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SPECIAL REPORT

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The Group of 77 Meeting in Manila

The Manila Ministerial meeting of the Group of 77 non-aligned nations, held to prepare the proposals for the May 4th United Nations Conference on Trade and Development (UNCTAD) was an intense political battle focused on the question of debt moratoria. Proposals advanced by the Asian regional group for cancellation of official debt and a 25 year "rescheduling" of commercial debt were met with resistance and overt sabotage efforts from delegations of nations heavily under the influence of the International Monetary Fund and the creditor banks of the Eurodollar and New York money markets. The IMF agents, led by the Mexican delegation which had taken a step backward from earlier stands, and including Zaire, Brazil, Chile and others, insisted on a formula that would have each nation attempt to negotiate debt separately with its creditors. This formula is that of the IMF itself and allows for the attachment of conditions of brutal austerity to such "rescheduling" agreements.

This IMF-directed effort was beaten back by the leading developing nations who proposed the establishment of certain institutional forms within which both debt moratoria and the establishment of new credit institutions can take place. This was the clear thrust of the delegations from Algeria, Peru, Cuba, and Guyana (the role of India is less certain due to lack of information).

The Algerians, in a personal communique from President Boumediene, and Peru, led by Foreign Minister De La Flor, both advanced in a clear and blunt manner, for the first time in an international forum, the necessity of debt moratorium and cancellation (in the worst cases) as a pre-condition for any development in the Third World. The Foreign Minister of Guyana, Frederic Wills, under influence of the International Caucus of Labor Committees explicitly proposed the dissolution of the International Monetary Fund and the creation of an International Central Bank in its place. Support for this proposal was indicated in press coverage from both Cuba and the German Democratic Republic of his statement.

The final agreement on debt incorporated in the Manila Charter, reflects this battle and reflects formally a compromise that is the result of the lack of backing for the leading developing nations from forces principally outside the sector, specifically the Soviet Union. The Charter most importantly assigns UNCTAD itself a key institutional role under which all debt and trade (and financial) negotiations will take place and which will represent the interests of the developing sector as a whole.

The conduct of the Group of 19 developing nations at the Paris North-South discussions are subsumed under this programmatic and multinational framework. Under the auspices of UNCTAD, a conference is to be held this year between the principal creditor nations and the "interested"

debtor nations from the Third World. The qualification "interested" is the expression of the compromise which does not formally tie all the Third World to a unified negotiating position with the creditors.

According to late reports, the meeting also approved a resolution for transfer ruble-denominated trade between the Third World and the Comecon sector. As reported in the Mexico City daily Excelsior in an article datelined Feb. 6, the ministers approved a resolution calling on the socialist countries of Eastern Europe to "adopt policies and measures which assure the increase and the demand in the subsequent imports of products from the developing countries." The proposal also urges the Comecon bloc to "not demand equivalent purchases on the part of the developing countries so that these can increase their exports," and asks "improved ... Comecon payment agreements in transferable rubles... to take account of the trade needs of the developing countries." But the resolution goes on to ask "appropriate payment agreements, which could include, if so desired, provisions which would permit the convertibility of the surplus accounts of the developing countries into convertible (i.e. Western-ed.) currencies."

Thus, while this proposal taken in conjunction with recent moves by Italian industrialists, could serve as an opening for the Soviets to play a more active role in the fight for a new world economic order, its wording leaves open an alternate, pro-IMF interpretation: as a call for the Soviets to subsidize Third World exports, to be paid for in rubles, which Third World nations could then convert to pay their dollar-denominated debts. In short, a plan for imperialist looting of the Soviet sector. This plan has been rejected by the Soviets before.

The most significant conclusion that should be drawn from the Ministerial meeting and the meeting that immediately preceded it is that it represents a statement by the key Third World nations of their willingness to wage a political battle on the questions of debt moratoria and the creation of new credit institutions, as specifically advanced in the International Development Bank program. This is a definite forward step from the positions and political state of the developing sector in numerous international conferences over the past six months including the Lima Ministerial Conference of the Non-Aligned Nations, the Seventh Special Session of the United Nations on Development, the October meeting of the Trade and Finance Commission of UNCTAD in Geneva, and the North-South Conference on International Economic Cooperation in Paris.

Round 1: The Experts Meeting

The first round of the battle took place at the "Experts Meeting" held last week. At this meeting which was to pre-

pare the agenda and proposals for discussions at this weeks' ministerial level meeting a proposal calling for a 25-year debt "rescheduling" — the polite term for debt moratoria — was blocked at the last moment through the efforts of agent governments, led by the delegation from Mexico. The crucial issue of debt, and its strangulation of all possibility for development in the Third World, was the central subject of discussion at the meeting.

