Club of Life sharpens the choices for Non-Aligned policy

by Susan Brady

Meeting in New Delhi just two weeks before the Non-Aligned Nations' summit is scheduled to convene in the same city on March 1, the Club of Life delivered a sharp challenge to the supporters of the International Monetary Fund and World Bank who are trying to keep the critical issues of a Third World "debtors' cartel" and the New World Economic Order off the agenda of the summit.

More than 40 political leaders, economists, and others of the Indian elite, in and out of government, participated in the Club of Life's conference on Feb. 13, which was prominently reported in the Indian press. It was the first show of force by the organization's Indian chapter, and the first of a series of international conferences in February by the Club of Life to send a clear message of support for the formation of a New World Economic Order at the Non-Aligned summit, which will be chaired by Indian Prime Minister Indira Gandhi.

The Club of Life was founded officially in October 1982 on the initiation of Helga Zepp-LaRouche, the head of the European Labor Party of West Germany and wife of the world-renowned economist and author of the plan for a new world monetary system, Lyndon LaRouche, a prominent member of the U.S. Democratic Party who has been active in the Club of Life from the outset. The LaRouches will address the Club of Life's conference in Paris Feb. 18, the "flagship" event, together with a conference in Washington, D.C., the same day, for some 50 Club of Life conferences in cities on four continents.

Helga Zepp-LaRouche has stressed that, over the spring of 1983, the human race confronts a *punctum saliens* or decisive turning point, at which either the bankrupt monetary system bequeathed by the 1944 Bretton Woods accords is replaced by a new, just world order—or the world collapses into a New Dark Age. The Non-Aligned summit, representing 96 Third World countries, followed in late March by the meeting of the Group of 77 developing nations in the IMF, are nodal points in the process by which a decision will be made or failed to be made—the decision of whether developing countries will join forces to ensure a global industrial recovery, or be picked off one by one by the IMF's debt-collection policy.

The New Delhi Club of Life meeting brought together several members of Parliament, veteran journalists, prominent government and non-government economists, science policy makers, social workers, and leading members of the ruling Congress Party. Discussion (see Indian press excerpts below) reflected the fight going on in the Non-Aligned, as speakers addressed the urgency of replacing the Bretton Woods monetary system and debated the potential of using the "debt bomb" to accomplish this. The meeting addressed a particular challenge to the attempt by the British Commonwealth bureaucracy to manipulate India's role in the Non-Aligned (of which Mrs. Gandhi's father Jawaharlal Nehru was a founder) to the benefit of the IMF. The draft economic declaration issued for the Non-Aligned summit by the government of India, which currently heads the Non-Aligned, came under attack.

The controversial draft declaration (see *EIR*, Feb. 22), was the product of a joint operation by the U.S. Council on Foreign Relations (founded by the British Royal Institute for International Affairs) and the Brandt Commission (another British creation, mandated by the World Bank to "study" ways of making the IMF and World Bank policies saleable to the Third World), working through local neo-colonial agents L. K. Jha and K. B. Lal in India. The declaration specifically omitted mention of the use of the "debt bomb" to force collective renegotiation of developing-sector debt, and the need to create a new monetary system. Instead it embraced an expansion of the IMF and World Bank.

Action Programme—a "more potent document"

The fight that has erupted over these two issues, and which is certain to be a major focus at the summit, came into the open with the release Feb. 15 for circulation among the Non-Aligned member nations of a 33-point "Action Programme" which in significant ways contradicts the economic declaration to which it is appended. The Action Programme, a copy of which was obtained by *EIR*, reflects varying influences. It calls for "collective renegotiation of the present debt burden of all developing countries" and "immediate convening" of a conference to establish a new monetary system. But these two striking points are embedded in the laundry lists of demands for expanding the IMF-World Bank institutions, otherwise made familiar by the Brandt

Commission.

While demanding a new monetary system, the Programme demands short-term relief in the form of expanded lending from the very institutions it would replace! "The Action Programme places one foot in each camp," a veteran diplomat observed, "whereas before, in the draft declaration, both feet were in the IMF camp." "I'd say it's a more potent document," was the way one Non-Aligned official put it.

