

Structure of Speech for NSRT

Soedjatmoko

- 1) An invitation to a bental, blunt analysis of the current crisis
 - no polite conversation, no soft whispers, no cautious phrases
 - world in a deeper crisis than anyone has projected, neither WB, IMF, UNCTAD, or other reports;
"We are all trembling on the brink of a world depression."
 - 1% OECD growth rate for three years, loss of growth momentum in NICs, unemployment levels of over 10% commonplace, poor Africa many countries walking on razor's edge on debt servicing, after Mexico collapse.
 - reversion to bilateralism and failed policies of 20's and 30's - not a temporary setback, but a fundamental challenge, magic of the *market place, without qualifications*;
 - response has been weak, timid and cowardly;
 - we are all here in a personal capacity.

- 2) Let me suggest a three-pronged attack, a coordinated strategy of counterattack in the name of human sanity.

- 3) First plank of strategy
 - we must bring a realization of the serious nature of the present crisis to every nation;
 - WB & IMF fail to do so. They are dishonest to themselves and to the

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real objectives of their institutions

"truth is often a casualty of institutional politeness."

- Let's throw away this bland statements, these soothing words, these defenses of status quo. Let's have the courage to analyse what is really happening, free from any institutional constraint.
- A group of top eco. experts from NSRT to produce a report next year on the state of the world economy (Roche)
 - state of human deve. (Koko)
 - state of world's children (UNICEF)
 - a professional hardhitting document.
- All chapters in all nations to do this.
- All serious press encouraged for indepth analysis.
- Before we plunge headlong into a world depression, let us issue a courageous scream of protest.
- A shock document, an indictment, create climate of opinion.

"Low growth over the 1980s was projected in last year's Report. However, it should be possible for many middle-income countries to repeat the successful adjustment they made to the adverse conditions of the 1970s, and to achieve per capita income growth well in excess of that of the industrialised countries. The prospects of adequate growth will be greatly enhanced if restrictions on trade and capital flows are minimized." (p.1)

Do you get any idea of the grave crisis we are in from these bland, soothing words? Is this why we created these institutions to play us the flute to calm our nerves where the world is burning.

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Their analysis on debt problem is even more classic.

The changing composition of international capital flows, and the high level of interest rates, have placed a number of developing countries in a liquidity squeeze." (p. 16)

- pay the creditors or feed the children
- debt service, water table rising
- structural crisis or temporary factors
- can nations come out individually or collectively?
- SID report on nature of crisis

4) Second Plank of Strategy

- nations must begin to tell U.S. that if it is unwilling or unable to lead world economy, other nations are willing to step in.
- virtual veto of U.S. today
 - international institutions
 - monetary policy
 - international credit card, national policies become international
- some nations must have the courage to start saying no:
 - Japan, Canada, Korea, Brazil, nordic bloc;
 - not an anti-U.S. move but to save U.S. from its own policies;
 - already in IDA VII
 - why not Law of Seas, Energy Bank, foreign assistance, IMF quotes
- how to form groups of countries for limited, more modest action:
 - energy bank
 - a new IDA

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- a new currency, ECU
- a reinsurance facility
- a mutual recovery prog.
- TW multinational
- TW secretarial
- why must we paralyze ourselves into inaction waiting either for unanimity or for global negotiation? A terrible, fatal bureaucratic, trap for inaction.

"conspiracy for caution"

- professional analysis of common interest between limited groups of action and organizing practical moves.

5) Third Plank of Strategy

- We must focus on the central issue that matters: restructuring of int. monetary and financial system.
- U.S. world central bank
 - 90% of int. liquidity
 - its internal policy determines external environment
 - unprecedented inflation
 - " interest rates
- basic principle wrong: poor nations must get liquidity, rich nations to earn it.
- U.S. int. credit a liability, a debt, not an asset.
- no-one elected U.S. secretary of treasury, why should they be ruled by his judgement

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- IMF progressively helpless:
 - fixed rates
 - gold link
 - SDR creation
 - quota changes tied to past
 - all facilities open to all countries
 - U.S. financial veto
- World Bank withering away:
 - cost free capital
 - new IDA replenishment
 - no new initiatives
 - no international resources
- not the fault of institutions
- traders and World Central Bank
 - lender of last resort
 - creator of liquidity
 - merger of WB & IMF
 - financing of food, energy, S & T, other UN initiatives
 - supplemented by bilateral finance.
- needed:
 - a new, concrete blueprint
 - a transitional strategy
- RT on future of Bretton Woods, leading to another world conf.

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6) Time to stop tinkering with the issues. What is at stake is our own intellectual integrity, our inner courage, our very future.

We stand like little children on the vast shores of the earth, collecting little pebbles of understanding and hope and throwing them one by one in a vast ocean of ignorance.

Let us take our courage in our hands and lift a few big stones for once and create a few big waves, for the worst failure of all will be a failure of our courage.
