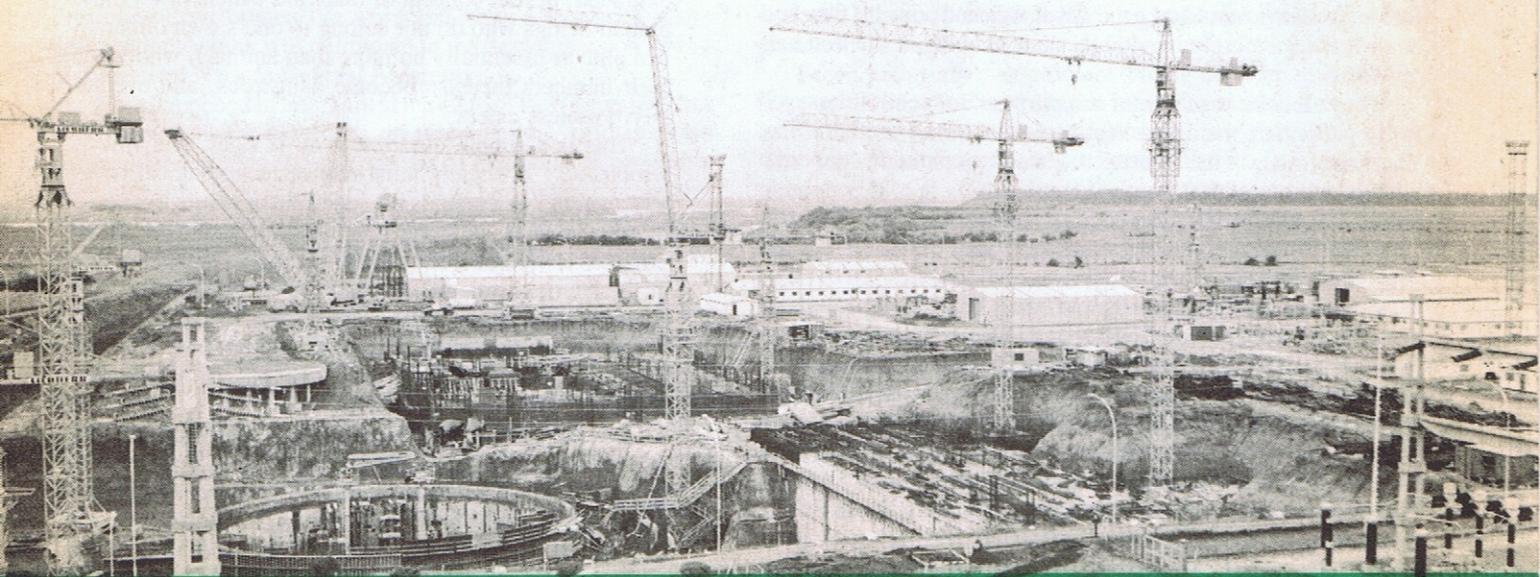


STOP THE IMF BAILOUT

The Way Out of Depression:

The New World Economic Order



Club of Life

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Introduction

The Way Out of Depression

Over the few days spanning Feb. 18 to Feb. 21, 1983, 3,300 people in 33 cities on four continents—more than 1,000 in Paris and Washington, D.C. alone—convened in a series of tightly interconnected conferences of the Club of Life, an organization unique in this time, and perhaps, in history. The participants were, in a word, everybody: politicians, governments' spokesmen, economists, students, Ibero-American peasants, African diplomats, American farmers, doctors, lawyers, professors, from 50 countries or more, East and West and Third World.

Although their private pursuits encompassed everything from cattleman to nuclear engineer, each of these individuals was a special kind of political figure. All were leaders; dozens were candidates for political office or representatives of important public or private institutions. Dozens represented the governments of their nations, or their nation's press. One was the president of his university student body; one had organized 17,000 Georgia farmers into a "tractorcade." One chaired the world affairs council in his nation's parliament. One had helped A. Phillip Randolph organize one of America's first industrial unions. At root, they were all one thing, however: organizers for the Club of Life.

They had not gathered routinely. The tones of their speeches were urgent. The conferences were, in truth, emergency sessions. Telex communications shot back and forth across the Atlantic from New York to Paris to New Delhi, updating each meeting on the proceeds of the others. Civilization hangs in the balance, on the brink of the worst financial cataclysm in half a millennium. The Club of Life has the needed program, but it was now a question of political warfare with other powerful forces, over who could take the advantage and control, for good or evil, the seemingly inevitable crash looming in the first half of 1983.

They all came together for one purpose: to "send a message" to, in particular, the Third World nations of the southern tier. There are forces in the "North" ready and prepared to cooperate with the nations of the "South" to build a New World Economic Order. It is not too late. But soon, it will be.

The Club of Life

Although only five months old, the Club of Life is a major and still growing force of policy-influence among the governments and other important institutions of many nations. The Club was founded in October 1982 by Helga Zepp-LaRouche, the West German political figure and wife of America's Lyndon H. LaRouche. LaRouche, the world's leading economist, is a Democratic Party figure and heads an international political-intelligence news service which is to be counted among the resource-assets available to the Club of Life.

Mrs. Zepp-LaRouche first proposed the Club of Life—and

its founding in the city of Rome Oct. 20-21, 1982—as a "net" to gather in and politically focus all of the leading, good individuals in the world in explicit opposition to the evil coterie called the Club of Rome. Since its 1968 inception as a political-intelligence operation of private, British and Swiss-based financier families who control the NATO and U.N. bureaucracies, the Club of Rome has functioned as the "point" for a campaign to revive Malthusian ideology and spread "cultural despair." It is today the core-institution of the world's genocide lobby, declaring the industrial revolution a "historical mistake," declaring it a mistake to have brought 4.5 billion human beings into the world to consume "scarce resources," and demanding the liquidation by all feasible economic and military methods of up to 2 billion human lives by the end of the present century.

The fundamentals of outlook distinguishing the new Club of Life from the feudalistic, Club of Rome sponsors among European banking powers were sharply defined by Helga Zepp-LaRouche in her internationally circulated call for the new organization's formation:

Thomas Malthus, the paid agent of the British East India Company, presented the nonsensical assertion that the industrial revolution would lead to a population catastrophe, because the availability of agricultural goods rises in mere arithmetic series, while population increases in a geometric series. . . . He did nothing more than to wrap around the colonialist intentions of his employers a little "scientific" coating. . . . Behind the Club of Rome are the same absurd arguments and motivations . . . a degraded, bestial concept of mankind which views those human beings who do not belong to one's own oligarchical elite as essentially no more than animals, who when their numbers increase become dangerous, and eventually, "useless eaters."

This is a simple question: who is right, and who is wrong. . . . A society must realize technological progress, which . . . expands the spectrum of nature as altered by man, that is, defining new types of resources. Such progress also represents progress in man's understanding of the lawfully ordered composition of the universe . . . since the hypotheses conceived by reason have demonstrated themselves to be efficient in the physical universe . . . and produce a rise in potential relative population-density. . . .

It is therefore more necessary than ever before to fight worldwide for the viewpoint which considers each individual human existence valuable because every man possesses a creative spirit which permits him to contribute to the total development of his human species.

