# Victory at Colombo for the Non-Aligned

by Hartmut Cramer

Some 15 months after Lyndon LaRouche had sparked a worldwide discussion around his proposal for an International Development Bank (IDB), for the reorganization of the bankrupt monetary system and the immediate establishment of a new, just world economic order, the first major breakthrough came at the Fifth Conference of the Non-Aligned Movement in Colombo, Sri Lanka: Eighty-five nations, representing approximately 2 billion people, officially demanded a "new world economic order," in the concluding resolution on Aug. 19, 1976, with its "essential component" being a "new, universal finance and currency system." In order to effectively exert pressure to realize this far-reaching demand, the heads of state gathered in Colombo agreed (without explicitly mentioning the fact in the final resolution) to declare a moratorium on the developing sector's foreign debt, should the industrial countries not take up the historic offer of Colombo at their "North-South Conference" in Paris.

This ground-breaking event was preceded by an international mobilization by the LaRouche movement on all continents. Not only were there intense discussions with nearly all leading representatives from the developing sector, but the LaRouche movement itself experienced explosive growth throughout Ibero-America, opened offices in Asia, and intensified political contacts at the United Nations in New York and at the North-South Conference in Paris. The dialogue was carried "into every pore of society"; this was especially true of the United States and western Europe, where LaRouche, with his movement, were already a political institution.

Even the most tightly controlled media in the industrial countries, which had staked everything up to then on suppressing LaRouche's programmatic proposals (and continue to do so), had to concede that LaRouche, with his "illusionary" proposals in August 1976, had been right, across the board.

The specific demands of the developing sector, as articulated by Prime Minister Indira Gandhi of India, were:

1. Immediate suspension of the foreign debt payment "of the poorest countries and those countries subjected to imperialist pressures."

2. A "new universal monetary system," which should replace the bankrupt World Bank and International Monetary Fund.

3. The creation of new liquidity, which should be automatically coupled to the needs for worldwide development.

4. The world community of nations should be included in this "universal system" by means of triangular trade agreements among the developing sector, the socialist countries, and the developed countries of the Organization for Economic Cooperation and Development (OECD).

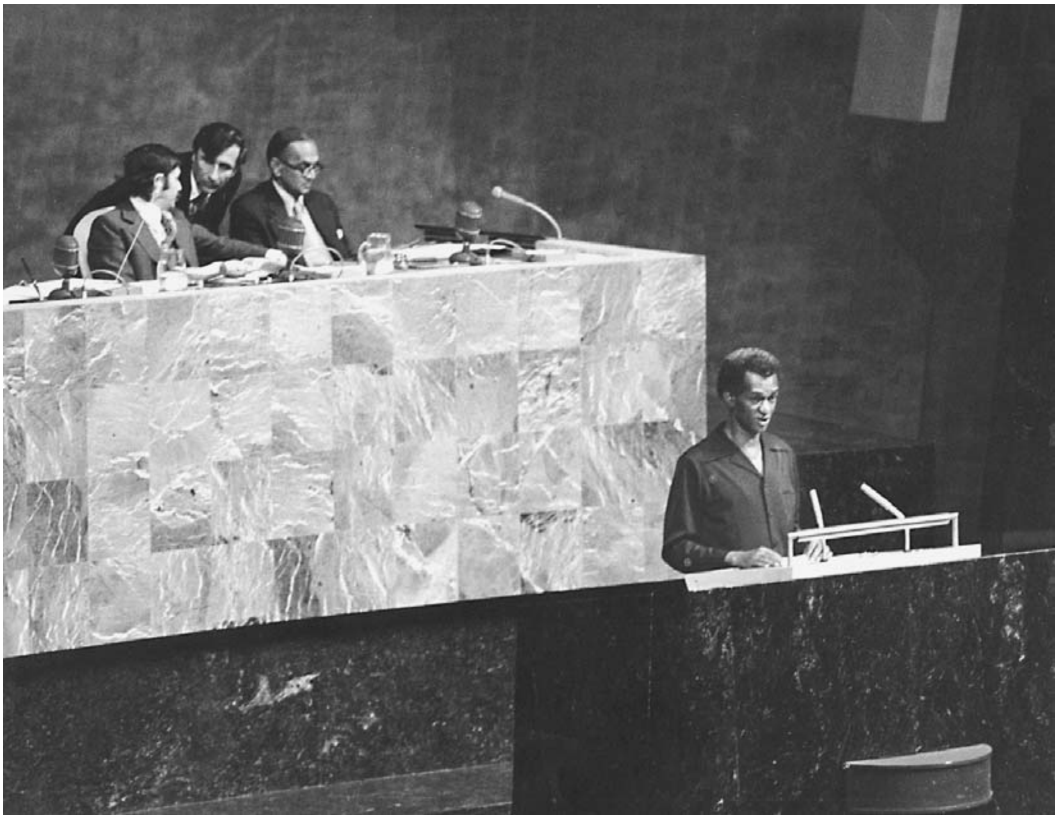
The final resolution of the summit meeting also included the idea of Vietnamese Prime Minister Pham Van Dong, to coordinate all plans for the creation of a "Third World economic bloc," and thereby, to work out a common standpoint for "negotiations with the capitalist industrial countries and the Comecon countries." Pham's idea corresponded with the first step toward creating an International Development Bank, as Lyndon LaRouche had proposed in April 1975. How far these types of ideas had spread internationally can be gleaned from the fact that the political committee of the Non-Aligned Movement officially proposed to have Italy's Prime Minister Giulio Andreotti as the coordinator between the developing sector and western Europe; Andreotti eagerly accepted that proposal.

