

## **'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. . . .

## The New World Economic Order

1. The heads of state . . . are strongly convinced that alone a complete restructuring of international economic relations will bring a solution to the world's economic problems. The weaknesses and repeated failures of the extant economic order have been demonstrated by the recent series of crises in the market economy countries: collapse of the monetary system, the appearance of restrictive and protectionist policies, recession, inflation, unemployment, etc. . . . Notably, this state of crisis has also dramatically emphasized the fundamentally interdependent nature of the elements constituent of the world economy, and provided the necessary impetus leading towards conceiving a new world economic order.

2. The heads of state . . . demand the establishment of a new world economic order, which begs bold initiatives, demands concrete innovative and global solutions, and is not compatible with the fragmentary and improvised reforms designed to keep the current economic difficulties in check. . . .

3. The heads of state denounce the unacceptable policy and practice of the transnational corporations. . . .

4. They reiterate the right of every country to exert its sovereignty. . . .

5. They reaffirm that alone such a complete restructuring

of international economic relations will provide a durable solution. . . . They reaffirm their resolute determination to obtain by collective action the establishment and implementation of a new world economic order, which is envisioned and enunciated in various resolutions. This order must, among other things, include:

a) Fundamental restructuring of the whole apparatus of international trade so as to achieve an indexation, improve the terms of trade. . . .

b) Deep restructuring of world production on the basis of a new international division of labor through the following means: improvement of the access of developing countries' manufactured products, transfer of technology. . . .

c) A radical overhaul of international monetary arrangements in vigor, which are characterized by the lack of a rational equitable and universal system, the anarchy of floating, the growth of liquidity . . . inflation. . . . The new system should abolish the dominant role of international currencies in decision-making, and forge a link between liquidity creation and development finance.

d) Guarantee an adequate transfer of resources.

e) Urgently determine a satisfactory solution to the problem of public debt, especially for the least developed and most affected countries.

f) Input, at favorable conditions, of the desired resources and appropriate technology to permit investments ensuring growth of food production and means of agricultural production in the developing countries. . . .

## LAROCHE ON THE NEW BRETTON WOODS

**“The present fatally ill global financial and monetary system must be radically reorganized. It can not be reformed, it must be reorganized. This must be done in the manner of a reorganization in bankruptcy, conducted under the authority not of international institutions, but of sovereign governments.”**

A 90-minute videotape with excerpts from a speech by Lyndon H. LaRouche, Jr. given on March 18, 1998.

**\$35** postpaid  
Order number  
EIE 98-002

EIRNewsService  
P.O. Box 17390,  
Washington, D.C.  
20041-0390

To order, call  
**1-888-EIR-3258**  
(toll-free).

We accept Visa or MasterCard.

## Interdependence in the world economy

. . . International cooperation has today become an imperious necessity. . . .

The heads of state recognize that the introduction of a new era of fair and balanced relations is the responsibility of all, but falls more particularly upon those who retain economic power. Furthermore, the creation of a new world economic order implies, on the part of the developed countries, resolute and efficient measures in all the main domains of international economic relations. The developed world as a whole cannot any longer escape their responsibility under any pretext whatsoever, and can no more afford to misinterpret the fundamentally indivisible nature of the world's prosperity.

The heads of state . . . therefore invite the developed world to convincingly express their faith in the principle of interdependence of the world, by adopting a series of measures that, alone, will permit them to conduct authentic international cooperation and the creation of the new world economic order. . . .

## Conclusion

[This] announces a new step for the establishment of the new world economic order, and in particular, this essential element of such a new order, a new monetary and financial system. . . .