,” and “look at the situation not in terms of profits and losses, but rather from the perspective of the success of mankind in facing the ultimate challenge: to be or not to be.”

“I don’t think the developing countries this time will content themselves with just some vague argument from us concerning the impending economic upswing and some general statement of intent to solve the crisis,” a high-ranking member of the Irish delegation said. In fact, a big fight broke out in “Committee I,” the committee dealing with the debt question. After Peru had been denied the chair due to its “extremist” position on debt, Mr. Taniguchi, Japan’s ambassador to the Permanent Mission in New York, was elected chairman, because “everybody thinks Japan has some excess money to distribute,” as Ambassador Kobayashi, the acting head of the Japanese delegation, told us.

In Committee I, the leaders of “Group B” (the OECD countries) and of “Group of 77” (the developing countries), though using polite, diplomatic language, clashed on the debts. Osvaldo de Rivero, the head of the Peruvian delegation, who is chairing the Group of 77, so skillfully marshaled his facts about the collapse of the terms of trade, the murderous policy of high interest rates, the unpayability of the debt, and the need for real development and a global solution, that Michel Rouge, the spokesman for Group B, could only resort to “defining,” “analyzing” and “categorizing” the debts in his desperate attempts to avoid serious discussion.

“It doesn’t make any difference whether you pay the debt or not; if the present monetary system prevails, you don’t get any fresh money for development anyway,” the Chilean ambassador blew up after another fruitless exchange between “North” and “South.” He specified that Chile, one of the pet projects of the IMF, “which should be applauded by the IMF and the international bankers, since it so far has managed to pay back the debt service down to the last cent,” nevertheless “didn’t get one penny of new credits.” He concluded bluntly: “Let’s admit that the debt can not be paid in the foreseeable future.”

What solution does the “South” offer? “Give up your linear, ‘Cartesian thinking,’ because if you continue in this

Speeches to the Unctad conference

We excerpt below noteworthy portions of the speeches of three heads of government to the UNCTAD conference.

Gro Harlem Bruntland

Quoted from the speech given by the prime minister of Norway on July 10, in Geneva:

Let us be frank about this: Much of the debt will not be paid back in any real sense. To maintain such a demand will entail political disturbances in many countries of such magnitude that they would be completely unacceptable. What is needed is new lending on concessional terms, new investments and economic and social reforms. Major debtors also need more loans on commercial terms. New policies must comprise debt relief, long-term rescheduling and conversion to softer terms.

But lending alone will not suffice. Aid must be expanded after years of decline. Developing countries need significant increases in financial and other contributions. . . .

Aid and lending efforts are essential. In the longer term, measures to secure increased income from commodity exports and the abolishment of protectionism in inter-

national trade are equally important. Real commodity prices have never been so low since the 1930s. . . .

The setting is urgent. The development crisis is real. UNCTAD and the whole international community are at a crossroads. Business as usual will not do. We must all join forces in a new partnership between North and South in the fight against poverty and for a sustainable development.

François Mitterrand

Excerpts translated from the speech delivered to UNCTAD VII in Geneva, by the President of France, on July 10:

The creation of wealth (today) is less and less linked to industrial development but more and more to monetary and financial gambling. Capital moves bring about more profit than industry and trade. Thus the financial departments of companies are becoming more important than the production and construction facilities and productive investment is decreasing in favor of financial operations which are often speculative. . . .

The rich countries must stimulate world economic growth. . . . They should boldly take on great projects that generate growth. For example, . . . the construction of the tunnel under the [English] Channel. This will bring about in our two countries [France and Great Britain] as well as in neighboring countries the creation of road infrastructure, telecommunications, rapid railways, and a whole series of new programs which will contribute to the growth of this region. . . .

[We have to] set up a new international monetary system to better stabilize exchange rates and to establish

way, we will never find a constructive, workable solution," Osvaldo de Rivero told Mr. Rouge, as all delegates from the developing sector smiled broadly and the OECD diplomats were stunned at the echoes of U.S. economist Lyndon LaRouche, whose ideas and methods dominate international discussion of the debt problem. LaRouche's *Operation Juárez* proposal for U.S. collaboration with the Ibero-American debtor nations, to reorganize the unpayable debt and use it as a springboard for a worldwide economic boom, has been intensely studied by leading circles throughout the Western Hemisphere and on other continents since it was first issued in 1982.

"Take a fresh look at the reality of the problem and let's work together to solve the debt crisis in a creative way," was Rivero's advice to the OECD countries.