Even U.S. President Gerald Ford—in contrast to his Secretary of State Henry Kissinger, who brazenly threatened the developing countries with a trade and food embargo—was initially not at all opposed. No sooner had the Colombo summit ended, than the White House issued the evaluation of the Ford administration that a Third World declaration of debt moratorium on public and private dollar debts, was "strictly a matter of the private sector." Unofficially, the word was that the White House would take no retaliatory steps of any kind against countries that refused to pay their debts.

Clearly the international private banks feared for their bare existence, expressed (if privately) by an adviser to Ford, who said straightforwardly: "The government is not going to put its hand into the fire for the banks. I would be very surprised if there were a trade embargo. Grain supplies which are financed with government credits will, in all probability, be continued." To underscore Washington's standpoint, President Ford declared at the Republican Party Convention in Kansas City—which convened during the Colombo Summit, and where Ford was nominated as his party's standard-bearer—that his government would under no circumstances propose a trade embargo.

## Organizing the advanced nations

While the United States initially abstained from any blackmail against the developing sector, the Non-Aligned nations pushed for rapid acceptance of their program among a number of OECD countries. In western Europe, their efforts concentrated on Italy, which, on the basis of its own interest in survival—the country wanted to be rid of the oppressive burden of $19 billion of foreign debt—was very open to these ideas. On Aug. 20, 1976, Italian Foreign Minister Forlani



*Guyana's Foreign Minister Frederick R. Wills addresses the UN General Assembly, Sept. 8, 1975: "We cannot afford to mortgage the future of unborn generations to the obligations of burdensome capital repayments and crushing debt servicing. The time has come for a debt moratorium."*

announced the formation of an "Organization for Technical Cooperation with the Developing Countries," which was relatively solidly financed, and was seen as the first step toward acceptance of the Colombo positions. Moreover, the government of Japan's Prime Minister Takeo Miki, which represented the country's traditional export interests, was also very interested in the Colombo resolutions.

LaRouche sought to shift the political weight of the United States—which then, as today, would play a key role in establishing a new international monetary system—in favor of the IDB, and to move Washington toward official acceptance of the final resolution of Colombo. LaRouche, who had declared his "greatest satisfaction" over the results of the Colombo summit, directed a message to President Ford, urging immediate steps to prevent an avoidable panic over the prospect of a developing sector declaration of debt moratoria. He proposed that Ford should address the nation on television and explain the importance of the program which had been resolved at the Colombo conference. On that occasion, he said, Ford should emphasize that the U.S. government was prepared "to negotiate on a rational basis on the necessary measures with the developing sector, in the sense of the real national interests of the U.S.A. as the leading industrial power in the world."

The coming weeks were characterized by intense and even hectic activities, the latter particularly on the part of Kissinger and those who directed him at the highest levels of the financial oligarchy. On the one side, the Non-Aligned nations, under the leadership of India, Algeria, and tiny Guyana, pushed to exploit the breakthrough at Colombo in order to get down to business, i.e., the actual declaration of a moratorium on the $200 billion in developing sector foreign debt, in order to collapse the old, bankrupt International Monetary Fund (IMF) system, and to force negotiations on a new world monetary system. On the other, the financial oligarchy staked everything on softening up the "front" which had formed at Colombo, while also moving to isolate or destabilize those OECD countries, such as Italy, Japan, France, and even some circles in Switzerland, which had shown interest in establishing a new, just world economic order.

