A Brandt Commission plot

Lehman's Peter Peterson: 'Take the world to the brink'

"I reject taking the world to the brink and international brinkmanship, but this may be needed in the Middle East. I think a country or two may get overthrown in the Middle East and oil may get shut off."

This is the view of Peter Peterson, one of the two U.S. members of the Brandt Commission. Created in 1977 and still run by the World Bank, the Brandt Commission, so named after its chairman, Willy Brandt, is supposedly dedicated to a "new international economic order."

As the remarks of Peterson, given in an exclusive interview to *EIR* earlier this month disclose, the Brandt Commission is in the thick of world destabilizations. Moreover, discounting arguments issued for public consumption, including their recently released 300-page *North-South: Strategy for Survival,* the Brandt Commission and its members are committed to sharp cutbacks in world industrial production, living standards and population.

According to Peterson, the Brandt Commission must work up a two-fold strategy to implement their plan. First it must so destabilize the governments of the world as to push the world economy to the brink and force change. Second, it must then gain control of the international institutional means that propose and bring about such change.

Let it be said at the outset that the Brandt Commission's program is, apart from sweetened rhetoric, indistinguishable from the programs of the International Monetary Fund and World Bank because the Brandt Commission itself is indistinguishable from the International Monetary Fund and World Bank. It was, after all, World Bank president Robert McNamara who ordered Brandt to create the commission in late 1977, when it became apparent that the World Bank-IMF program wouldn't wash in the Third World in the form that the World Bank and IMF were compelled to present it.

In particular, at the point McNamara set Brandt's commission up, the "North-South Dialogue" in Paris was nearing breakdown—after two years of stone-walling against Third World demands for a "new international economic order" that would entail provision of debt-relief followed by credits for real industrial and agricultural growth. Since Henry Kissinger, in Third World eyes, was the principal culprit sabotaging the negotiations, the North-South meetings were maintained through 1976 only on the basis of holding out the prospect of the "new, pro-Third World" Carter administration—and the dumping of Kissinger—coming into office in the United States.

So, the Third World nations waited, and of course, discovered that Jimmy Carter and company were indistinguishable from Henry Kissinger. The talks collapsed in 1977.

At this point McNamara made his move. The Third World was handed the prospect of "a new independent commission" under nice-guy Willy Brandt. So, for two more years, the Third World leaders waited for a report from the commission that would satisfy their needs for a real development program. Of course, Brandt came out for nothing of the kind. The Brandt report, denouncing "advanced technologies that deny human values," proposes "appropriate technologies" like sticks, cowdung and windmills, and "One World Government" empowered to enforce and regulate the growth rates that would result—which is none at all.

The Brandt Commission, however, did offer a sweetener, by purporting "opposition to the conditionalities policy of the International Monetary Fund." That is the essential in the Brandt Commission's role—to capture Third World governments for the IMF-World Bank economic policy that the IMF and World Bank themselves are politically unable to put across. Enough desperate Third World leaders have fallen for the ploy to keep Brandt and Mr. Peterson's tactic very much alive—and please Robert McNamara and the IMF no end.

The Brandt Commission's major concern at the moment is the control of new margins of liquidity introduced into the world's banking system. The central question: who will control the OPEC surplus, estimated to be $120 billion this year, and toward what end?

Currently, the European Monetary System of French President Giscard d'Estaing and West German Chancellor Helmut Schmidt has had increased access to the OPEC surplus by virtue of increased deposits of OPEC funds into the German and French banking systems. These funds are then redeployed into high-technology Third World industrialization.

To stop that strategy, Peterson and the Brandt Commission have launched a stratagem to both induce and blackmail the OPEC nations to stop their flow of credit to continental Europe and instead place those funds into some international recycling mechanism that (either directly or discreetly) will be under the control of the International Monetary Fund and World Bank. Thus, while the Brandt Commission stresses the "attractiveness" of such a new facility, claiming that it will "liberalize" (lessen) the genocidal conditionalities of the International Monetary Fund, in private, such leaders of the Brandt Commission as Peterson insist on something quite different.

In an internal memorandum on the Brandt Commission circulated by Peterson in April to Lehman Brothers' clients and excerpted below, Peterson states:

"Thus, we can no longer avoid the issue: how much *genuine* adjustment to reduce the deficit and how much *financing* to fund the deficit?" (emphasis in original).

The answer, Peterson says, involves severe, outright austerity:

"It is widely and *wisely* said that the developing countries will have to make 'adjustments' in their economies [a euphemism for a further reduction in their already low standard of living] by reducing their imports significantly. In suggesting this, we of course realize that such reductions will be painful not merely to them, but also to the industrialized nations, for developing country imports are increasingly *developed country exports*" (emphasis in original).

Getting the big potato

Peterson recognizes, therefore, that to sell this strategy to the OPEC nations he must accomplish two tasks: put forward a "realistic" and attractive proposal for their funds, and then blackmail them with war.

The problem of selling the strategy, as the Brandt Commission sees it, is the intransigence and stupidity of the Israeli government of Menachim Begin, which, by refusing to discuss the creation of a Palestinian state, is blocking financial collaboration with the Arab world, which holds a great deal of the wealth.

Exemplary of this problem is Israel's Agriculture Minister and warhawk Gen. Ariel Sharon. "I had a little dinner party for Sharon, with George Ball and others at my place," reported Peterson. "But after listening to him for an hour with all those crazy Biblical references, I couldn't take it. Israel's security needs are real, but not the way Sharon presents them. They're too much. My Jewish friends at my firm feel the same way."

Sharon, Begin, et. al must be replaced with a more moderate Israeli government for strict financial reasons. "An Israeli government that will work toward a Palestinian state is not only politically important, but is important financially and monetarily. Without a Palestinian state, we are not going to get the Arabs to give any money to petrodollar recycling and that's the most important financial question in the world today." The Camp David Treaty Peterson dismissed as an obstruction.

The guts of the Brandt Commission

Peterson discloses much of the rhetoric of the Brandt Commission's official documents to be so much excess baggage. Peterson is, in fact, prepared to throw overboard most of the proposals of the Brandt Commission to take the OPEC funds into the controlling sphere of the IMF and City of London. "We should soon call an international concordat meeting, involving the West, OPEC nations and the LDCs [lesser developed countries]. At this meeting we'll propose several concretes about oil-dollar recycling. But as I've told my friends at the Brandt Commission, as well as Bob McNamara and Kurt Waldheim, we must make sure that the recycling is the only item on the agenda. Take the discussion about SDRs [the IMF's Special Drawing Rights], about commodity funds and what not, and keep them *off* the agenda. Don't clutter up the agenda with this stuff, or nothing will get discussed."

While throwing out its various programs, Peterson and the Brandt Commission hold in the background the ultimate weapon of war and destabilization. Not only does Peterson think it necessary to take the Middle East "to the brink," but he proposes to use that threat to force Brandt Commission proposals through the U.S. Congress and the U.S. presidency. Peterson gloated: "I'm not new to this game, and I realize the difficulty we'll have in getting these views accepted. But I'll tell you what I think could happen. All that is needed is a handful of advisers around the new President of the United States who replaces Carter. A crisis or set of crises concerning debt maturities and what have you develops and grows. The advisers tell the President that either he responds to the conflagration with the sorts of proposals we have for reform in the Brandt Commission or else, within one-and-a-half to two years, his presidency will go up in flames."