

South Americans to Reagan: 'development, or debt bomb'

by Gretchen Small

President Reagan's trip to Ibero-America Dec. 1-4 has set a new agenda for U.S. relations with its southern neighbors, opening up the possibility of a grand reversal of the collapse of U.S. leadership and prestige within the Americas which followed last spring's Malvinas Islands war. On all stops, in Brazil, Colombia, and Central America, Ibero-American leaders discussed the need for a return to the economics of growth, and placed the issues of trade, interest rates, and above all the region's unsupportable debt burden at the center of U.S.-Ibero-American relations.

Reagan listened to what he heard. The initiatives required remain to be agreed upon. But Washington insiders agree, Ibero-America is now a number-one foreign policy concern for the United States, and the White House plans to take the lead. Anglophiles at the State Department are already scrambling to pull Ibero-America policy out of the President's hands and back into those of the "experts" who have spent the past 10 years wrecking it. But all reports agree, the President enjoyed his visit south, took criticism and discussion in the spirit with which it was offered, and plans to regain leadership in this area. Some surprises are in store.

The Colombian trip

It was Colombia's President Belisario Betancur who most forthrightly presented to President Reagan a way out of the present economic calamity. In his concluding toast to President Reagan at their state luncheon in Bogota Dec. 3, Betancur called on his American guest to join with Ibero-America in arranging a collective renegotiation of the area's unpayable \$300 billion in foreign debt. Betancur proposed that the United States and Ibero-America draw up "cooperative accords" to deal with the debt crisis, suggesting that as one part of those

accords be included the establishment of an upper limit on the share of export earnings which any one nation could be obliged to siphon into debt service.

Sixty percent of all export earnings now go to pay debt service, Betancur stated; "every child in the Americas is born owing 300 dollars."

The Colombian President emphasized that he spoke for all of Ibero-America. "A sense of solidarity forces us to speak of the magnitude and of the consequences of Latin America's foreign debt, even though Colombia does not suffer so dramatically that way. . . . I am speaking with the coarse frankness of the people of my land. . . . I believe you want to hear the truth from the real friends of the United States": U.S. financial policies have "caused frustration and irreparable harm" in Ibero-America.

Belisario Betancur told President Reagan what a growing number of developing-sector leaders have been discussing among themselves: the debt is unpayable because the world monetary system is bankrupt. "Latin America is illiquid, but not insolvent," the Colombian President explained. "Latin America can pay, and wants to pay, but faced with the abyss of a brutal 'adjustment' in their economy because they lack the support of the financial world in receiving liquidity, Latin America could see itself dragged by social forces to declare itself insolvent, unleashing reactions which no one wants.

"For this reason, it is time to propose a renegotiation [of the debts] which takes into account the development of the economy of the debtor. If payment is to be assured," Betancur said, "an economic emergency program" must be agreed on.

President Betancur thus put back on the agenda what Mexican President López Portillo so forcefully stated in his United Nations address Oct. 1, the content of Lyndon La-

Rouche's proposal for a new "Operation Juarez" in the Americas: Convert Ibero-America's \$300 billion debt into long-term obligations, issue billions of dollars of new credits for trade and "great enterprises" of infrastructural development, and then rehire every unemployed person in the United States to man U.S. factories fulfilling export orders.

"I want to let you know how much I appreciate your frankness today," President Reagan replied in his toast, reiterating that he had taken the decision to visit Ibero-America because he understood that misunderstandings arise when there are no contacts between the leaders who make decisions. "It is much easier to resolve problems when there are direct contacts." Reagan added that he hoped with his trip to "maintain the spirit of cooperation put in motion by President Roosevelt in 1934, and continued by President Kennedy in 1961," in hemispheric relations.

President Reagan's offer to train a Brazilian astronaut in the U.S. space shuttle program—the first internationalization of America's space program—and cooperate in developing Brazil's space program exemplifies the possibilities for joint cooperation in the Americas. Reagan's astronaut offer brought a standing ovation from an audience of 1,000 businessmen in São Paulo.

