

# THE WORLD CENTRAL BANK - AN INTERNATIONAL FINANCIAL PROJECT

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## CUBAN TRADE WINDS

### STEPPING STONE TO PROSPERITY

By Roger A. Valdes

One of the most interesting long-range projects aimed at permitting underdeveloped or "have not" nations to self-finance the development of their economies without resorting to "loans" from the highly-developed or "have" nations is that embodied in a proposed World Central Bank idea drawn up by a Cuban economist with vision and foresight.

The plan calls for the creation of a World Central Bank and five regional banks as follows: a Central Bank of Europe, a Central Bank of Africa, a Central Bank of the Americas, a Central Bank of Asia, and a Central Bank of Oceania. If, however, nations find it more practical to create the World Central Bank by itself without any Regional Banks, they may act accordingly and the results would be just as desirable.

The plan also envisages the creation of a "world currency", or, to be more specific, an "International Monetary Exchange Unit" that would be equivalent to an "international dollar", based on the value of the currency in each individual country, its "average national budget" determined over a period of 10 years, and its "maximum credit" precisely in the currency of the country in question.

How is a nation's "maximum credit" arrived at? By multiplying its "average budget" by its "economic index" (nations would be classified from 1 through 5 or 6 according to their economic development).

The "maximum credit" of each country would then be paid in government "bonds" or "securities" of absolute and unlimited guarantee. These bonds will bear no interest and would be amortized in periods of time and percentages corresponding to the "economic index" of each nation (with amortization rates running from a minimum of 1% to a maximum of 3% and time of amortization going from a minimum of 33 $\frac{1}{3}$  years to a maximum of 100 years).

The originator of the idea is Eduardo de Aguilera, of Calle 25 No. 228 in Vedado, a graduate of N. Y. U. and a true student of world economy and finance. Aguilera's proposal, worked out in detail although subject to change by nations, has been printed and submitted to all countries represented in the United Nations, to the heads of government of all free nations and to leading economists, financial advisers and intellectuals throughout the free and democratic world.

Aguilera firmly believes in the following premises, substantiated by facts: (1) The balance of trade of the great majority of nations, and particularly of underdeveloped countries, is totally unfavorable to them; (2) foreign exchange reserves for international trade are practically non-existent in many cases or very weak in others; (3) the present system of loans by the "have" nations to the "have not" nations is rapidly becoming obsolete in this atomic age; and (4) the "have" or highly-industrialized nations should not be forced to continue making gigantic internal efforts (through their taxpayers and through floating of long-term bonds) to be able to effect such loans abroad.

But let us permit Mr. Aguilera himself to point out and explain the highlights of his plan.

"This is a plan of auto-financing or self-financing", Aguilera said. "It would complement existing international credit institutions rather than compete with them".

He stressed the plan wouldn't hurt the value of the dollar "at all" because the dollar would always maintain its potentialities as foreign exchange for other countries.

"This plan would give highly industrialized nations the opportunity", he said, "to help the underdeveloped countries without exerting further or greater pressure on their own taxpayers or without having to float longterm bonds with which to procure the necessary funds for such loans".

Provided that the regional Bank of the Americas is created as part of the overall plan, Aguilera said this would permit such a bank to promote "additionally" the economic growth of each nation in the Americas through authorized credits to the various governments and private institutions of each country in their own currencies.

The system would, in addition, constitute an international "ways and means" to exchange goods and services instead of in substitution of any barter system.

And here's an interesting aspect. Aguilera said member nations would be in a position to consolidate present internal and external debts (to a certain degree) by paying off these debts from their credits in "Commercial United Values" (C. U. V.) or "international dollars". And he added: "As you can see, the aforementioned debts could be completely amortized and nations would have a single international obligation proportionate to its economic potentialities as determined by the economic index assigned to each member nation".

Aguilera emphasizes that this system of "self-help" or "self-financing" through mutual cooperation and a mutual fund is the scientific application of world financing that will allow each country to advance in a period of 20 years of intense efforts what otherwise would take them 200 years of economic agonies.

"The present system of loans has served its purpose", Aguilera said, "but is becoming obsolete and irritating in this day and age. New dynamics and new economic concepts for the evolution of a new world must be adopted immediately if the underdeveloped nations of the world are to maintain an economic level in direct relation and proportionate to the evolutionary velocity of the highly developed nations".

Aguilera, who attended the Inter American Investment Conference in New Orleans in 1955, among others, believes the plan would be of considerable benefit to the United States, Great Britain and Canada and a tremendous contribution to the cause of peace and prosperity in the world.