Another Club of Life leader, Colombia's prominent publisher and novelist Jaime Sanín Echeverri, pinned the matter



The Club of Life conference in Washington, D.C. "The participants were, in a word, everybody: politicians, governments' spokesmen, economists, students. . . ."

down for the Washington, D.C. conference with sharp ironies. The Club of Rome, he said, proclaims that "humanity will not fit on the Earth. . . . Divide things up on the basis of one hat per head. If there are not enough hats, cut off the extra heads! But I come . . . to affirm that man, all men, have the right to live, to possess, to dominate nature, to use their inventiveness to transform the earth."

A Strategic Turning Point

The timing of the Club of Life's February conferences was devised to anticipate and influence a series of important, and potentially history-making conferences of the developing-sector nations, beginning with the New Delhi conference of the Non-Aligned Movement in March, which will feed its resolutions and policy recommendations into the meetings of the so-called Group of 77 and UNCTAD (United Nations Commission on Trade and Development) in April and May, a series of policy-deliberations which will culminate in the September convening of the United Nations General Assembly.

What happened in February at the Club of Life's conventions is already showing its effects on these Third World-centered policy deliberations, and the process of political and economic developments thus set in motion must in turn have an important influence on the outcome of the summit meeting of the leaders of the Western industrial nations scheduled for Williamsburg, Virginia in May.

In point of fact, the Club of Life, between February 18 and 21, initiated a new phase in a continuing mobilization; it launched a war. The Club has introduced and is pressing massively, in an internationally coordinated fashion, for both the New World Economic Order program developed by the LaRouches, and for the political tactics and "flanking" operations required to gain the strength to push it through. Against them, through agencies like the Club of Rome and International Monetary Fund, are Anglo-Swiss financial powers with a program for collapse and tactics and flanking operations of their own.

At this writing, Club of Life representatives are meeting almost daily with representatives of governments and related

agencies in all parts of the world—at times on the same day as a Club of Rome delegation. Almost daily, the press of this or that developing-sector nation carries an interview with a Club of Life spokesman or reprints sections of a Club of Life policy-document—often in the same edition that Club of Rome pronouncements are quoted.

It is the clear direction of thinking of leading Anglo-Swiss financiers that a collapse is not to be avoided, but managed so as to fall with such selective, crushing emphasis on interests other than their own that they will emerge with exclusive post-crash power over the credit and currency of nations, potentially institutionalized in the form of the IMF as a dictatorial "world central bank." In phases, it is planned to disorient and disarm the Non-Aligned debtor-nations, and by carefully orchestrated pre-crash financial panics (among other means), to frighten and stampede the Executive Branch and Congress of the United States into ceding monetary resources and authority to the International Monetary Fund and related, privately controlled supranational agencies.

Faced with such malign intent among the leading circles of their creditors, the Club of Life has warned, the developing-sector nations have no choice of compromise. They must wield "the debt-bomb," using the prospect of collective default to threaten the Anglo-Swiss interests away from their intent. Individually, they are powerless—but through formation of a "debtors' cartel," Third World nations otherwise assured of economic strangulation and genocide can force the private bankers of New York, London, and Zürich, along with resisting, short-sighted governments of industrial nations, to the negotiating table to work out measures for alleviating present debt-burdens and outright abolition of the IMF in favor of a gold-backed monetary system specifically designed for world industrial development.

In the end, the February conferences resolved on one thing, that the Club of Life shall be the decisive force at this juncture in history. If not, the triumph of usury shall cause human civilization to be trampled under by the Four Horsemen of the Apocalypse. The victor in this war will be decided in a matter of months. A New World Economic Order is possible, but there is no possibility of preserving the present one.

I.

The Depth Of the Crisis

"Some years ago," said the speaker, "I presented to a leading Swiss banking official my estimate of the consequences of a continuation of the international monetary policies then in effect. . . . I outlined the reasons these policies must lead to mass deaths among the most vulnerable and other developing nations. At the conclusion of my presentation, this banking official replied that my analysis was probably correct. Then, he added: 'It is regrettable, but that is the price which may have to be paid to save the system.' "

He continued: "Since that time, I have heard words to the same effect from many leading financial circles, from representatives of governments. Often the observation is added, that people must die anyway because . . . the world is overpopulated. Since I first heard such evil words from a leading banking official, many millions have died, who would not have died but for implementation of the existing 'monetary restraint' and 'austerity' policies.

"What I am about to report to you is very frightening, but unfortunately completely true."

The speaker was Lyndon H. LaRouche, Jr. delivering the keynote address to the Club of Life Conference in Paris, February 18, 1983, attended by nearly 500 persons. LaRouche outlined an economic crisis with roots deep in the postwar Bretton Woods/International Monetary Fund system, a crisis which plunged most of the world into industrial depression after 1979, awaiting only a financial crash to bring the point home. That financial crash is inevitable for 1983, he reported.

An international debt crisis erupted during 1982. As of the end of 1982, one-third of all nations, including almost all of South America, most of Africa, and all of the secondary economies within the Comecon bloc, stood in default to some degree with respect to their obligations to the international banking system. The financial crisis extends from the foreign obligations of developing nations to the internal budgetary problems of all the leading so-called developed nations, and most emphatically, the United States.

Were the crisis merely financial in origin, certain emergency measures now contemplated by the OECD nations and the supranational agencies might prevent the impending crash of the world banking system. However, as leading financial executives in New York, London, and Switzerland are well aware, none of the "roll-over" options presently under consideration has any chance of remedying the situation. As LaRouche emphasized, some among these leading circles are no longer contemplating



Economist Lyndon H. LaRouche, Jr.

measures to prevent a worldwide financial collapse, but only measures to manage a worldwide financial collapse to their real or imagined advantage.

LaRouche reported: "Any combination of defaults on debt, by both nations and significant private institutions, which strikes financial markets in the total of more than \$100 billion within any two-to-three-day period, would probably be sufficient to set off an unstoppable chain-reaction of the general financial collapse. This would collapse not only Third World debt . . . but also the internal financial system of the United States, and of at least a number of nations of Europe. The total amount of financial values to be wiped out by such a collapse is between \$1 and 2 trillion."

Helga Zepp-LaRouche, the Club of Life's founder, stressed the following day in her own presentation to the conference that for every \$1,000 in financial paper wiped out, a human life will be lost. "The international economic crisis is now threatening the lives of millions of people in the developing sector; unless things are immediately turned around, as many as 2 to 3 billion people will die by the year 2000. We are facing the danger of the worst holocaust of all time."

The Origins of the Crisis

It would currently appear, to an accountant examining the balance-sheets of a typical developing nation, that the present danger of financial catastrophe stems from Third World nations' having injudiciously borrowed and spent more on "overambitious development projects" than they could ever hope to pay back within the rates and terms accompanying those loans. That is the argument of the typical flannel-suited gentleman in the

precincts of Wall Street, Threadneedle Street, and Bahnhof Strasse.

That superficial estimate—or lie, as the case may be—is immediately corrected upon examining the manner in which the intrinsic characteristics of the postwar International Monetary Fund, and the New York, British, and Swiss financial powers, have been accustomed to functioning over especially the past decade. These have **forced** the nations of the developing sector into their present condition of apparent insolvency, in the interest of **masking** the actual insolvency of those interconnected private banking interests sitting astride the International Monetary Fund.