Blacked out of every American media report, along with Reagan's announcement about the joint space program, was his statement that Malthusian arguments are untenable in the face of the development shown by countries like Brazil. "To all those who proclaim the apocalypse, and they are everywhere, we have a message: the hope of the world lives here—in the New World—where tomorrow is built today, by courageous pioneers like yourselves," Reagan declared in his São Paulo address.

"We hear it said, in a world filled with political tensions, recession, poverty, energy problems, debts, high interest rates and inflation that there is little hope for a new era of growth and lasting prosperity. . . . I have lived a long time. I survived the world war and the economic depression. What most impressed me, beyond these terrible crises, was the infinite human courage to react, to struggle, and to find new cures and new solutions."

Most remarkable in Reagan's speech was his statement of a U.S. commitment to cooperate in "great projects" of development, and his praise for Brazil's "leadership and vision" in developing "daring projects like Itaipu, the biggest hydroelectric plan in the world." Reagan singled out Brazil's opening of the Amazon for development as exemplary of the "modern pioneer" spirit, and added, "Today I would like to propose to you an idea: train a Brazilian astronaut together with ours, so that Brazil and the U.S. could participate in a joint space shuttle mission—as partners in space."

News blackout

The majority of what pass for newspapers in the United States exhibited fits of hysteria in their efforts to isolate the American population from the political potential created by

Reagan's trip. Burying the basic facts of the discussions in Colombia, the press called Betancur "hostile" and "scolding," and lied outright about the President's reception in Bogotá. Reagan's advocacy of economic "adjustments" and "discipline" were given prominent play, while his speech on the pioneer potential of the New World of the Americas went unreported.

Reagan's support for an International Monetary Fund austerity package for Brazil, a prominent feature of other speeches, contradicts, of course, his commitment to "great projects" like developing the Amazon, Itaipu, and a space program, for without a massive commitment of financial resources, none of those projects can continue in Brazil, much less be replicated throughout Ibero-America. But Betancur's call for President Reagan to join Ibero-America in forcing bankers and the governments of the advanced sector to sit down together to work out rational agreements which save the economies of the region, offers a way to overcome the financial crisis and to get on with economic development.

President Reagan held several meetings with Brazilian President Figueiredo during his visit, and an unscheduled, hour-long private meeting with Betancur.

As Betancur explained, the President's approach to the hemisphere has opened the door for cooperation. "This frank and cordial visit," he told Reagan, could "re-establish the terms of political exchange between the United States and Latin America that have deteriorated considerably ever since the still-unresolved problems of the Malvinas, in which the region was neglected."

Immediate cooperation on a war against drugs was also discussed in Colombia, at the initiative of Reagan. "I am determined to control and reduce drug consumption in my country. Progress that either of us makes will assist the other," he stated.

Central America

In anticipation, Reagan's stops in Costa Rica and Honduras—where he also met the heads of state of El Salvador and Guatemala—were looked on as the most dangerous section of the trip for the American president. Anglo-Soviet networks working both "right" and "left" sides of the population war in that region have attempted to sink the United States into a new strategic quagmire with a "Central American trap" since the beginning of this administration.

President Reagan arrived at these last stops having heard sharp messages from the presidents of both Brazil and Colombia to the effect that American policy towards the region must change. Both Figueiredo and Betancur warned Reagan that intervention in the area would not be tolerated, and its problems should be addressed in the broader resolution of the economic problems of the region, not in the context of East-West conflict. President Figueiredo urged Reagan to accept the joint Mexican, Venezuelan, and Colombian offer to mediate resolutions to several flashpoints in Central America.

Betancur encouraged Reagan to replace the policies of

“pressure and isolation” with that of “indiscriminate assistance and an open dialogue” to the area, and appealed to Reagan to view the region as a question of right to life itself. “Our responsibility as heads of states does not allow us to remain unmoved by the daily openings of grave sites in the ground of our common geography: 30,000 graves in El Salvador, to mention only one nation, shock the drowsy conscience of leaders,” Betancur stated.