In practical terms, the Programme represents a political opening for these determined to carry through on the urgency of the New World Economic Order.

On the subject of indebtedness, the Action Programme states the following: "Collective re-negotiation of the present debt burden of all developing countries in a multilateral framework and to devise ways and means to prevent occurrence of debt crisis."

In addition to this provision, it is the call for a new monetary system which is most significant. The last point in the Programme reads: "Immediate convening of an International Conference of Money and Finance for Development, with universal participation, to bring about a comprehensive reform of the International Monetary and Financial System, which is inequitous and has become out-of-date."

"The objective of this Conference," the Programme continues, "will be to establish an equitable system, which will effectively meet the requirements of development of the in-

New Delhi newspaper calls for debtors' cartel

The text of a Feb. 15, 1983 editorial in the Patriot, *a leading Indian daily, headlined "IMF Quota":*

A decision to increase the International Monetary Fund's quotas by 47 percent taken at the just-concluded Interim Committee meeting in Washington once again shows the inadequacies of the Bretton Woods monetary system. Since the debt crisis erupted in Latin America last August, the IMF, the U.S. Treasury and the Switzerland-based Bank for International Settlements have had to come up with short-term bailout packages to keep Mexico, Brazil, and Argentina from defaulting on their debt payments to the U.S. and European private banks. Thus it is no secret that the additional $29 billion increase in IMF resources approved at the meeting will not be enough to cover the payments crisis this year. Not only will the Latin American countries require over $60 billion to keep them afloat in 1983, but several European nations are also expected to require emergency IMF funding this year. Even if one were to accept the optimistic forecast of "economic recovery around the corner" in the industrially developed capitalist countries, there is no way that the developing sector debts can be paid. That aside, to accept the severe austerity conditionalities being demanded by the IMF in exchange for a few crumbs with which to pay the foreign banks would be suicidal for the debt-strapped developing countries. Surely this sort of cure is worse than the disease. Ironically, many developing countries and organizations like the Brandt Commission are calling for even larger increases in the IMF's lending and surveillance powers. They have fallen into the trap set for them by the IMF and the private banks, which would like nothing better than to strengthen the IMF by converting it into a "World Central Bank" with powers over all lending to the developing sector. In fact, this is precisely what the major U.S. and European private banks, which recently formed a creditors' cartel known as "the Ditchley group," have been calling for.

The developing countries must not lose sight of the fact that it is the IMF system—and not the developing nations—which is bankrupt. The current debt crisis is the result of the inequities in trade and finances established in 1944 at Bretton Woods by the British and Americans. Their aim was to design a system which perpetuates

colonies attained political independence. At this point nothing short of a long-term rescheduling of the debt payments of the developing-sector nations, creation of a mechanism for extending long-term credit on low rate of interest, and the establishment of a new monetary system to finance real economic development can solve this crisis.

If the developing countries, especially in Latin America, act courageously they can turn what is generally viewed as their greatest weakness into their greatest strength. The threat to withhold payment on their debt can be a powerful weapon if they get together and decide to take collective action. This proposal for "joint renegotiation" of the developing sector debt was voiced at the Coordinating Bureau meeting of the Non-Aligned in Managua. It must be taken up and strengthened at the summit in New Delhi. It is necessary that the developing nations are not lulled into complacency by the crumbs offered in the form of increased IMF quotas. Instead they should use every weapon to force the U.S. administration to seriously discuss the proposals for a new international economic order.

ternational economy, particularly those of the developing countries, especially in regard to investment for structural adjustment, effecting critical areas such as food, energy and industrial development.''

In conclusion, the Programme states: ''It is, however, imperative that the immediate measures mentioned in this programme should be implemented wherever possible, without waiting for the convening of the conference.'' The measures are recommended for ''early follow-up action'' to the Buenos Aires Group of 77 ministerial meeting in March and April of this year.

The ''immediate measures,'' covering the broad areas of financial flows, trade and commodities and energy, include such things as an increase of Official Development Assistance (ODA), a doubling ''at least'' of International Monetary Fund quotas, creation of additional SDRs, substantial expansion of World Bank lending, a ''standstill commitment'' from developed countries on further protectionist measures, various preferential trade measures, early ratification of the Common Fund Agreement, establishment of a multilateral financing facility for developing sector energy resource development, strengthening of the IMF Food Facility, and so forth.

