Commodity Swindle Peddled by UNCTAD Head for Nairobi Conference

April 8 (IPS)—A high official of the United Nations Commission on Trade and Development is retailing a "commodity price stabilization plan" designed to sabotage discussion of debt moratoria at a key international meeting next month.

UNCTAD's Secretary-General Gamani Corea told newspaper interviewers this week that the so-called "integrated program for commodities" would dominate negotiations at the "UNCTAD IV" conference next month in Nairobi, Kenya. Previously, Third World leaders and UNCTAD officials planned to use the Nairobi international meeting to force the issue on debt moratorium for the Third World. But Corea, whose interview appeared in a supplement to four Atlanticist dailies in Europe, insisted, "The most important issue is commodities. This has been the focus of UNCTAD's work for the past 18 months."

By retailing this commodities hoax, Corea is playing on the stupidity of Third World nations to wreck chances for the crucial debt issue to be raised at the Nairobi meeting. A right-wing Sri Lankan official who joined UNCTAD after his austerity policies came under fire in 1972, Corea is using his position as a leading Third World spokesman to convince developing countries to accept the sort of suicidal "deals" on the commodity issue that U.S. Undersecretary of State Charles Robinson is quietly telling them may be forthcoming from the U.S. Saboteur Corea can get away with acting as spokesman for the Third World at Nairobi and elsewhere only because of the cowardice and vacillation of the rest of the developing nations.

Divide and Conquer

According to the "integrated commodities program," the richer countries would contribute $3 billion to a central fund which would support commodity prices and thus increase the earnings of Third World commodity exporters.

A high Treasury official ridiculed the scheme. "There are already $20 billion or so in commodity stocks" due to the collapse of industrial demand for raw materials, Assistant Secretary of the Treasury John Bushnell pointed out. "It would take more than $2 billion to stabilize copper prices alone." Bushnell insisted that the United States delegation to the Nairobi conference next month will torpedo the commodities plan.

In addition, Europe, Japan, and some Third World countries oppose the commodity swindle, which would raise the prices they pay on commodities in order to pay the Third World's debt service to international banks. The State Department's hints that the U.S. would support plans to jack up commodity prices provoked protests from the Western Europeans, a Treasury official said.

But many Third World governments are swallowing the commodities approach out of terror and stupidity. Financial observers report that the banks are following a policy of tossing small amounts of new credit to the Third World in order to keep Third World countries competitively wrangling with each other. "If UNCTAD called a meeting of the Third World on the debt problem now, nobody would come," Treasury official Bushnell chuckled. "They'd all be afraid of looking like basket cases and not getting any new loans."

The International Monetary Fund estimates privately that the Third World will have to out roughly one-third of its imports, including food and other necessities, to pay debt service this year. Asked whether Third World governments could survive this level of austerity, one Third World diplomat said firmly, "We know we can't." What will you do about it? he was asked. "No comment."

Crawl for Nothing

At a meeting in Washington last week attended by senior State Department and Treasury officers and private bankers, both sides agreed that the Third World would walk out of Nairobi without a cent of U.S. money, no matter how low UNCTAD officieals crawl. Treasury officials have gleefully described the way negotiations with the Third world have dragged on for months, leaving the Third World impotent and divided.

Commodity Swindle

U.S. banks and corporation are already using long-term "pay-as-you-go" deals with Third World countries on raw materials to obtain at least partial payment on the Third World's $200 billion foreign debt. American banks lent an unprecedented $732 million to the Philippines, which is under the Wall Street political thumb, during the first quarter of this year. U.S. sugar refiners have proceeded to lock up virtually all of the Philippines' sugar exports for the next five years as backing for these loans.

In a related move, Brazil's creditors have instructed that country to buy up Angola's **entire** coffee stocks, some 800,000 bags, thereby creating a world coffee shortage and artificially propping up world prices. This will allow Brazil to keep up with payments on its $25 billion foreign debt at the expense of coffee-drinking workers in the advanced sector.

The bulk of new bank lending to the Third World is being "collateralized" against commodities" in this way, a source at Lehman Brothers investment house confirmed this week. The elite weekly Money Manager noted in its latest issue that lending to the so-called "middle and lower-income" category of Third World countries — that is, the most bankrupt countries which bankers ordinarily would not touch with a ten foot pole — "inexplicably" soared in the first quarter of 1976; total Euromarket credits to these countries is already at the level of lending during the whole of 1975. "There is cold reasoning behind the outwardly dangerous lending to impoverished lands," Money Manager comments in another article. "for example, Chile, Brazil, and Peru have the highest foreign debt in relation to their exports... But each of them is rich in raw materials."

Meanwhile, the precipitous decline of the pound sterling, and the potential collapse of the U.S. dollar, has caused speculators in London and New York to drive the price of copper, tin, zinc, lead, coffee, and cocoa skyhigh. London copper prices rose 25 per cent over the last month. Reuter's index of commodities traded in London has jumped to the highest level since the speculative hey-day of Spring 1974.

This run into commodities, while helping to momentarily prop bankers' Third World debt holdings, actually portends the collapse of the entire U.S.-dominated world monetary system.