President Reagan showed some understanding of the dynamic of Central American bloodshed in his Dec. 4 five-minute radio address to the American population, taped from Central America. That region is caught between “false revolutionaries and false conservatives,” he explained.

What the Presidents really told each other

From a toast given by Colombian President Belisario Betancur during a luncheon for President Reagan in the Palacio Nariño Dec. 3:

Mr. President, you are visiting Latin America at a time when it is experiencing its worst crisis of the last 50 years. At the end of 1982, our countries have seen their per capita income drop, unemployment and underemployment has reached 30 percent in some areas and foreign debt has reached \$700 million, meaning that of \$100 million derived from exports, 60 percent will be used to service that debt. Each Latin American child is born owing \$300. Meanwhile, an insane world is spending \$1 million every minute in arming for death. To these factors must be added the disrupters of the political peace of the region and the nation, which Colombia is recovering through a broad amnesty and rehabilitation of the areas of conflict, because the struggle against subversion is intermingled with the struggle against underdevelopment in our region.

A little over 20 years ago, President Kennedy also visited Latin America and, confirming these same problems in his stopovers, he created the Alliance for Progress. Although its intentions were greater than its results, the continent set its slight resources in order, planned its objectives and began to discipline itself in order to better channel foreign aid. I hope that once you are back in your great country, Mr. President, specific decisions will be made similar to the results of that tour. . . .

Our sense of responsibility as a head of state does not allow us to remain unmoved by the daily opening of grave sites in the ground of our common people and geography.

Thirty thousand graves in El Salvador, to mention only a single nation, shock the drowsy conscience of leaders.

We cannot debate calmly on abstract problems of hemispheric organizations when parts of Central America are on fire with wars caused by social injustice or instigated by persons that are alien to those areas.

Therefore, while speaking of the urgent need for a new social alliance without dependence, I also state that the region needs peace for cooperation and cooperation for peace.

The governments' concern is focused on the somber effects that the world economy has on our weak economies, because these effects are endured directly by our most dispossessed classes.

I spoke, Mr. President, of a new social alliance. We want fair payment for our products and we would like to cooperate and advance together. It would be a serious error if, as in the past, the United States were to see a potential enemy or a factor of exclusion in intra-Latin American cooperation. If to the decline in the price of raw materials one adds a protectionist policy against our products, as denounced by former Presidents Carter and Ford and even by your own envoy to international negotiations, Mr. President, the panorama for the Latin American and Caribbean peoples will become gloomier every day, because those practices bring frustration and do us irreparable harm. . . .

A feeling of solidarity requires that we talk about the magnitude and consequences of Latin America's foreign debt. Although Colombia is not experiencing this situation as dramatically as others, it cannot leave its trade balance unprotected. The international banks encouraged the flow of capital to Latin America and to other regions, imprudently contributing to the area's indebtedness. Now

has been stopped, the situation is worse. Thus it is time to call for a renegotiation that takes the development of the debtor country's economy into account if one wants to ensure that it meets its commitments—which is, of course, in the interest of the creditor banking community. In this regard, debt servicing, including that which may be derived from cooperation agreements, should not exceed a certain percentage of the value of annual exports.

There should also be talk, Mr. President, of an emergency plan that involves a collection of instruments at the disposal of the countries to allow them to confront the specific nature of their own problems. Latin America is without liquidity, but it is not insolvent. Latin America can pay and wants to pay, but faced with the abyss of a brutal adjustment in its economy, because it does not have the financial world's support for recovering its liquidity, it might be compelled by social forces to declare bankruptcy, thereby producing reactions that no one desires and that no one uses as an argument in our region. . . .

Mr. President, I know that you understand the straightforwardness of my remarks, which have the unpolished frankness that characterizes the people of my land, for I know that this frankness matches your own, which has been the

key to your great career and because I also understand that you want to hear the truth of a conscientious friend of the United States.

This frank and friendly visit could restore the terms of political exchange between the United States and Latin America, which became deteriorated over the still unresolved problem of the Malvinas, in which the region was abandoned.

