Carter, David Rockefeller Want 'Common Fund' Commodities Bailout

President Jimmy Carter, in his speech before the United Nations last night, gave his support to a commodity bailout plan for ensuring payment of developing sector debt. Carter told the assembled delegations that "The United States is willing to consider, with a positive and open attitude, the negotiation on agreements to stabilize commodity prices, including the establishment of a common funding arrangement for financing buffer stocks where they are part of an individual negotiated agreements.

The Carter endorsement of a commodities "common fund" should come as no surprise to careful observers of the Trilateral Administration's policy toward the developing countries and the "North-South" negotiations. The core of Carter Trilateral policy was presented only days before by Carter's Godfather, David Rockefeller, in a speech before the Economic Club of New York, where he called for West Germany and Japan to take the lead in absorbing exports of Third World commodities to prevent a default of those countries on their debt obligations to the New York banks. Rockefeller linked the issue of West German-Japanese reflation — a policy he attacked them for failing to implement — to the absolute necessity of averting a debt collapse and combined that with a call for developing countries to abandon hopes for economic growth in favor of a maximum exports, minimum imports and total internal austerity.

The endorsement of the "common fund" is a clear expression of Carter support for hiking raw materials prices as the means of providing a flow of "resource dollars" into the coffers of the New York banks. The other side of that policy, presented in full in Rockefeller's speech and briefly in Carter's, is the use of the IMF, provided the Arabs, West Germans and the Japanese cough up money to refill its empty coffers, to both enforce developing sector austerity and provide immediate cash to bail out the commercial debt obligations.

The Carter speech follows a heavy armtwisting campaign carried out at the just concluded meeting in Geneva of the United Nations Conference on Trade and Development where the "common fund" was the main topic on the agenda. Observers at the meeting report that the U.S. delegation was backing the common fund approach (although not necessarily the UNCTAD version of it) and combining efforts with UNCTAD head Gamani Corea of Sri Lanka in putting maximum pressure on the Western Europeans and the Japanese to go along with it as their big "gesture" to the developing countries. Corea was reported to have traveled from one European delegation to the next telling them that they had to back the plan if they wanted to give the developing countries a sign of their willingness to meet Third World demands for the new world economic order. Corea, in a barely disguised display of intimidation which he not doubt worked out with the State Department beforehand, told the Europeans that since the U.S. was going along with it, they would look bad if they bucked the trend.

The UNCTAD operation is merely a continuation of the role of that particular UN bureaucracy as a pathetic launderer of the schemes for commodity control authored by organizations llike the Brookings Institution. It is Brookings, with a leading role played by people like C. Fred Bergsten (now Assistant Secretary of the Treasury for International Economics), which originally put out the buffer stock schemes for the purpose of pushing up raw materials prices. The Brookings formula is nominally opposed to a "common fund," preferring a "case by case " approach, such as is represented by the already existing Tin Agreement.

The shift by Carter and Brookings is that they are pushing a "compromise" formula which they hope will bring the Europeans and Japanese into line on their commodity debt bailout plan. The compromise, something akin to the formula presented by former French Finance Minister Fourcade at the UNCTAD conference in May, 1976, calls for the creation of a clearinghouse common fund which would then fund individual, case by case, buffer stocks. This as the Carter speech made clear, is in fact the U.S. formula and was being circulated by Treasury and State Department officials at the Geneva meeting.

The Third World is nominally the proponent of the common fund plan, the UNCTAD laundered version of it which pays lip service to developing sector control of the fund and other fantasies. The fact that the fund would be used as leverage for propping up debt obligations tends to get lost on less sophisticated developing sector governments who are convinced by "friend of the Third World" UNCTAD and their bought off delegates to Geneva and the UN that the common fund will somehow magically produce more cash in their hands to buy desperately needed imports for development. This developing sector support for this stupid scheme, has been well used by the Brookings agents to circulate the line that a "concession" on this issue will divert the developing sector from the main and far more explosive issue of the massive debt overhang and their demands for general debt moratoria.