With regard to the structures established in 1944 by the Bretton Woods conference on world trade and finance, the distortions and inequities built into the world economy at that point were such as to both minimize the possibility of real industrial development of Third World nations, at the same time that the industrial capacities of the so-called developed nations were steadily eroded. The combined result was a steady, decades-long growth in indebtedness against a steady, decades-long constriction of the world's payments-base.

From the standpoint of the policies pursued by the world's dominant private banking powers, as Helga Zepp-LaRouche summarized, the developing-sector nations have been increasingly subjected to "manipulated exchange rates, organized capital-flight, and an ever-increasing discrepancy between the higher prices of imports and the lower prices of exports. . . . The high interest rates policy of Federal Reserve head Paul Volcker drastically increased Third World debt service . . . and when the affected nations, crushed by this usury, were forced to go to the IMF to discuss a reorganization of their debt, the IMF added the infamous 'conditionalities,' forcing the devaluation of their currencies, and other similar measures."

Bretton Woods

The key to the International Monetary Fund-based system coming out of Bretton Woods lies in the **rigged terms of trade and terms of financing trade**, by which that system preserved, in effect, the basic financial structure of the British Empire. (Notably, the leading employees of the disbanding British Colonial Office in most instances simply shifted place of employment to the new IMF.)

Technically, the 1944 Bretton Woods conference placed the U.S. dollar on gold, pegging other currencies to the dollar on a severely **devalued** basis, with the partial exception of the British pound. This meant that even in "advanced-nation" cases like West Germany, after initial periods of industrial growth, it proved impossible to sell abroad at prices adequate to ensure continuation of necessary rates of basic capital formation in export-producing and other industries at home. Unlike Japan, West Germany never succeeded in extricating itself from this basic Bretton Woods arrangement, whereby its cheap exports undermined its capacity for regenerating investment in its capital-goods industries.

The current-accounts deficit of the raw-materials-exporting developing sector, which remained tolerable only so long as the deficit could be financed, is an expression of the same fundamental arrangement—taken to extremes. Bretton Woods was, as a system, designed to impose a heavy burden of concealed taxation on most of the world. The heaviest burden of this concealed taxation fell on the Third World, but as Germany illustrates, it was also applied to the Western industrial nations in only less exaggerated form. The tribute thus exacted rever-

berated to the direct benefit of the private British and American banking systems.

It was **not** to the benefit of the American (or British) industrial economies, however. As the German case suggests, Bretton Woods not only did not involve an agreed-upon policy to improve or even maintain the industrial potential of the OECD nations; it involved a **Malthusian** policy on the part of the financial communities of Britain, Switzerland, and their New York junior partners, who happily undermined that industrial potential. So, the United States as an industrial power has been undergoing a steady deterioration over the entire period of the International Monetary Fund's postwar existence, but for the brief period of assimilating technological spin-offs from the assassinated John Kennedy's NASA space program. Productive industrial workers outnumbered "service" employees 2 to 1 in 1945; today, there are 3 "service" operatives for every productive worker in the U.S.A.—"services" in most instances being a euphemism for inflated overhead expenses and pure waste.

This steady shift in investment and employment into wasteful, non-productive areas accelerated after 1971's removal of the dollar from gold, giving rise to the unregulated "Eurodollar" market which introduced a large dose of purely monetary inflation to the structural inflation built in to the U.S. economy through industrial disinvestment. Then, in 1979, America's steady decline became a stampede into a "post-industrial society" as Paul Volcker's Federal Reserve adopted usury as the official financial policy of the U.S. government. America's agro-industrial base went from bad to decimated over the 1979-82 period.

After 1979, for the first time, the United States ran a manufacturing trade deficit, and by 1982 clearly no longer possessed the industrial means to maintain its basic industries. For 1982, the manufacturing trade deficit was close to \$42 billion, and is estimated at \$70 billion for 1983.

The fashion in which the United States has been privileged to absorb \$70 billion more in imports than it exports, and not the borrowing habits of developing nations, is the key to the current world debt crisis. In imitation of Britain's road to ruin, the United States, with the lowest investment rate in the industrial world except for Britain's, has concealed the effects of this massive disinvestment by relying on so-called "invisibles" earnings by its banking system to compensate for the erosion of its world trade position. These "invisibles," as banks are wont to call such earnings-sources, are nothing more than the looting mechanisms enumerated by Club of Life leader Helga Zepp-LaRouche, permitting American banks, through manipulation of world trade and credit to the special disadvantage of the Third World, to take in more through usury than the American economy has had to pay out for net imports, leaving a horrendous accumulation of indebtedness in the Third World.

For example, the United States currently consumes 42 percent of all manufacturing exports by developing nations, often replacing goods the U.S. has ceased to produce for itself. These goods are received at bargain-basement prices, due to depressed world-market conditions as well as massive undervaluation of the currencies of exporting countries, part of IMF "conditionalities" for refinancing. By increasing such exports since 1971, and again after 1979, the Third World nations have attempted to compensate for their declining terms of trade and the savage further decline in terms of financing trade caused by the Volcker measures. Therefore, not unlike Germany, developing nations have been compelled to overconcentrate on export industries at the expense of basic capital-formation in their domestic econo-

II.

The Solution: A New World Economic Order

"The debt crisis is not a crisis of developing countries, which are in the debt trap, but a crisis of the international banking system," declared R. B. Bhagat, who conveyed greetings to the Paris Club of Life conference Feb. 18 from the Parliament of India, whose World Affairs Council he chairs. "We are now in a situation like that preceding the Second World War. Therefore, in the midst of the loud drumbeat of crisis, the fight for a New World Economic Order is like a symphony for sanity."

Other speakers in Paris, in Washington, and at simultaneous conferences in Bogotá, Los Angeles, and Mexico City, outlined the measures drawn up and propagated broadly by Lyndon H. LaRouche to bring that New World Economic Order into being.

The solution begins, however, with a **political** act. The developing nations must form a "debtors' cartel," Helga Zepp-LaRouche told the audience in Paris.

"The absolutely key question today," she explained, "by far the most important question in international politics, is: Who controls the creation of credit and debts—sovereign national governments, responsible to their populations, or private financial circles, which want to rule the world through the supranational dictates of a world central bank, accountable to no one? The control of credit and debts, this is the key question. The answer is decisive as to whether the result of financial collapse is worldwide feudalism and probably, a Third World War, or a New World Economic Order. . . ."

"These private financial circles . . . would rather see entire economies destroyed, whole populations massacred, whole continents wiped out, rather than agree to a reorganization of their bankrupt economic system, and risk a reduction of their powers! . . . The only criticism I would like to make of the representatives of the developing sector is that they have often been too naive. With someone who prefers to sacrifice millions of human beings, rather than accept the reform of the international monetary system—with people like that, appealing to reason is a waste of time."