Washington gives floor to Moscow

Besides the debt, the other major issue of this conference is the internal U.S. situation. Representatives of all nations

felt almost insulted by the Reagan administration's decision to limit the American delegation to only a third of those of France and Japan and to head it with a mere "senior deputy assistant secretary" of the State Department. This has left the field wide open for Moscow to make a big propaganda move in the developing sector. Observers noted that Boris Aristov, the Soviet Minister of Foreign Trade, made great efforts to sound "responsible" and "moderate," when he quoted his "comrade prime minister" on the need for the "establishment of a new international economic order" and a "new political thinking" based "on the priority of values common to the whole of mankind." To the astonished audience, he went on to support every argument on economic and financial matters of the "South," a move Moscow so far had carefully avoided.

When he announced at the end of his speech, that his government has authorized him to sign the agreement of the "Common Fund" of raw materials (drafted by Henry Kissinger many years ago), all the delegates rose to applaud the Soviet Union. Afterwards Soviet delegates were seen in many

a reasonable level of interest rates. . . .

It seems to me only common sense, that the financial policy agreed upon by international institutions and states should not endanger development. In order to invest—and they have to invest—the countries of the South need a net capital inflow.

Hosni Mubarak

Quotes from the speech given by the President of the Arab Republic of Egypt to UNCTAD VII, July 10 in Geneva:

We have to admit that, so far, all efforts made on the international level have not yielded concrete results capable of redressing the structural imbalance of the world economy, halting the persistent deterioration of the situation in the developing countries and achieving more justice and ensuring equal opportunity to all nations and peoples. . . .

I propose to concentrate on two basic issues, which I believe deserve a special attention and a high priority, on account of their great influence in shaping the contemporary international situation. . . . The first issue is the problem of debt, which has reached such serious proportions that it cannot be ignored, threatening grave consequences unless the international community, debtors and creditors alike, take effective action. . . . The second issue I would like to raise before you is the question of the deteriorating terms of trade. . . . This phenomenon has been accompanied by a decline in the real flow of development assistance from the rich industrialized nations and a rise in interest rates resulting in a reverse flow of financial resources from the developing to the developed countries in

an amount exceeding \$31 billion. . . .

What is required is that we live up to the challenge. We should fully understand that this state of affairs, resulting from the collapse of the export earnings of the developing countries to their lowest level since the great economic crisis of the thirties, cannot go on forever. . . .

An economic collapse in any part of the world will engulf all nations, sparing none, even the powerful. No nation or a group of nations can aspire to live as an

What can self-reliance achieve in conditions dominated by fluctuating exchange rates, rising interest rates, increasing protectionist policies, increasing restrictions and barriers, finally, the diminishing international liquidity? The situation is indeed serious. We must start by admitting that we are all in the same boat to drift, [and] none of us, whatever might be his might or power, will survive. We have to close ranks. We have to coordinate our action. We have to look at the situation, not in terms of profits and losses, but rather from the perspective of the success of mankind in facing the ultimate challenge: to be or not to be.

We have no other alternative but to act together earnestly and sincerely to get out of the impasse and to overcome the crisis.

Failing this, we will have abdicated our responsibility in making history and creating progress. This generation, which has scored the greatest scientific achievements in human history, cannot let fall the torch or allow the march of civilization to come to an end. The challenge is immense, and the responsibility great, but the flame of hope will not die and the standard will not fall if we are resolved to continue unitedly our march forward.

corners of the conference hall intensely briefing developing-sector politicians, no doubt stressing the advantages of Moscow's "peaceful" policy as opposed to the United States.

The next day, the whole conference was interrupted for about one hour so that *all* delegates be present in the last part of the propaganda ploy staged by the Soviets, the signing of this more-than-useless agreement, since the \$427 million earmarked for the Common Fund will never help to stabilize the prices of raw materials, which have collapsed in the last five years alone by about \$90 billion. "It's completely useless, I agree," said one African diplomat, "but maybe it's a political signal that finally something will be done."

While everyone recognized the "typical Soviet propaganda," it was left to *EIR* to bell the cat. Confronted by *EIR*'s correspondent with the question of whether his nice words about the connection between disarmament and development meant that Moscow will now abolish its ambitious arms program in favor of investments in development projects, the Soviets' Aristov needed some time to recover before he could

utter some slogans from "Comrade Gorbachov" on the "defensive nature of the Red Army," and then rushed to close down his press conference only 10 minutes after it began.

In the absence of any sound economic policy from the U.S. government, the political ideas of LaRouche and his growing influence in the United States were intensely discussed in Geneva. "Who is going to exploit the international political vacuum: Moscow or LaRouche?" many a delegate asked, voicing concern about ongoing revelations about the "secret government" plans to abolish the U.S. Constitution. Since LaRouche's economic policies are widely known in the developing sector, the main topic of discussion was the chances of his presidential campaign, and whether there is a chance, "to get the United States to act with responsibility," as the president of UNCTAD VII, Zimbabwe's Finance Minister Chidzero told *EIR* in an interview. No cheap anti-Americanism was expressed in Geneva—just the fear, that Moscow would quickly dominate a world abandoned by the government of the United States.