The issue of national sovereignty is also addressed in the Action Programme. Point 9 calls for an ''immediate review of the conditionality attached to the lending [of the IMF,] with a view to making it consistent with the autonomy of national decision-making processes. It should be fully responsive to the requirements of developing countries and aimed at encouraging expansion in domestic production, structural adjustment and development.''

Political unity required

As was brought out at the New Delhi Club of Life meeting, to make good on such openings requires unity within the Non-Aligned movement and developing sector more broadly—and the key to this is the large Ibero-American debtors. It is no accident that the international bankers' primary goal in recent months has been to isolate the Western Hemisphere nations from the rest of the developing sector and from each other, and prevent Ibero-American leaders from attending the summit. This battle is still raging. Colombia's President Belisario Betancur has announced that he will in fact go to New Delhi for the summit—in spite of dramatically stepped-up coup threats to his government. But the bid of Venezuela, (where the Club of Life is receiving major media coverage as the alternative to genocide—see excerpts, below) for membership in the Non-Aligned has been successfully sabotaged by the British Foreign office acting through its puppet, Guyana. Using the pretext of a territorial dispute, the tiny Commonwealth colony vetoed Venezuela's application at the Non-Aligned Coordinating Bureau, thus barring the heavily indebted nation now presently resisting heavy pressure to submit to the IMF from active participation in Non-Aligned policy formulation.

On the debt crisis and the new economic order

From an article published Feb. 14, 1983 in the Indian daily Patriot:

The need for effective collective action by the Non-Aligned nations was emphasized on Sunday at a seminar on the ''Debt Crisis and the New Economic Order."

Speakers at the seminar, attended by eminent economists and intellectuals from various disciplines and political leaders felt that the IMF and the Bretton Woods system were the source of the grave economic crisis facing the world today.

The crisis can no longer be resolved by reforming the existing institutions, but by creating a new international economic order based on equity and committed to rapid development of the Third World countries.

The Non-Aligned movement must adopt a "visionary leadership role" to meet the grave problems posed by the current world economic crisis, particularly the immediate debt and payments crisis faced by the developing sector, the speakers said.

The seminar was held under the auspices of the Indian Club of Life, a group that has been formed to combat the neo-Malthusian, anti-development policies promoted since the 1970s by the supranational Club of Rome, the IMF, and its allied institutions.

Chairing the seminar, former Union Minister of Finance K. R. Ganesh warned that evidence was accumulating that the U.S. economy was sliding deep into depression.

The total debt of the developing sector is approximately $630 billion, he pointed out. "In 1981, according to the IMF itself, 32 countries have not been able to meet their debt payments."

Mr. Ganesh said that many proposals were being floated for reform of the IMF. "The question we must ask is—can the IMF be reformed? Isn't there a whole ideological framework on which the IMF policies are based? One example, is the conditionalities and the monetarist prescriptions which even in the United States have failed."

Peter Ennis, U.N. correspondent for the New York-based weekly *Executive Intelligence Review*, made a strong case for the dismantling of the entire post-war Bretton Woods monetary and financial system and called on the Non-Aligned to take the initial steps to carry this out by establishing a "debtors' cartel" and demanding a moratoria on debt payments. "Only a general reorganization of the monetary system can pull the world out of its current economic depression. Such a reorganization is equally in the interest of the OECD nations and the developing countries. It requires that the political power of the usurious financial powers behind the IMF be broken" Ennis stated.

"A debtors' cartel would be meet initially by ferocious hostility from the banking interests but as soon as it became clear that the cartel was strong and unified a number of governments in the developed sector, including possibly the U.S. government, would enter into negotiations for a new international economic order," Ennis told the conference.

"The Bretton Woods system was an instrument of the bankers and financiers to perpetuate economic neo-colonialism. Lord Keynes designed the economic system in such a way as to deny basic economic freedoms to the newly independent developing nations," he said.