The required political approach, she said, is simple, and the only possible avenue for averting catastrophe. The Third World must make use of the fact that the collective bankruptcy of the debtors also means the extinction of the creditors. "In the next few weeks, at the summit of the Non-Aligned or shortly after-



Club of Life founder Helga Zepp-LaRouche

ward, a group of developing nations must drop the debt bomb, the only weapon feared by these oligarchical financiers. . . . On a certain day, these countries must announce together their incapacity to pay their debts, and, appealing to the self-interest of the industrialized nations, propose a controlled, global reorganization of debts, and creation of a New World Economic Order. . . . If the members of the debtors' cartel don't waver and stand by their positions, the banks and governments of the industrial nations will have no choice but to agree to the proposed, orderly debt-reorganization, and the negotiation of new credit—or the entire system with titles worth between \$1 and \$2 trillion crashes down, on Swiss and British heads among others.

"It is totally conceivable that the introduction of the debt bomb, and nothing else, would compel debt reorganization, and pave the way for a global overcoming of the world economic crisis. If there is a global reorganization of not only the developing countries' but also the greater part of the public debts of the industrial nations, and if new credit with a low interest rate is created for a worldwide jobs program, for new investments in technological renewal, export capacities, technology transfer, and well-defined 'Great Projects,' then the current depression could be overcome within weeks, and after several months, the greatest economic boom in all of history could be launched."

The Program

In his widely circulated document written for the heavily indebted Latin American nations, *Operation Juárez*, as well as



Fred Wills, former foreign minister of Guyana, told the Washington audience: "We of the Third World do not grow old as you. Our average age is only 48 when we die. . . . Then the IMF comes to us and says, 'You must depopulate.'"

several other Club of Life policy papers directed to the Non-Aligned Movement, Lyndon H. LaRouche outlined the exact form that world debt reorganization should take, with a view to introducing a new set of world monetary institutions and a monetary system based on gold-remonetization. The points of that program include:

1. All outstanding debts owed by the developing-sector nations will be frozen at current levels. In place of debt-service on these unpayable obligations, creditors will receive gold-backed bonds bearing 2 to 4 percent interest rates from the treasuries or national banks of the debtor nations.

2. Such national bonds will be underwritten by a new world lending authority to replace the pro-genocide International Monetary Fund, World Bank, and Bank for International Settlements—which will be disbanded. The new "International Development Bank" or similar institution, chartered by treaty agreement among Third World and advanced-sector nations, will have authority, subject to the approval of governments, to issue new gold-backed issues of credit to developing-sector nations for the sole purpose of real economic development projects, i.e., import of high-technology capital-goods, agricultural goods, and infrastructural inputs from the advanced-sector nations, as well as related educational and other useful and necessary "services" programs.

In addition to its initial effect of wiping out the \$1.7 trillion Eurodollar market's arbitrary multiplication of currency in circulation, the basic functions of gold in this new monetary system are to, first, serve as a measure for setting a parity system of

fixed exchange rates, establishing the basis for stable long-term contracts; and second, to serve as a means of settling imbalances in current payments due among nations, such that countries which have imported more than they have exported, and thus have a trade deficit, will settle this account by selling reserve (monetary) gold after a required period at \$500 an ounce (the price set by treaty, reflecting the cost of extracting gold from the most marginal mines).

In essence, the LaRouche/Club of Life program, addressing head-on the question of "Who controls the creation of credit and debts," mandates a return to national-banking practices among nations. In the case of the United States, the Federal Reserve, now "independent" (that is, controlled by private bankers), would be "federalized" in fact, and made a subservient branch of the U.S. Treasury.

All new issues of currency, either in the advanced sector or developing sector economies, will be allowed only through gold-reserve-denominated currency notes issued strictly through the treasury of the nation in question, with the sole purpose of new currency issues being to fulfill the sovereign purpose of developing countries and advanced countries' national economies, not for speculation or personal and private financial institutions' aggrandizement. These Treasury-issued notes, at nominal interest rates to the private banking system, will constitute up to 50 percent of the value of a private bank's loan to a productive industry or branch of agriculture, and otherwise, improvements of basic economic infrastructure, or world-trade in hard commodities to be used for similar productive purposes by the importer. The Treasury shall not, as a matter of law, issue such loans to private banks unless the banks are lending in turn for technologically progressive investments in the cited areas, thus guaranteeing that all new credit is solely being issued for productive investment; non-productive investment is excluded. Taxation-to-extinction shall be practiced against the multiple forms of speculation based in ground-rent and usury.

Provided gold is used for the purposes the LaRouche/Club of Life program specifies, two conditions for rebuilding the world economy are met. The debt overhang in the Third World is eliminated, providing them with the liquidity needed to import capital goods from the advanced sector; and, interest rates are lowered in the advanced sector in a non-inflationary way, providing the credit needed to finance the capital goods orders the Third World will place with the advanced-sector.

In this fashion, a New World Economic Order is created for the reasons that a monetary system should be created and operated: to industrialize the nations of the backward areas of the globe.

The principal problem of the present depression is that there is a tremendous need for capital goods to industrialize the Third World, and simultaneously, there are 30 million unemployed workers and 35 to 40 percent idled capacity in the advanced-sector nations. The LaRouche/Club of Life program thus matches both sides of the equation, establishing ways to use the Third World demand for goods to energize the employment of idle resources in the "Northern" or advanced-sector economies. Under this program, \$400 to \$600 billion worth of export orders will be created in the Third World, and placed on the order books of the advanced sector nations over the next few years. The developing sector will industrialize, raising the creative capacities of its people, and the advanced sector will export its way out of the current downward-spiraling world depression, led by the U.S. Federal Reserve as, in fact, a "Third Bank of the United States."

III.

Great Projects For Global Industrialization

What specific development plan will permit an underdeveloped nation to realize its aspirations to become a modern, agro-industrial nation at the most rapid possible rate? Although the specific answer differs from nation to nation, the key to each such plan is **infrastructure**. What the Third World requires are "great projects" to develop energy resources, transportation, and water management and control, projects of national and regional scope. It is through such infrastructural development that a well-rounded economic growth shall occur through the creation of project-feeder industries and feeder-industry-related industries.

This was the emphasis brought to the Washington, D.C. Club of Life conference on Feb. 19 by Japan's Yoshio Osada, head of the Mitsubishi Research Institute's Washington Liaison Office. Osada outlined the program for a *Global Infrastructure Fund* first advanced by Mitsubishi chief Masaki Nakajima in 1977. Such a fund, chartered on the basis of contributions eventually totaling \$500 billion from industrial and oil-producing nations, would be specifically designed to finance "12 great infrastructural projects" throughout the developing sector. Each project is envisioned to take 10 to 20 years to complete: a second Panama Canal, the greening of the Sahara desert, and massive hydroelectric and irrigation projects on the Indian subcontinent, in Africa and in Latin America and Southeast Asia.

Mitsubishi spokesmen, including Mr. Osada, emphasize that these "super-projects" are not only "engineers' dreams," but a key to world peace, since their completion in most instances would require East-West cooperation.

"We consider that to revitalize the world economy," said Mr. Osada to the Washington conference, "it is necessary to have a 'grand design' based on a coordinated global approach to development." He emphasized that to make such a design succeed in its goal of real development for the backward regions of the world, it is essential that the funds not be dispersed among many small projects. Rather, by emphasizing "super-projects," the maximum "multiplier effect" is achieved in terms of rapid development of supplier-industries of all types in the affected nations and regions.