There is increasing evidence that despite the general stupidity prevailing in developing sector circles on this issue, some are seeing the design behind the Carter maneuver. OPEC representatives at Geneva put out a statement refusing to back the fund, a statement of profound significance politically and financially as it is

OPEC money which David Rockefeller wants sunk into his commodity fund. A member of the Saudi delegation to Geneva said that his country, as OPEC as a whole, would have nothing to do with any scheme whose purpose was to rollover developing sector debt to the New York banks. This is coming from a country who in the past weeks has drawn out significant amounts from their deposits in Chase and placed them elsewhere, an expression of their confidence in David's ability to pull off this confidence game.

The core of the Carter effort is directed at the Europeans and Japanese who have been determined opponents of the common fund, with West Germany, Japan and the British particularly adamant on this question. These trade conscious nations know perfectly well that what is being asked of them in supporting this insanity is a massive tax on their economies to hold up the present monetary and debt structure. At this moment it is not clear where the respective governments of countries stand on the issue, although it is clear that the pressure is bearing some fruit with regard to both Britain and West Germany where government spokesmen have been heard making noises about their willingness to "negotiate" — a fatal first step — on the issue.

At any rate this blackmail campaign by Rockefeller and Carter will continue right up to the London summit where they hope to wring from Europe and Japan a complete capitulation on their IMF-commodities bailout policy and proceed from their "unified" into the final ministerial session of the Paris Conference on International Economic Cooperation (North-South talks — CIEC) which is scheduled to take place right after the London summit concludes. There is some speculation that David Rockefeller may offer the Europeans and Japanese a Munich "sudetanland" compromise on the fund — he'll drop insistence on the fund (for now) if they will give their full backing to the IMF bailout plan and contribute accordingly.

David Rockefeller's version of "commodity-dollars" now dancing in his head could of course immediately disappear with one word from the silent bears of the Soviet Union that they will come across with now tabled proposal for the creation of a transfer-ruble and gold-based new monetary system. Instead the bears kept silent as usual at Geneva, where besides voicing their personal disapproval of the UNCTAD plan, had nothing of note to say. The Soviets remained spectators to the disgusting maneuvers of Corea and his State Department friends in pressuring both the Europeans and the developing countries.

—by Daniel Sneider

Yugoslav Weekly: Common Fund Needed For New World Order

The following is excerpted from an article in the major Yugoslav weekly magazine VUS, *March 5, 1977. The Non-Aligned nations as of now intend to put the "Common Funds" proposal on their agenda at their Coordinating Bureau meeting in New Delhi next month. The article reflects a wild illusion that this scheme could somehow be consistent with trade and technology transfers favorable to the Third World sector.*

At the upcoming New Delhi meeting (April 6-11), of the (Non-Aligned) Coordinating Bureau at the ministerial level, further efforts will be made to enable the Non-Aligned and the developing world to take the most efficient action to overcome pressures and accomplish the necessary breakthrough in the historic effort whose goal is the establishment of the new world economic order.

Among other things, the Non-Aligned and the developing nations seek a quick reconstruction of the entire international trade system. Within this framework is indexation — the inter-linking of prices of raw materials, primary and industrial goods. What is sought is the elimination of exaggerated fluctuations in the price of resources. This would ensure not only an adequate growth rate in the purchasing power of the developing nations (on the basis of corresponding incomes from the sale of their basic wealth — natural resources), but would also stabilize the world raw materials market. The stabilization of the world market would be in the interest of both producers and consumers, and would also to some extent close the "scissors effect" between the prices of natural resources and finished products of the developed nations. World production must be reconstructed on the basis of a new international division of labor, in addition to easier accessability of industrial products to the developing nations. The transfer of technology can only be developed in much more favorable circumstances than exist today.

The Colombo documents included measures in the sphere of international economic relations which can no longer wait. Structural changes can already begin to take place. For example: in the immediate future the establishment of the Common Fund for regulative buffer stock piles of commodities, the formation of an integrated Council of the raw materials producer countries which would strengthen their position and power in the struggle for the implementation of the well-known "integrated program of commodities." Measures to eliminate the exaggerated indebtedness of the developing nations are also urgent.