Robert McNamara and Henry Kissinger are trying to tell the developing countries that they must accept a "new Bretton Woods conference," and that the situation in the world economy will improve shortly as the U.S. economy is on the "road to recovery." Ennis warned that this was a fraud aimed at diverting the developing nations from their efforts to establish a new international monetary system to replace the IMF system.

Patriot Editor R. K. Mishra initiated the discussion by stated that "the problem is not debt but the sabotage of development in the developing sector." He cited the Indian experience both in pursuing an independent path of development and in the obstacles it has had to face from the subversive agencies such as the Ford Foundation, the World Bank and the IMF to safeguard its national sovereignty. Mishra warned that a tremendous ideological offensive "is underway to derail India and other developing countries from developing into modern nations" and took note of the environmentalist "small-is-beautiful" lobby in many aspects of national life. "Poverty is the biggest pollution we face—if we don't deal with it frontally we are not dealing with the real problems of development. The IMF policies and the policies of Pol Pot on one level are one and the same," he added.

Many speakers took special note of the economic draft put forth by India to other Non-Aligned countries, characterizing it as "inadequate as far as the current crisis is concerned." Some speakers sharply criticized what it leaves unsaid as far as the debt problem and the need for a new monetary system is concerned and said that it was not as effective as the Havana declaration.

The well-known economist Dr. Sulekh Gupta noted that Indians were familiar with the debt problem. "The Indian peasant is born, lives and dies in debt," he stated, and noted that there were several revolts against British colonialism in India on this specific issue. He said the Non-Aligned must establish their own bank to utilize the resources of the South for greater South-South cooperation.

This idea was endorsed by Dr. R. C. Dutt, who has many years of experience on economic policy and administration. He suggested that such a developing sector bank could tap the resources in the oil-exporting countries and lead to collective self-reliance among developing countries. He said "we should turn the searchlights inwards and set out own economies in order."

Member of Parliament R. L. Bhatia noted that the Non-Aligned countries should develop much greater cooperation amonst each other, combining their different resources and areas of expertise.

Professor A. Rahman, of the CSIR (Council for Scientific and Industrial Research), said 60 percent of research and development investment went into the military areas. He denounced the way the intellectuals of developing nations had been brainwashed "by anti-development ideas spread by the agencies of the north."

Dr. Vijay Kelkar expressed the view that the debt issue was too narrow a focus for the economic crisis faced by the world today and that even "a new Bretton Woods conference" was an inadequate response since it would not involve the socialist countries. He disagreed with the idea of a debtors' cartel characterizing many of the leading developing countries in the "debt trap" as reactionary regimes with whom India may not want to involve itself. His views were generally endorsed by fellow economist Dr. Rajiv Kumar.

Kelkar's views provoked heated discussion by several speakers who followed. Some speakers pointed out that to treat the debt problem as the localized condition of some countries who got themselves into trouble, is playing right into the trap of the International banking and financier elite and it is spokesman, Henry Kissinger, who are trying very hard to "divide and conquer" the developing sector before the Non-Aligned meeting in March. In the face of this crisis, one speaker recalled that Jawaharlal Nehru would never have responded by suggesting that fellow developing countries' difficulties were not India's problem.

Other speakers pointed out that events such as the recent massive working-class demonstrations in Argentina demanding that the government reject the IMF's policies shows that the opposition to monetarist policies is growing. India and the rest of the Non-Aligned nations' support for the debtors cartel will help to strengthen the progressive anti-imperialist forces in these countries.

Club of Life member and *New Wave* editor Ganesh Shukla warned that India is not isolated from the rest of the world. During the Carter administration's days a document was produced named Project 1980s where the policy-making organizations in the U.S. including the Ford Foundation and the Council on Foreign Relations produced a script for how to manage a contracting world economy. They coined the term "controlled disintegration" of the world economy. He emphasized that the new Bretton Woods conference idea was part of this framework and it had now been floated in India by individuals who also supported the 1966 devaluation.

Shukla said "The world is divided into a struggle between those who have been suppressed for decades and those who want to prevent development. If Latin American countries are becoming patriotic and fighting, then we should welcome this development."