In addition, he stated, "Investment through the Global Infrastructure Fund must be project-oriented, and not, as has traditionally been the case in Third World investment, money-oriented." The true benefits would come from the actual, broad-based development achieved, not from the short-term profits on the money expended on the project.



Japan's Yoshio Osada, who put forward the blueprint for a Global Development Fund. On the podium with Mr. Osada (from l. to r.): Daniel Sneider, Asian editor for the Executive Intelligence Review and Javed Shah, of the Pakistani People's Party-U.S.A./Canada.

Mr. Osada compared the current situation of the world economy to the Great Depression of the 1930s, and compared the Mitsubishi Research proposal to the policies of Franklin Roosevelt at that time. "We need a New Deal idea," he said, "a New Deal oriented to global investment."

What Projects?

The real merit in the Mitsubishi plan is that, contrary to the "incrementalism" shaping much previous discussion of Third World development, it proposes to use large-scale projects to "radiate" development into those areas of the globe which, although admittedly rich in resources, have frequently been regarded as hopeless. This concept attacks the most basic barrier to Third World development, the population's bondage to subsistence farming, by proposing to create capital-intensive agriculture to both feed populations and free labor for industrial employment.

The projects would tend to draw backward populations into a modern industrial environment, with such effects magnified by the "sub-infrastructures" the projects require: transportation, communications, housing, hospitals, educational facilities.

The concept of changing the climate of entire regions through the water-resource management schemes integral to some of the projects—control of the Bering Strait through a giant hydroelectric dam; filling in Egypt's Qattara Depression through fresh or salt-water canal-construction; diversion of river waters to create an African Central Lake—would enable the world to augment food-grain production massively, permitting a much larger world population than presently envisaged, even at advanced-nation living standards.

The one omission in Mitsubishi's own proposal is the energy question. A policy-document issued just prior to the February conferences by the Club of Life filled in this omission, by specifying the need for development of "nuplexes," nuclear-reactor

based manufacturing complexes, in turn the basis for whole new cities. It is estimated that successful economic development of the Third World will require an increase in per capita energy consumption at least 10 times above present rates. The bulk of that energy must come from nuclear sources. It can come from nowhere else.

Krishnahadi S. Pribadi, President of Pribadi Systems Group, called upon the Washington conference to support high-technology projects in the Third World. The developing nations must emphasize the use of the most advanced technologies in their projects, ranging from latest-generation computers to those advances in genetic engineering that promise to revolutionize grain production. Other speakers, including Ellis Armstrong of the American Society of Civil Engineers, described the importance of water-management and control. One project discussed, both at the conference and in the formal Mitsubishi Research proposal, would involve *interrelated dams and irrigation works* to tap the mighty potentials of the Ganges-Brahmaputra river basin in India. A similar project in South America's Rio de la Plata river region (Argentina and Uruguay) could tap a greater agricultural yield potential than even the U.S. Great Plains.

Speaker Luis Fernando Calviño described Argentina's nuclear program, one of the most advanced in the Third World. The kinds of nuclear development projects envisioned for many Third World regions would entail both nuplexes and floating nuclear reactors, which could be constructed on barge-like platforms in the advanced sector and then towed to almost any region of the world.

Pakistan's Javed Shah, head of the Pakistan Peoples Party for the U.S.A. and Canada, castigated the American govern-

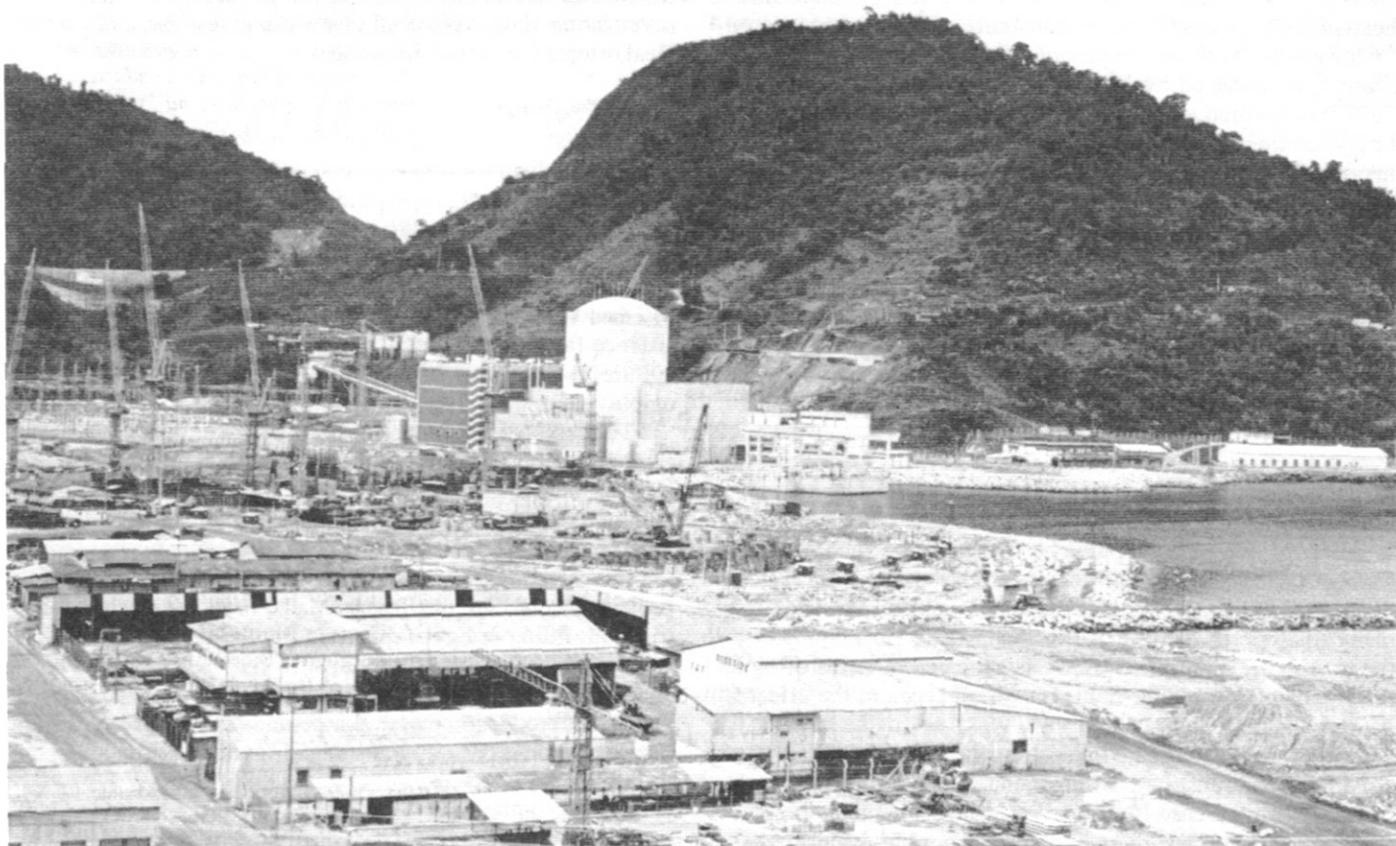
ment for lending its support to the Pakistani dictatorship of Zia ul-Haq, which overthrew and murdered Premier Zulfikar ali-Bhutto. Bhutto had brought nuclear energy to Pakistan, he reported—and was threatened by Henry Kissinger for doing so. Pakistan, he declared, must return to the path of nuclear-based economic development.