The debt moratorium proposal presented at the Manila meeting was drafted at the Asian subgroup meeting which took place several weeks before in Jakarta, Indonesia. It called for a moratoria on commercial debt combined with cancellation of public debt to be negotiated at a creditor-debtor conference to be held this year. Instead the Mexican delegation, from which pro-development Mexican spokesmen were deliberately excluded, forced through a modification which calls for each nation to negotiate moratoria or changes in the terms of its debt separately with its creditors. These conditions are a formula under which each nation can separately negotiate its own suicidal terms for domestic austerity. While the Mexicans were backed by the blatant agent regimes like Zaire, Zambia, and Brazil, the sabotage of the debt moratoria proposal could only have succeeded with the acquiescence of leading progressive developing countries who refused an all-out battle in favor of a dubious "Third World Unity."

The Asian debt moratorium proposal was a modified version of the International Development Bank proposal. Debt moratoria was posed in combination with a proposal for the establishment of an International Bank, whose function as described by press reports, is to carry out the process of amortization and reorganization of debt. This proposal, however, which was left in the final agreement, did not contain any measures for the creation of new credits for financing increased trade and production necessary for development. Without even a unified Third World declaration of debt moratoria, such a proposed bank could only serve the purpose of refinancing existing debt to the benefit of the creditors.

The success of the agents' efforts in the result of continued self-perpetuated illusions on the part of leading developing nations that they can avoid the absolute necessity of unilateral debt moratoria and the creation of new institutions to replace the dead IMF-World Bank. These nations have increasingly adopted measures of murderous austerity against their own populations in the hopes of increasing their trade balances, in order to remove the immediate pressure of debt payments. This policy has been carried out despite the disastrous effects of such austerity and the lack of any evidence that a illusory 'recovery' in the advanced sector will provide markets for stagnant Third World exports.

Such illusions have been deliberately encouraged by the Atlanticist regimes in Europe and the U.S. who have held out the crumbs of trade preferences and temporary debt relief. These are specifically the circumstances, for example, surrounding the recent visit of French Prime Minister for Economic Cooperation Egon Bahr to India.

This is the concrete circumstance behind the capitulation to the Mexican 'go-it-alone' proposal which would have each nation negotiate the 'best terms' without being tied to a unified negotiating policy for the entire Third World.

The prominent Mexican daily *Excelsior* summed up the pretensions of the Mexican proposal: "Each country by itself and according to its problems would be able to negotiate, if

that is the way it requests, its foreign debt directly with its creditors, without involving other nations like Mexico, which enjoy prestige on the international money markets."

The Mexican position was the result of an earlier battle in the Latin American subgroup meeting a couple of months ago in Caracas, Venezuela. There the efforts of progressive governments like Peru were beaten back by the agent governments in Brazil, Chile, Venezuela and others who themselves are showing the genocidal results of being at the mercy of their creditors in the New York banks.

The Asian proposal on debt moratoria was adopted at the Jakarta meeting, not at the initiative of progressive governments like India, but rather the governments of Pakistan and Indonesia. These countries, although known to be more closely linked to the United States, are suffering from massive debt crises and near total shutdown of any development projects within the country. They have reached conditions where there is no more loot to be squeezed for payment of debt from their diseased and starving populations. Unable to afford any illusions of big power grandeur in their efforts to renegotiate debt with their creditors, who have continually insisted on ruthless measures of internal austerity as a condition for 'rescheduling,' they have recognized the necessity of negotiating for the developing countries as a whole or not at all.

The Indonesians in particular proposed the 25-year moratoria on the model of the 30-year rescheduling of their debt in 1968 which had accumulated during the era of the Sukarno regime. In that case it was the initiative of the Soviet Union, to whom a good part of the debt was owed, in offering a moratoria which forced Indonesia's Western creditors to follow suit. The Soviet Union has not shown a similar willingness to take initiative in backing debt moratoria against the capitalists for the entire Third World at present. This lack of policy on the part of the Soviet Union is a major factor contributing to the lack of nerve on the part of the leading developing countries at Manila in face of the agents sabotage operation.

Round 2: The Ministerial Meeting

The meeting ended in discord, with the Mexican paper *Excelsior* reporting that the representatives fought bitterly over all issues, including raw materials pricing and procedures for debt rescheduling.

In response to the blocking of the earlier proposal calling for a 25-year moratorium on commercial debt by certain Third World governments, Third World leaders from Algeria and Peru opened the ministerial-level conference with a strong push for debt moratoria and a unified Third World position against the threats from the imperialists.

Algerian President Boumediene sent a communique, itself an unusual move, which stressed the necessity for the Group of 77 to reinforce its cohesion and adopt a common strategy in negotiations with the capitalist countries. Boumediene's proposed strategy included three fundamental points: 1) the reduction of indebtedness of the developing countries, which he said has reached "insupportable limits" for certain of these countries; 2) an "integrated global program" for organizing international trade, including raw materials, and long-term multilateral trade contracts; and 3) transfer of technology from the advanced sector for Third World development.

The position of saboteurs at the meeting, such as Brazil and Zaire and the IMF controlled Mexican delegation is for

each country to separately renegotiate its debt with its creditors.