Thanks to your decision to make this visit, I am honored to recognize that this has not been the monologue of the poor brother to his rich brother or of the conditional friend to an unconditional friend because we are true friends according to our own consciences. This has been an objective and respectful analysis between equals in the international juridical community. For this reason, we understand that we must make nonalignment our philosophy in order to seek our own identity. . . .

Excerpts from Mr. Reagan's address to 1,000 businessmen, sponsored by the National Industries Confederation in São Paulo, Dec. 2:

We hear said, in a world filled with political tensions, recession, poverty, energy problems, debts, high interest rates, and inflation that there is little hope for a new era of growth and lasting prosperity. . . . I survived the world wars and the economic depression. What most impressed me, beyond those terrible crises, was the infinite human courage to react, to struggle, and to find new cures and new solutions.

To all those who proclaim the apocalypse—and they are everywhere—we have a message: the hope of the world lives here—in the New World—where tomorrow is built today, by courageous pioneers like yourselves—persons who believe in each other and who never lost faith in the future. . . .

The great republics of South and North and Central America have a virtually unlimited potential for economic development and human realization. We have a total population of more than 600 million people. Our continents and islands boast of vast reserves of food and raw materials; the markets of the Americas produce high living standards; we offer hope to oppressed and impoverished peoples. We are nations of immigrants. . . .

When we, in the United States, turn our eyes on Brazil, we see:

- The success of an economy which grew 4 times in 20 years, and more than doubled its per capita income;
- The promise of tomorrow in the youth of Brazil, with half its population below 21 and becoming more educated every year;
- A confident answer to the challenge of the 80s, diversifying its economy and exports with new markets and technologies. Leadership and vision in daring projects like Itaipu, the biggest hydroelectric plant in the world, and a dynamic effort of energy substitution. . . .
- Also, we see the modern pioneers of Brazil exploring a frontier as challenging as that of the Amazon: space. Today,

I would like to propose to you an idea: train a Brazilian astronaut together with ours, so that Brazil and the U.S. could one day participate in a joint space shuttle mission—as partners in space.

[Brazil has been a growing exporter.] enormous. Some countries in the industrialized world view its success with apprehension. . . . They fear that one sector after another will be de-industrialized and redistributed to the developing world. . . . You just have to look at U.S. exports to developing countries in this hemisphere, which have increased six times in a decade, in the same proportion as imports, to prove the new competition brought new opportunities. . . .

Our present crisis is not between North and South, but between the universal aspirations for growth and the longest world recession in the post-war period.

From Brazilian President Figueiredo's welcoming statement, at the Brasília air force base on Nov. 30:

Your Excellency: You have now arrived in Brazil and therefore are on Latin American soil. Today, more than ever it seems paramount to reflect on the course of co-existence among the countries of the hemisphere. The challenges of the present are so serious and dramatic that the formulas of the past are no longer adequate to cope with them. . . . Inter-American relations are characterized by the plurality of perceptions and interests which mark the life of the West as a whole. . . . We are certain that, on the international plane, our friends will not fail us, as they did not fail us in the past, nor we them.

From President Figueiredo's speech at a Dec. 1 banquet.

We must confront together the problems which Latin America suffers. However, we have to go to their social and economic roots, since pluralist and democratic solutions cannot prosper in a context of poverty and social instability, where each country feels its economic security threatened. . . .

Brazil's apprehension over Central America's deteriorated political situation. We firmly believe that in that region, as elsewhere, the rights of peoples and the sovereignty of governments must be respected free from foreign pressures and interference. We place high hopes on the contribution which Latin American countries such as Mexico, Venezuela, and Colombia can make to calm down spirits and seek democratic, free solutions. Apart from having invaluable political experiences, these countries have been traditionally present in that region. . . .

The developing countries, among them Brazil, are the ones who suffer most from the contraction of world trade, the constriction of international financing and economic stagnation on a global scale. . . . We would like to see Brazil equitably rewarded for the contribution it is making to the international economy.