The 'Multiplier Effect'

Daniel Sneider, Asia editor for the weekly *Executive Intelligence Review*, summarized such proposals for the Feb. 19 session of the Club of Life's Washington conference. "This type of project is key to development anywhere," he said. "Transportation networks, water management systems, energy projects and communications are the basis for what follows. Infrastructure produces not goods and services, but productivity."

He described his visit to the Punjab region of India where a massive hydroelectric project was called "one of the temples of the modern age" by former Prime Minister Nehru. "The multiplier effect of this sort of project," said Sneider, "is very evident. It not only enormously raises the productivity of agriculture, it also trains skilled labor in the process of carrying out the project. Today, the Punjab region is totally electrified; the hydroelectric power is tapped to produce fertilizer and heavy water for nuclear reactors."

The projects also have a "cultural impact," Sneider reported: "The importance of such great enterprises to a people is due not only to their economic effects. It is their impact on the vision and morale of the population. These projects can give hope and vision to billions of people in the developing sector, where now, there is only despair."



Brazil's nuclear facility, Angara I, under construction.

IV.

Reviving Technological Optimism



Nancy Spannaus, head of the Club of Life in the United States. She called upon the participants to support her in proposing the development of defensive beam weapons systems, which could both defend the world from the threat of thermonuclear war and revive "technological optimism."



Marion Hill, former youth adviser to the California NAACP, brought the Washington audience to its feet, declaring: "We will find and bring to justice every banker or politician responsible for genocide, just as we handled Hitler and Mussolini."



Dr. Ned Rosinsky displayed a model of the artificial heart that now keeps Dr. Barney Clark alive. The technologies involved were all spin-offs of research conducted by the National Aeronautics and Space Administration (NASA), he reported.

Speakers at The Club of Life Conferences

(partial listing)

Paris

Lyndon H. LaRouche, Jr., Economist; Advisory Board Chairman, National Democratic Policy Committee
Dr. Emmanuel Tremblay, Professor of Demography; President, *Cartel Pour le Respect de la Vie*
Ntumba Kbemba, Mineralogist (Zaire)

Jacques Delivré, Medical Commission, French Steel Industry
Helga-Zepp LaRouche, Founder of the Club of Life
His Excellency M. Dubey, Ambassador of India to the United Nations
Prof. Aly Mazaheri, Specialist in Middle Eastern History
B. R. Bhagat, M.P., President, Indian Council for World Affairs; former Indian Minister for External Affairs
Modesto Dematté, FISBA-CISL (trade union)
Dr. Jonathan Tennenbaum, Mathematician; Editor-in-Chief, *Fusion*
Jacques Cheminade, Secretary General, European Labor Party
Dr. Graciela Ploton-Cimetti, President, France-Argentina Association
Kamina Ntenda, Agronomist (Nigeria)
Mr. Hetschel, Deputy Director, French Energy Industry
Philip Golub, European Editor, *Executive Intelligence Review*
Nicholas Uwazie, Institut Nikleartechnik, Berlin

Dr. Ghulam Hussain, Secretary General, Pakistan People's Party
Prof. François-Georges Dreyfus, Director, Institut des Hautes Etudes Européennes
Henry Ardouin, Engineer; President, Société Française pour l'Energie Nucléaire
Florence d'Harcourt, President, Special Commission on Drug Addiction, French National Assembly
Muriel Mirak, European Coordinator, Anti-Drug Coalition
Roger Ikor, Writer
Jean-Marie Arnaudès, Professor of Special Mathematics
Dr. Georges Mathé, Cancerologist
Dr. Bergogne, Biochemist
Dr. André Dodin, Institut Pasteur

Washington, D.C.

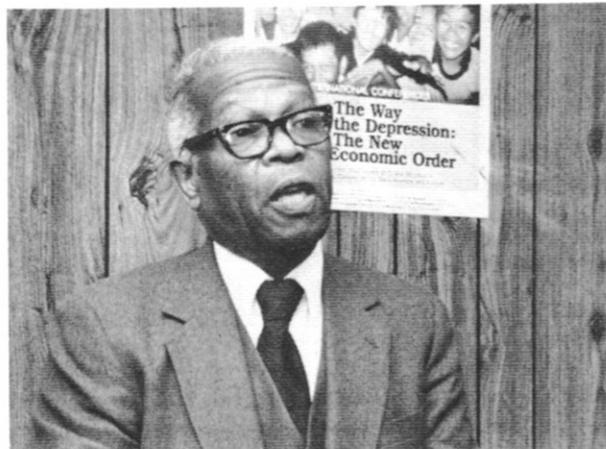
Billy Davis, Democratic candidate for Governor of Mississippi

(continued on next page)



◀ *Dr. R. Freelick, the Director of the Community Cancer Oncology Program for the National Cancer Institute told the Washington audience of efforts to track the progress of all cancer cases nationally, with a view to sharing vital medical information.*

▶ *Washington's Rev. Cleveland Sparrow told the Club of Life demonstration outside the White House Feb. 18, that "the unborn generations shall bless you for what you are doing here. I invoke the scripture: 'Go ye, therefore, into all the world.' "*



◀ *Hulan E. Jack, former borough president of Manhattan, delivered a moving oration on the closing panel of the Washington conference, recalling his own arrival to the United States as an immigrant from the West Indies: The United States was viewed "as a temple of hope and beacon of liberty" for the peoples of the world, and must become so again to aid the world's development.*



Club of Life Conference Speakers

(continued from previous page)

- Tom Kersey**, President, American Agriculture Movement-Georgia
- Uwe Parpart**, Director of Research, Fusion Energy Foundation
- Wayne Thomas**, Business Manager, International Brotherhood of Electrical Workers
- Barbara Simmons**, School Board, Washington, D.C.
- Jaime Sanín Echeverri**, Director, *Arco* magazine, Colombia
- F. S. Rao**, Permanent Mission of India to the United Nations
- Frederick Wills**, former Foreign Minister, Guyana
- Antony Papert**, National Executive Committee, International Caucus of Labor Committees
- Luis Fernando Calviño**, Interim Director, *Energeia* magazine, Argentina
- Yoshio Osada**, Chief Representative, Washington Liaison Office, Mitsubishi Research Institute
- Krishnahadi S. Pribadi**, President, Pribadi Systems Group

- Hall Christmon**, Vice-President, Technology Development Corporation
- Ellis Armstrong**, Chairman, National Energy Policy Committee, American Society of Civil Engineers; former Special Consultant to Egypt on the Aswan Dam
- Daniel Sneider**, Asia Editor, *Executive Intelligence Review*
- Javed Shah**, Pakistan People's Party-U.S.A./Canada
- Nancy Spannaus**, U.S. Coordinator, Club of Life
- Dr. J. Gordon Edwards**, Biologist, San José University
- Dr. R. Freelick**, Director of Community Cancer Oncology Program, National Cancer Institute
- Dr. Ned Rosinsky**, National Anti-Drug Coalition
- Hulan E. Jack**, former Democratic Borough President of Manhattan
- Rev. Cleveland Sparrow**, Washington, D.C.
- Marion Hill**, former Youth Adviser, NAACP