This is precisely the policy of the Atlanticist-dominated New York banks and the International Monetary Fund-World Bank, who hold almost all of the outstanding Third World debt. The collection of that debt is the basis of their attempts to prevent the imminent collapse of the entire international credit structure. Their condition for individual "rescheduling" of debt is the implementation of genocidal austerity in these developing countries through massive cuts in imports, currency devaluations, and destruction of living standards.

It is in face of precisely this policy that Peruvian Foreign Minister De La Flor called for the developing countries to "close ranks" against the threats from the imperialist nations, most prominently the United States. De La Flor stated that the "only real solution to the problem of underdevelopment will come if the present system is replaced by the New World Economic Order."

De La Flor specifically backed the Asian proposal on debt, calling for a moratorium on commercial debt and cancellation of debts in the case of the most severely affected countries. The Asian proposal also calls for a debtor-creditor conference to be held this year and the establishment of an International Bank to carry out the process of debt reorganization.

The Manila meeting will be followed by the reopening of the North-South talks in Paris on Feb. 11. Boumediene, referring to these talks, called for coordination among the Group of 19 countries representing the Third World at the talks so that the group has a unified directive for negotiating with the capitalists.

For the first time in such an international setting, there was an explicit call for the establishment of a credit institution to facilitate development programs — directly paralleling the International Development Bank — by Guyanan Foreign Minister Frederic Wills.

Calling for the dissolution of the International Monetary Fund, Foreign Minister Wills proposed the creation of an International Central Bank. Wills charged that the IMF was "dominated by a small group to benefit only their own interests" — not those of the Third World — and that the IMF's "modest reformist contributions" have completely failed to solve the basic problems of development. He urged the developing countries to propose radical and concrete measures, especially the new International Central Bank, to establish the New World Economic Order.

The Guyanan proposal, which was given major coverage in the Cuban and East German press, was the clearest expression of the efforts of the Third World leadership to put forward the need for the creation of **new institutions** to replace those of the old imperialist order. This concept, previously lacking in most Third World presentations of the New World Economic Order, was expressed in the Manila charter itself in the institutional role assigned to UNCTAD as the primary organization to represent the interests of the developing sector. UNCTAD, set up as an ongoing UN "Conference" in 1964, is the only international organization dealing with trade, finance and development that has tri-lateral participation from the developing countries, the developed capitalist countries and the socialist countries of Comecon.

The Compromise On Debt

The final agreement in the Manila charter on the debt issue reflected the battle lines that had been drawn at the meeting. The compromised nature of the debt proposals is a direct result of the lack of political support that the progressive Third World nations received from the Soviet Union in their battle against the imperialist-dominated governments in the conference such as Zaire, Brazil and the IMF-controlled delegation from Mexico. The essential nature of that compromise was the lack of agreement on a **binding, unified** negotiating posture of the Third World on the debt to their creditors in the New York banks and the IMF. Instead, within the institutional framework of UNCTAD, it is proposed that each nation individually choose whether to take the alternative of debt moratoria. This allows, according to the arguments of the agents, for the more "creditworthy" nations of the Third World, such as Mexico, to bargain separately for their submission to fascist austerity at the hands of the creditors without being associated with those nations of the so-called Fourth World. Such nations are slated by the IMF debt collectors for total genocidal destruction.

Under strong pressure from the pro-development Algerian and Peruvian delegations, the meeting finally adopted a charter which called for the cancellation of official debt of the most seriously affected countries and the cancellation or moratoria on debt for the rest of the nations who ask for it. In addition, the charter calls for the convening of a conference of principal creditor and "interested" developing sector nations to be held later this year under the auspices of the United Nations Conference on Trade and Development (UNCTAD).

The proposed UNCTAD creditor-debtor conference would apply the principles and directives on the renegotiation of commercial and official (government and multilateral) debt that will be set at the fourth UNCTAD meeting in May.

The weakest section of the charter, reflecting the focus of the wrecking efforts by such IMF controlled agents as Brazil, Zaire, and Chile, is that on commercial debt — the \$140 billion of the developing countries now held on the Euro-dollar and New York money markets. The proposal calls for an agreement to be reached on the consolidation of debt and the rescheduling of debt payments for 25 years. However, it leaves open, and even implies, the kind of "rescheduling" that took place in the case of New York City where the conditions of brutal austerity were imposed for what was actually a debt **refinancing**. This is the potential character of a proposed "multilateral financial institution" which would be aimed at refinancing debt of developing countries in the "short term."

What Next

These formally negative features of the charter cannot be evaluated outside of the actual political situation in both the developing sector and the working class political struggles presently being waged by the Labor Committees and its allies in Italy, Western Europe and the Americas. The significance of the advances made in Manila are a significant measure of the willingness of the leadership of the Third World to wage a political fight on the crucial issues of debt and the creation of new credit institutions, the IDB, needed to bring the New World Economic Order into concrete realization.