On the need to replace the IMF, World Bank

The following article, from the Feb. 14 Times of India, *India's "newspaper of record," was titled, "Viable Alternative to World Bank, IMF Urged."*

International monetary institutions today came in for severe criticism at a seminar here for contributing to the global economic crisis and being essentially against the progress of the developing nations. The speakers at the seminar on the Debt Problem and the New International Economic Order organized by the newly formed Indian Club of Life wanted the forthcoming Non-Aligned meeting to take up the question of a viable alternative to the International Monetary Fund and the World Bank.

Among the alternatives suggested were a common bank for the Non-Aligned bloc and the OPEC group and the pursuit of a common self-reliance policy among the Third World countries which would ensure optimum progress from the limited resources available from each of the countries.

It was also pointed out that the Brandt Commission's proposal of a reform of the IMF was highly impractical, as the moving spirit behind the financial institution was political in nature and not technical. The international debt crisis was the expression of fundamental distortions built into the world economy at the 1944 founding of the Bretton Woods system, according to Mr. Peter Ennis, a United Nations correspondent for the *Executive Intelligence Review*.

While maintaining that the Bretton Woods system was highly impractical for solving the impending global economic crisis, Mr. Ennis said that the system had been born out of British brains and U.S. muscle. Likening it to a vampire sucking blood from its victims, he said that the system had been designed by Keynes to bring about "a total control over the developing countries." Documenting his assertions with the help of slides, the U.N. correspondent pointed out that countries in South America, like Brazil, Argentina, and Mexico had run up debts that even exceded their export earnings. These three countries had in fact paid debt service to the tune of 117, 126, and 153 percent of their export earnings, he added.

He suggested that developing countries form a debtors' cartel wherein the developing countries could collectively use the threat of non-payment of their debt to break the control of the monetarist financiers like the IMF and the World Bank. It was learned that a third of all the countries have become debt defaulters with the international financial institutions. This could well be used as a lever by the developing countries to force the OECD to sit at the negotiating table and work out the blueprints of a new international economic order which would be in the interests of all countries, developed or developing.

According to the available figures, the developing countries have already run up a massive $630 billion debt.

Mr. Ennis refuted the possibility of additional exports plugging the balance of payments gap for the developing countries. While exports necessitated the import of certain basic infrastructure, the developing countries were ending up paying more for imports and even many of the European countries "will have to go to the IMF because they will have fantastic balance of payments deficits" unless viable alternatives are chalked out.

Indirect sabotage

Earlier, initiating the discussion, Mr. R. K. Mishra, well known journalist, looked at the problem not so much as that of debt per se but as that of the indirect "sabotage of the development process among the developing countries" because of such debt. Inherent in such a sabotaging was the rigid conditionalities that were tagged on to each loan purse.

According to Mr. Mishra, it was the World Bank that had taken over the vital industrial policy of the government immediately after Mr. Nehru's death. It had, for one thing, suggested a shift to agriculture, "an argument that we fell for" he said. Ironically it had been observed that the country had achieved a greater agricultural output in the 10 years preceding Mr. Nehru's death than in the 10 years after his death.

The concluding session of the seminar also suggested that the Non-Aligned meeting consider the question of setting up a common bank among the developing bloc and the OPEC group or establish a new monetary system which can "provide the necessary long-term, low-interest credit for the large-scale development of the developing countries." This idea had been put forward by Mr. Sulekh Gupta, who said that funds, instead of strengthening American banks, could be diverted to such a common pool.

Dr. R. C. Dutt, a retired civil servant, also voiced the need for the Non-Aligned nations to pursue "a collective self-reliance policy." However, he advocated the principle of give and take to be the dominant feature of such a policy.

Dr. Vijay Kelkar, an economist, wants the socialist bloc to be also roped into the formulation of the new economic policies of the developing group.

Earlier presiding over the deliberations, Mr. K. R. Ganesh, former union minister of finance, felt that in view of an impending global economic collapse, "an urgent choice would have to be made between the evolution of a new international economic order or face a thermonuclear devastation."