New Delhi

- K. R. Ganesh**, former Indian Minister of Finance

- Paul Zykofsky**, New Delhi Correspondent, *Executive Intelligence Review*
- Ganesh Shukla**, Editor, *New Wave*
- Peter Ennis**, U.N. Correspondent, *Executive Intelligence Review*
- R. K. Mishra**, Editor, *The Patriot*
- Dr. Sulkh Gupta**, Economist
- Dr. R. C. Dutt**, Economist
- R. L. Bhatia**, Member of the Parliament of India
- Prof. A. Rahman**, Council for Scientific and Industrial Research
- Dr. Vijay Kelkar**, Economist
- Dr. Rajiv Kumar**, Economist

Milan

- Fiorella Operto**, Secretary-General, European Labor Party-Italy
- Ntumba Kbemba**, Mineralogist (Zaire)
- Kamina Ntenda**, Agronomist (Nigeria)
- Modesto DeMatté**, FISB-CISL trade union
- Father Tebaldi**, Roman Catholic Missionary

Mexico City

- Maravilia Carrasco**, Secretary-General, Mexican Labor Party



Presbitero Verduzco, Priest, Michoacan Province

Luis Abreu, Director, Heroes de la Libertad school

Hugo López Ochoa, National Executive Committee, Mexican Labor Party

Dr. Otto Fritz, Director, Library of History, National University of Mexico (UNAM)

Lidia Santiesteban, Director, Aldea Bethania Home

Bogotá

Eduardo Villalobos, Director, Revivir Drug Rehabilitation Center

Fausto Charris, President, Colombian Anti-Drug Coalition

Dr. Luis Rueda Gomez, Lawyer, Bogota

Carlos Cota, Colombian Correspondent, Executive Intelligence Review

Maximiliano Londono Penilla, Secretary General, Andean Labor Party

New York City

Roy Innis, Executive Director, Congress on Racial Equality

Criton Zoakos, Director of Intelligence, Executive Intelligence Review

Judianne Densen-Gerber, Director, Odyssey House Drug Rehabilitation Center

Marcia Merry Pepper, Fusion Energy Foundation

Dennis Speed, National Committee, National Caucus of Labor Committees

Rev. Ivor Moore, President Emeritus, Baptist Ministers Association of New York

Dr. Gary Dunn, Genetic Engineer

Los Angeles

William Wertz, candidate for City Council, Los Angeles; Western State Coordinator, National Democratic Policy Committee

Pastor Mims, Tabernacle of Faith Baptist Church, Los Angeles

Frank Enders, Chairman, National Farm Organization-California

Luciano Pruneda, Argentine Coordinating Committee

Luisa Tipton, Argentine Coordinating Committee

Kevin Zondervan, Research Engineer, Aerospace Corporation

Dr. Nancy Mullan, President, Pro-Life Medical Council

Melinda Collins, Registered Nurse

Chicago

Dr. Robert Moon, Professor Emeritus of Physics, University of Chicago

Rick Main, Natural and Environmental Resource Consultant

Dr. Robert Walton, Genetic Engineer

Dr. John W. Roche, Holy Cross Hospital, Chicago

Ernest Moony, Superintendent, Finkel Steel

Sheila Jones, former Democratic candidate for Mayor of Chicago

Warren Hamerman, Chairman, National Democratic Policy Committee

Boston

Michael Gelber, Democratic candidate for Mayor of Boston

Father John McLoughlin, Pro-Life Committee, Catholic Archdiocese of Boston

Ope Onabhao, Archaeologist (Nigeria)

Seattle

Wendell Prater, National Farm Organization-Washington

Reverend Stan Robinson, Paradise Baptist Church

Portland

Mark Calney, National Caucus of Labor Committees-Seattle

Sam Kahl, Democratic Candidate for David Douglas School Board, Oregon

Bob King, African Mission-First Baptist Church; former Organizer, National Farm Bureau

San Francisco

Dr. J. Gordon Edwards, Biologist, San José State

Jayed Said, Pakistan People's Party-U.S.A./Canada

Houston

Harley Schlanger, Southwest Coordinator, National Democratic Policy Committee

Dr. Bahmi Shenoy, Engineer; Chairman, Indian Cultural Center

Reverend James Navarro, Publisher, *el Sol d'Houston*

Dr. Carlos Mattioli, Pathologist, Baylor College of Medicine; President, Friends of the Malvinas

Curt Vetter, Payload Safety Engineer, National Aeronautics and Space Administration (NASA)

Prof. Stephen Honore, Professor of International Law, Texas Southern University

V.

The LaRouche Gold Program

This document lays out the program for a gold-backed world monetary system developed by economist Lyndon H. LaRouche, Jr. This gold proposal presents the unique mechanism for reorganizing the world financial system to the end of expanding world industrial production and trade, and creating the basis for Third World countries to develop economies capable of producing wealth—the only competent solution to the mammoth crisis of unpayable Third World debt now hanging over the world. LaRouche's gold policy is therefore diametrically opposed to the restrictive, credit-strangling gold plan being brought forward by the Bank for International Settlements and its propagandizers in the United States, like Congressman Jack Kemp of New York.

President Ronald Reagan should announce on national television that the United States will take the unilateral step of remonetizing its gold reserves at \$500 per ounce, as part of a coordinated effort with other major Western and developing-sector governments to create a new gold-based world monetary system.

At this moment, the world network of banking and financial systems is bankrupt. No amount of austerity or other International Monetary Fund conditionalities can make the roughly \$800 billion of outstanding Third World and East bloc foreign debt payable. Although the network of old European aristocratic families, and their financial holdings, the *fondi*, are prepared to implement genocide against Third World nations and others, through the *fondi*-run Bank for International Settlements (BIS) and the International Monetary Fund (IMF), this "solution" cannot stabilize the world monetary system. Nor can various so-called solutions involving vast quota increases for the IMF and its assorted institutions.

Therefore, statesmen and diplomats, elected officials of countries, and responsible citizens would be morally called upon to support President Reagan were he to declare in a television address that the Bretton Woods monetary system put together in 1944 no longer functions, and that the world must return to gold. But there are various pitfalls that must be avoided. There are gold proposals, introduced by BIS chief Fritz Leutwiler and his votaries in the United States, such as Rep. Jack Kemp (R-N. Y.) and Rep. Ron Paul (R-Tex.), which constitute mere "fool's gold." The Leutwiler-Kemp gold proposals, also raised by such spokesmen as Herman Kahn of the Hudson Institute, would sharply reduce world liquidity flows by 30 to 40 percent, and serve as the hard rock against which the productive economies of the world's governments would be dashed.



LaRouche's gold plan would revive world trade by meeting the two conditions of rebuilding the world economy: a) by getting rid of the Third World debt overhang and b) by lowering interest rates in the advanced sector.

A Competent Gold Plan

Any competent gold proposal, as LaRouche has emphasized, must undo the damage done by the demonetization of gold undertaken by the foolish President Richard Nixon in August 1971, under the ill counsel of then-Treasury Secretary John Connally, Assistant Treasury Secretary Paul Volcker, Rep. Henry Reuss, and a host of others. A competent gold plan must emphasize the following elements:

A) The principal problem of economics today is that there is a tremendous need for capital goods to industrialize the Third World, and simultaneously, there are 30 million unemployed workers and 35 to 40 percent idled capacity in the advanced-sector nations. A competent solution to the crisis must match both sides of the equation, finding ways to use the Third World demand for goods to energize the employment of idle resources in the "Northern" or advanced-sector economies.