Colombo especially stressed the great possibilities of development of trade, financial, industrial, technological, and research cooperation among the developing nations. In this way, for example, the Non-Aligned and the developing world have decided to form their own Special Fund for regulating the stock piling of commodities if the developed nations do not permit the formation of the mentioned Common Fund.

Javits Office Finds Third World 'Remarkably Cooperative'

The following is an interview with John Rosenbaum, an aide to Sen. Jacob Javits (R-NY), who handles international economic affairs and Latin American affairs for the Senator.

Q: It is reported in the press that at Senate Foreign Relations Committee hearings, Sen. Javits called for international financial agencies, such as the IMF to provide a $50 billion bail-out to the U.S. banks if the Third World declares a debt moratorium. Is this true?
A: Yes, I checked the story with Senator Javits himself and he says it's accurate. What the Senator is saying is this. If some country defaults — Zaire is the most likely case — this in itself won't cause a crippling problem for American banks. But Zaire may be taken up as a precedent among Third World countries. What you'll have is a massive amount of developing countries defaulting or declaring moratoria. Under these conditions, such a bail-out would have to be arranged.

Q: Is it true that at the same Senate hearings, Javits said, "we must go on the offensive" on Third World indebtedness, and what does that mean?
A: We must take up the problem of OPEC. U.S. banks are shielding OPEC from the anger of non-oil LDC's. OPEC is making short-term deposits in U.S. banks, and these banks are then lending to the non-oil LDC's long-term, but it is the U.S. banks who get stuck with the risky loans and the dissatisfaction of the LDC's. Thus, U.S. banks are protecting OPEC, and why should we be the ones to receive their anger?

Q: Is Senator Javits supporting the Common Fund for world commodities?
A: Yes. The Common Fund is needed to stabilize commodities, and eliminate the boom-bust cycle in prices. But down the road the Common Fund raises questions. At what price should commodities be set? What happens if the prices are raised very high?

I think what will happen is that this will provide a stimulus for U.S. companies to search for alternatives to these commodities. Let's say Jamaica raises the price of bauxite too high. Then U.S. aluminum producers might have to search for bauxite in domestic clay supplies. This may be the stimulus needed to make investments in processing American clay, which would then take away the uncertainty of American bauxite supplies. We can make other substitutions. For instance, we can drink more tea to some extent and less coffee. Instead of using copper for piping we can use plastics. We can also use glass fibers for telephones instead of African copper. Thus we can reduce copper importation.

Q: Are you making any preparations for the North-South talks?
A: We're seeking adjustments in the U.S., like legislation, that would make it easier for us to bargain at North-South, that would give the U.S. wider bargaining latitude. Some of these changes we would like to see are: first, legislation to allow the Third World to increase its exports to the U.S., to give them more access to the U.S. in terms of trade; second, to increase technology transfers to the Third World; third, to increase the role of multi-lateral lending agencies; and fourth, to make changes in PL-480, the U.S. food-aid, so we can use PL-480 in setting terms of trade.

I think also, we'll have to get legislation that will allow American industries that are harmed by increased Third World trade some form of adjustment. The Foreign Economic Policy subcommittee (of the Senate Foreign Relations Committee) will be studying and trying to work out overviews on the North-South dialogue, OPEC, East-West relations, and the role of U.S. bank lending to the LDC's in the next few weeks of hearings.

Q: How do you think the U.S. should handle strident countries, such as Algeria, at the North-South talks?
A: Not all Third World countries are alike, some like Algeria are radical,and others are not. What I find remarkable is that the Third World countries are cooperative. Despite their differences, they show a remarkable amount of cohesion.

I'll tell you what else amazes me is why the Soviets have not done a goddam thing about the Common Fund. They talk about colonialism and neo-colonialism being the chains that oppress the Third World. They could be doing more."

Carter Administration In Desperate Effort To Keep IMF In Operation

Undersecretary of State Richard Cooper and Treasury Secretary W. Michael Blumenthal last week informed Congress of a full-scale effort by the Carter Administration to beef up the funding and police powers of the International Monetary Fund. Virtually all Administration and related Congressional outlets, as well as banking spokesmen, now demand that the IMF "move to the very center of the world's financial stage," in the words of *Business Week* March 28.

The sudden contraction of attention on the IMF —