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P O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

Agents Battle in Washington to Contain Support for Debt Moratoria, IDB

WASHINGTON, D.C. Feb. 21 (IPS) — Leading officials of the U.S. government attempted this week to figure out what to do about the growing support in Europe and the Third World for moratoria on dollar-denominated debt and the U.S. Labor Party's proposal for the creation of an International Development Bank to replace the bankrupt International Monetary Fund. While no faction of the government has anything even resembling a policy to deal with the current international economic crisis, they are all agreed that if the Dollar Empire is to survive, the \$800 billion in outstanding debt must be collected and motion towards debt moratoria and the IDB within Congress must be halted.

As part of this "containment" effort, which has already included the massive harassment of all individuals or groups that might be willing to work with the Labor Party, various government officials are now attempting to blame Congress for the government's unwillingness to carry out a program of international moratoria. The same Treasury and State Department officials who were pointing to Congress as the "real stumbling block" on the debt question, however, were simultaneously engaged in furious counter-organizing of Congressmen away from support for or discussion of moratoria.

After a week of these deployments and meetings, IPS has found that talk of impending debt moratoria is sweeping the capitol. IPS has also found that there is a certain sense of resignation on the part of leading government officials to the inevitability of someone declaring a moratorium — which has in turn made these officials hysterical.

Early in the week, New York Times financial specialist Edwin Dale wrote a "policy-making" article on the Manila conference of the Group of 77 Third World nations which was widely read and disseminated throughout the government. Dale reported, that even though the Manila conference did not come out with a unilateral call for debt moratorium, U.S. consideration of any such proposal was out of the question anyway because, "according to a high Treasury official . . . Congress is likely to be extremely reluctant" about any debt service waivers or cancellations."

The same day, a member of the State Department's "Policy Planning" staff corrected Dale on one point. The Third World came out of the Manila conference, he told IPS, with a decision to fight as a "flexible international body," which the State Department found "very sophisticated and difficult to deal with." The spokesman recognized that while

the charter adopted at Manila did not go all the way toward general debt moratoria (it allowed for case-by-case determinations), the United States was now fighting an organized, politicized Third World with which it had no policy to deal. The frustrated official then shifted the blame for this non-policy on Congress, lying that "Congress will demand payment on every penny on the dollar (of debt).

To ensure that Congressmen would remain faithful to Wall Street policy of debt collection, back-room meetings and "think tank" symposiums were organized throughout the week to discuss, either explicitly or implicitly, "the Third World debt situation."

Such a counterorganizing session was held on Feb. 19 in the Senate Office Building for targeted members of Congress and their staffs. Especially targeted were Congressmen who attended last September's United Nations Special Session on Development and other potential pro-development Congressmen including Senators John Culver (D-Iowa) and Dick Clark (D-Iowa) and Representative Donald Frazer (D-Minn). On hand to keep the Congressmen in their place were Assistant Secretary of State Paul Boeker, C. Fred Bergsten of the Brookings Institution, anti-debt moratorium Congressional aides such as George Ingram of the House International Relations Committee, Sen. Jacob Javits' (R-NY) aide Frank Balance and John Karlik of Sen. Hubert Humphrey's Joint Economic Committee.

The organizers of the meeting attempted to inundate the Congressmen and their aides with long, boring discussions of commodity prices while carefully avoiding all mention of debt moratoria. Despite this, one State Department source dejectedly noted that the consensus of the meeting was that "the cement which holds the Third World together is political." An even more striking failure along similar lines was a symposium held at Johns Hopkins University's School for Advanced International Studies (SAIS) entitled "The New World Economic Order: Is It Just a Reified Bretton Woods System?" In the middle of a speech by SAIS'er Robert Tucker (notorious for previous proposals to break up the OPEC oil cartel and a possible embargo by invading OPEC countries) about whether the Third World wanted development or equality (sic), a U.S. Labor Party representative intervened and called on the gathering to support the Third World initiative for debt moratorium. The Jamaican Ambassador to the UN responded, "I agree with you. We can't have development without debt cancellation." Tucker, reflecting the

policy dilemma in Washington, replied, "I'd rather have debt rescheduling, but debt moratorium is inevitable."

On Capitol Hill itself, the imminence of debt moratoria permeates all serious discussion of the international situation. A Republican staffer on the House Banking Committee remarked, "Debt moratorium has some merit, and it looks like it will occur whether we agree with it or not." Another Republican staffer on the Senate Foreign Relations Committee commented "debt moratorium . . . we may have to go ahead with it. We wouldn't want to see the whole (economic) system destroyed."

Even the neanderthals in the White House reflect a growing recognition of the need for a new international credit institution. A White House source characterized the World Bank as an "autocratic, independent international bureaucracy that is generally responsible to no one."

This recognition by especially Republicans indicates behind-the-scenes organizing by pro-development Chicago-based forces. However, if the debt moratorium and IDB fight is to break out into the open in Congress, the Democratic Congressmen and especially the Congressional Black Caucus, must break out of the containment operation being run against them. Members of the Black Caucus remain the target of massive counter-organizing to ensure that they do not move on their call for debt moratoria for Third World nations which the caucus issued last fall. Rep. Charles Diggs (D-Mich), Caucus chairman, is functioning as the State Department's key inside operative. The pro-debt Diggs, who recently returned from arm-twisting Third World leaders on a State Department-sponsored trip, has had some effect on other caucus members, many of whom regard him as "their leader." The overall response on the debt question and the New World Economic Order from the Caucus (which is also

subject to FBI-directed harassment including physical attacks on relatives and threats against the lives of caucus members) has been generally dismal. This is typified by an aide in Rep. Andrew Young's (D-Ga) office who said this week: "Let me say this, I haven't heard anyone in the Caucus talk about abandoning the IMF and the World Bank. New Monetary structures are not being discussed."

Still, this operation has not been completely successful. Speaking in New Jersey last weekend, Rep. Ron Dellums (D-Calif) responded to a U.S. Labor Party question about the Italian situation and the need for Congress to support a debt moratorium for Italy, "I support the Black Caucus declaration in favor of debt moratorium and I think it can be applied anywhere."

Because Diggs cannot "sew up" the caucus from the inside, the Black Forum on International Issues, a group linked to pro-debt Sen. Edward Kennedy (D-Mass) has been created as a countergang to keep the Caucus in line. The recently formed group appropriately calls itself a "black Council on Foreign Relations," — a reference to the Harriman-Rockefeller-controlled New York Council on Foreign Relations. Diggs is on the Forum as well.

Members of the Black Caucus and the Black Forum will come together in a disorganizing meeting this weekend (Feb. 20-21) at a conference entitled "Africare" and attended by representatives from the CIA-controlled Agency for International Development (AID) and the Overseas Development Corporation. Discussion will gingerly step around specific mention of debt moratoria, but the entire purpose of the Conference will be to convince the Caucus that it is better to have blacks enforce African debt collection for the New York banks than to let the "whites" do it — a new twist in the old community control counterinsurgency gimmick.