On the NATO origins of the racist Club of Rome

El Mundo, one of the two Caracas afternoon newspapers published by Miguel Angel Capriles, featured an interview with EIR's Ibero-America editor, Dennis Small, on Feb. 8, in which Small detailed the racist roots of the Club of Rome. The interview was quite unsettling for Club of Rome chairman Aurelio Peccei, who was in Caracas at the time. Small was helping organize the Feb. 23 conference of the Venezuelan chapter of the Club of Life. Below are excerpts of the interview, published under the headline, "No financial group has the right to impose debt collection by force," and a subhead, "Club of Life agrees with Capriles editorial." The interview was conducted by Héctor Collins.

No political or financial interest has the right to impose upon sovereign nations economic policies that limit their growth through the collection of foreign debt by force. Before tolerating such impositions, nations have the sovereign right to associate among themselves to declare a moratorium on that debt, and such is the case faced today by the countries of Ibero-America.

This is the view of Dennis N. Small, Ibero-American Editor of the magazine *Executive Intelligence Review,* who is in Caracas to organize the founding of the Club of Life in Venezuela at an event that will take place Feb. 23 in Parque Central, with the participation of distinguished Venezuelan personalities in politics, economics, and society.

Small fully shares the views put forward by editor Miguel Angel Capriles, president of the Capriles Chain, in a recent editorial of *El Mundo* under the title: "The Rise and Fall of an Indebtedness," which was favorably received in several Latin American countries.

[Small said] because he shares the proposal of editor Miguel Angel Capriles, the Club of Life has invited Capriles to take part in the inaugural conference of the Venezuelan chapter, so that he can elaborate further on his editorial, which raised such interest in the United States. . . .

What is the Club of Life, we asked.

"The Club of Life was born in October 1982 as an initiative of the German political leader Helga Zepp-LaRouche, and the purpose of the new institution is to counteract the negative influence of the Club of Rome and other Malthusian organisms that insist that the human race and the human individual cannot progress, and that there can be no development. The basic principles of the Club of Life, among other things, are the absolute defense of the rights of all peoples of the world to life and its protection through economic, industrial, and social development, in order to guarantee that the enormous present financial crisis does not lead to more destruction than there already has been from the world's problems."

What is the difference between the Club of Life and the Club of Rome?

"The Club of Life," says Small, "is opposed morally and scientifically to the discredited, but widespread pessimistic ideas of the Club of Rome and other neo-Malthusian organizations. The 'economic' argument of the Club of Rome—that there are scarce resources and therefore that man has reached the limits of growth and must tighten his belt—is so ridiculous and trivial that it is almost unnecessary to offer a rebuttal. Any child," adds Small, "knows that technological progress is the motor of development and that throughout human history it has allowed for dramatic leaps in population density, or, in other words, that technology has made it possible for man to utilize constantly new natural resources to thus maintain a growing population. It is absurd to propose, as the Malthusians do, that if there are not enough hats for currently existing heads, we must start cutting off heads. . . . [As the Book of Genesis mandates:] 'Be fruitful and multiply. Fill the earth and subdue it.'

"But there is another side to the Club of Rome, less known but more relevant. It was founded in the late 1960s as a NATO ideological warfare project. Its purpose is to convince underdeveloped nations that development and industrialization are impossible and undesirable, and that they should therefore forget any national economic and social development plan and accept the deindustrialization and depopulation of their countries."

Dennis Small, continuing to talk about the Club of Rome, singles out Aurelio Peccei and Alexander King:

"In May 1967, two institutions associated with NATO, the Scientific Committee of the North Atlantic Assembly and the Institute for Foreign Policy Research, met in Deauville, France to discuss the 'post-industrial age.' The main speakers were Aurelio Peccei, now the chairman of the Club of Rome, who in 1967 was the head of the Economic Committee of the Atlantic Institute in Paris, a NATO think tank; and Zbigniew Brzezinski. The third individual who played a determining role in this meeting was Alexander King, then the scientific chief of NATO.

"One year later, Peccei and King founded the Club of Rome. Some sources insist that the true intellectual author of the project was not Peccei, but King. King, a top leader of NATO, besides being a fanatic defender of deindustrialization and depopulation, is an unabashed racist. In early 1982, King told a reporter that the most disturbing thing he was concerned about was the possibility that 'the white race could lose its hegemony colored races, because of the population explosion among the latter.'

"This is the true thinking of the founders of the genocidal Club of Rome."