B) The Third World and East bloc are in no position to order the goods of the advanced sector, because they are weighed down with the crushing burden of a combined \$700 billion in debt. The IMF and the Ditchley Group of advanced-sector bankers are now declaring the developing nations "uncreditworthy," except under condition that the Third World governments "agree" to apply IMF-dictated austerity against their peoples on a scale even Adolf Hitler might have blanched at.

C) To redress this problem, gold must be introduced into the monetary system. The gold holdings of all major governments should be remonetized at \$500 per ounce, the cost of extracting gold from the most marginally producing gold mines. This price would be set by treaty agreement among governments, and would be protected against any attempts by private speculators to drive gold's price either higher or lower.

D) Gold would be used for:

1) Settlement of imbalances in current payments due among nations. Those countries that have imported more than they have exported, and thus have a trade *deficit*, will settle this deficit by selling reserve (monetary) gold at \$500 per ounce after a required period.

2) Gold will serve as the measure for setting a parity system

of fixed exchange rates, establishing the basis for stable long-term contracts, and eliminating the practice widespread among the oligarchies' *fondi* of debasing Third World countries' currencies and destroying their economies through flight capital.

3) Gold will destroy the "Keynesian multiplier" now operant through the unregulated \$1.7 trillion Eurodollar market and through the national credit systems of Western governments, which allows the amount of currency in circulation to be multiplied a disproportionate number of times.

4) All new issues of currency, either in the advanced-sector or developing-sector economies, will be allowed only through Abraham Lincoln-style gold-reserve-denominated currency notes, to be issued strictly through the treasury of the nation in question. In the case of the United States, the Federal Reserve will be federalized and made a subservient branch of the Treasury. The sole purpose of new currency issue will be to fulfill the sovereign purpose of developing countries' national economies, not for speculation, personal aggrandizement, nor to enrich the *fondi*.

5) The Treasury will issue these gold-reserve-denominated currency notes at nominal interest rates to the private banking system. The Treasury will issue these notes for up to 50 percent of the value of a private bank's loan to a productive industry. The Treasury will issue these loans to private banks, provided the banks are lending for technologically progressive investments in any among the following areas: production of tangible wealth in basic industry and agriculture; improvements of basic economic infrastructure; world trade in commodities used for such purposes by importers, or some other specified application established by law. In this way, it is guaranteed that all new credit is solely being issued for productive investment; non-productive investment is excluded.

6) A general world debt reorganization shall be effected to eliminate the debt overhang currently crushing Third World governments. All outstanding debts owed by the developing-sector nations will be frozen at current levels. These governments' treasuries or national banks will issue low-interest, gold-backed 2 to 4 percent interest-bearing bonds. These bonds will be given to private banks and lending governments, as well as multilateral lending institutions in place of the current outstanding debt. The bonds will have a grace period on payment of the debt of 3 to 5 years. The bonds will be underwritten by a new world lending authority to replace the pro-genocide IMF, World Bank, and BIS, which will be disbanded. This new institution, which will be chartered by treaty agreement of Third World and advanced-sector nations, will also have the authority, subject to the approval of these governments, to issue new gold-backed issues of credit to the Third World. Only one restriction will be placed on this new credit: the Third World must use it to import high-technology capital goods, agricultural goods, and infrastructural inputs from the advanced sector.

7) If gold is used for the above purposes, we have met the two conditions of rebuilding the world economy. We have a) gotten rid of the debt overhang in the Third World and provided the developing-sector nations with the liquidity needed to import capital goods from the advanced sector, and b) we have lowered interest rates in the advanced sector in a non-inflationary way, which provides the credit needed to finance the capital goods imports from the Third World. By this method, \$400 billion to \$600 billion worth of export orders will be created in the Third World, and placed on the order books of the advanced-sector nations over the next few years. The developing sector will industrialize, raising the creative capacities of its peoples, and

the advanced sector will export its way out of the current downward-spiraling, U.S. Federal Reserve Board-led world depression.

The Kemp-BIS 'Fool's Gold' Plan

While the LaRouche proposal for gold will expand world credit supply, producing an unprecedented economic boom, the purpose of the Leutwiler-Kemp "fool's gold" plan now being advanced to the U.S. government, is to try to discredit the LaRouche plan, and to achieve the opposite effect. The Leutwiler-Kemp plan will produce a contractionary collapse, contracting world credit supplies by 30 to 40 percent and producing collapses in industrial production and world trade of equal amounts. The purpose of the Leutwiler-Kemp gold plan is to maintain the *fondi*'s control of the world monetary system, by shrinking that system, and reducing population and industrial output. In this way, LaRouche has noted, the Leutwiler-Kemp plan is no different from the current genocidal policies of the IMF and BIS, but only an intensification of those policies.

The gold plan of BIS head Fritz Leutwiler was first formally announced by then-head of the BIS Jelle Zijlstra in October 1981 at a press conference during the IMF's semi-annual meeting. Leutwiler has repeated the outlines of the BIS gold plan, first enunciated by Zijlstra, several times since then. The essence of the Leutwiler-BIS plan is:

A) The amount of credit in the world is not determined by the liquidity needs of industry and agriculture, but rather by linking the amount of credit to some multiple of gold (i.e., were gold to be valued at \$32 per ounce, for purposes of argument, private banks could lend only \$32 or \$64 or some such multiple of loans for each ounce of gold held in reserve).

B) The BIS and IMF would control, along with London, Switzerland, the Union of South Africa, and the Soviet Union, the world's leading gold suppliers, the amount and purposes of gold use. This would keep control of new sources of liquidity in the hands of the *fondi* and its agent institutions.

C) Gold's price might be allowed to fluctuate until it reached a "free market rate," i.e., a price set by the BIS, IMF, and principal world gold owners. Instead of gold, tin, copper, or other commodities might be used. The amount of credit might therefore, in this latter variant, be limited to the amount of rise of a basket of commodities which would include gold and other commodities.

D) The Third World would have no say in the new arrangements. Nor for that matter would the United States, West Germany, Japan, Italy, France, and other advanced-sector nations, except for meaningless gestures of "consultation" by the BIS and IMF.

E) This gold arrangement would be consistent with and encourage the development of either the BIS or IMF as a "one world central bank."

The Leutwiler-Zijlstra-BIS gold plan was filtered into the United States by a Leutwiler-sycophant, Columbia University Professor Robert Mundell. It is Mundell, the actual "founder" of supply-side economics, who passed this plan to his protégé, former football player Rep. Jack Kemp (R-N.Y.). Kemp has now interested a group of congressmen and Leutwiler allies in the Reagan administration, including Assistant Secretary for Economic Affairs Allan Wallis, to pressure President Reagan to adopt the Leutwiler plan as part of a program to avoid a world banking collapse. Kemp has mislabeled this anti-industrial, anti-capitalist, anti-growth proposal as "conservative," to gain the President's acceptance.