It was perfectly obvious that Kissinger was playing for time, and, he intended, with his demand for "case-by-case decisions," and a drawn-out "series of negotiations," to prevent the developing sector from proceeding en bloc at the final discussions at the mid-September North-South Conference in Paris. At the same time, Kissinger and his controllers in the City of London did everything they could to dissuade President Ford from issuing a public positive statement on the Colombo Resolution; and, in the back of their minds, they were already conjuring up the next U.S. President to come from the circles of the powerful Trilateral Commission: Jimmy Carter.

### 'The time has come for debt moratorium'

The 31st General Assembly of the United Nations, which began at the end of September 1976 in New York, shows how close the world came to a new political beginning for mankind with the establishment of a new, just world economic order. On Sept. 27, 1976, Foreign Minister of Guyana Dr. Frederick Wills did the "unthinkable": He publicly demanded the replacement of the IMF system by the IDB, based on the arguments made by Lyndon LaRouche.

Wills told the entire General Assembly, "Mr. President, the security of developing states is inextricably linked with their economic survival and their economic advance. My delegation feels that there can be no meaningful economic advance without the implementation of the New International Economic Order as adopted at the Sixth Special Session. . . .

"The crippling problem of debt and the servicing of debt has assumed a special urgency. Developing countries cannot afford to depart from their basic and fundamental demand made in Manila and Colombo earlier this year calling for measures of cancellation, rescheduling, and the declaration of moratoria. We must eschew all attempts to deal with this problem by the divisive tactics of a case-by-case approach. We cannot afford to mortgage the future of unborn generations to the obligations of burdensome capital repayments and crushing debt servicing. The time has come for a debt moratorium. . . ."

The fact that the developing sector, with its clear position, was not alone, and that it had allies among the industrial countries, is amply expressed in the UN General Assembly address by Italian Foreign Minister Forlani on Oct. 1, 1976. Forlani officially expressed "the spirit of openness and coordination of Italy with the developing countries." He continued, "Italy is persuaded of the necessity, also emphasized at Colombo, to establish a new international economic order, which will open to each country the way to development. . . . This goal can only be achieved in an economic system, which has solved the fundamental problems of raw materials, trade, the debt of developing countries and technology transfer. . . . Italy intends, within the European Community, but also independently, to undertake every possible effort to achieve progress in this direction."

### Breakthrough in Paris

The final breakthrough was within grasp at the concluding discussion of the North-South Conference in Paris in mid-September. The developing sector came forward—as agreed upon at Colombo—with one voice, and it was determined also to apply the pressure of debt moratoria if necessary. The eight industrial countries that were representing the developed sector in Paris, had, by contrast, no unified strategy, since Italy, in particular, but also Japan and the host country, France, were willing to enter serious negotiations on a new monetary system on the basis of the Colombo Final Resolution, while U.S. Secretary of State Kissinger and Great Britain represented the uncompromising position of the international financial concerns.

Up until Sept. 13, it seemed as though a breakthrough was imminent. But, on that day, Great Britain broke the agreement which had held until then, that the industrial and developing sector would not speak "at a later time" about "particular cases," but rather would "immediately" address the question of a "total solution package" for the debt problem. Great Britain's action gave the green light for the sabotage policy of its avowed agent, Kissinger, who imposed his "divide and conquer" tactics of "case-by-case negotiations at the earliest in December" upon the other industrial nations.

The negotiations in Paris collapsed. Instead of celebrating an historic breakthrough into a new era, the delegations had to pack their bags and move to more negotiations at the UN headquarters in New York.

There, despite the heroic actions of leading representatives of the developing sector—and Guyana's Dr. Wills, who was later driven from office and out of his country by the personal vendetta of Henry Kissinger, was one of the most prominent among them—as well as efforts by some industrial countries, such as Italy, those circles won out who set their stakes on a return to imperial gunboat diplomacy. Brutal violence by the controllers of the IMF system, vacillation and cowardice on the part of continental Europe and Japan, and a catastrophic mixture of irresoluteness, subjugation, and betrayal among too many developing countries, destroyed a great historic opportunity in the decisive summer and fall months of 1976, and brought immense suffering to mankind.

# The Colombo resolution of the Non-Aligned

*The following is excerpted from the final resolution of the conference of Non-Aligned nations, held in Colombo, Sri Lanka, Aug. 19, 1976:*

### Introduction

. . .The heads of state of the Non-Aligned countries consider that economic problems have become the most grave in international relations. . . . The developing countries are victims of this world crisis. . . . It becomes more and more evident that the present system cannot promote the development of the developing countries nor hasten the elimination of hunger, disease, and illiteracy. . . . Also, the institution of the new international economic order is of the highest political importance. . . . The developing countries have as their primary task to break the resistance of those who oppose themselves to the struggle for the economies of the developing countries. . . .