

Non-Aligned: 'development now, debt payment later'

by Robyn Quijano

The coordinating bureau of the Non-Aligned movement convened in Managua on Jan. 10 for a week of deliberations which concluded with the determination to solve "the world economic and development problems, in a coherent, integrated and simultaneous manner." Representatives of 18 countries declared their inalienable right to "vigorously pursue their development policies" at the expense of foreign debt service payments if necessary. Overall economic collapse, usurious interest rates, and the deterioration in both terms of trade and access to international capital markets were cited as the reasons it has become "difficult" to maintain a development policy *and* pay the debt.

The solution: "Renegotiating the foreign debts of Latin America as a whole"—more than \$300 billion, or nearly half of the developing-sector debt—with the backup of the rest of the Third World "to ensure a comprehensive and equitable multilateral framework for the settlement of the debt problems."

The deliberations took place in the context of a massive rebellion against the conditionalities of the IMF which dictate the gutting of development projects in once-booming nations like Mexico and Brazil. While the working document prepared before the conference called for an increase in the advanced-sector quotas to the IMF, this point, pressed by the international oligarchy as part of its effort to bail out the banks and make the IMF into a dictatorial world central bank, was rejected in the final communiqué.

Instead, calling for urgent measures, the Ministers pointed to the developing sector debt as proof of the "irrationality of the present international economic order."

Developing nations have about six weeks to unite in a "debtors' cartel" if the world is going to avoid plunging into

a period of collapse rivaling the horrors of the 14th century, *EIR* founder Lyndon LaRouche warned at a press conference in Washington on Jan. 15. LaRouche called the debtors' cartel the key to forcing the advanced-sector nations to act rationally—the only way to impose serious negotiations for a New World Economic Order. He emphasized that the debtors' cartel must be a reality by the time of the Non-Aligned summit meeting in New Delhi in March.

"The idea of a debt cartel is like a drum beat," LaRouche said, referring to the buildup behind this policy, which he publicized last May during the Malvinas war. In fact the drum beat was heard around the world that week as the Ibero-American press blared "Non-Aligned Propose Global Debt Renegotiation," and "Debtors' Revolution Seems Unstoppable." Meanwhile a National Democratic Policy Committee release on the scandal that the Ditchley group of bankers was forming a creditors' cartel reached nearly 50 million Ibero-Americans with coverage on the most-watched nightly news in Brazil and Mexico. Major dailies in Lima, Bogotá, Mexico and Buenos Aires, exposed the illegal nature of the creditors' cartel designed to cut off further lending to the developing sector.

The IMF was under the gun throughout the continent. Senator Hilarion Cardozo, a leading figure in the Venezuelan Christian Democracy and an internationally respected diplomat, charged the IMF with leading "an immense international conspiracy" to force Venezuela to "accept the conditions of the Fund." Venezuela is the only one of the continent's big debtors that has not yet been forced to accept IMF conditionalities. Since the Malvinas war last year "an idea has been taking shape to the effect that we must create a great power on this continent," said the senior diplomat. This is

what the IMF and the allied bankers who have cut off credit to the nation with the highest reserves on the continent intend to stop.

And the conspiracy against the country has caused bipartisan support for action. The head of the Chamber of Deputies, Aramando Sanchez Bueno of the opposition Acción Democrática Party, warned at the same time that if international creditors continue to withhold loans, Caracas should "outline a common strategy with other debtor countries."

Victor Gimenez, Venezuelan Ambassador to the Organization of American States, also backed the spirit of the Non-Aligned communiqué, stating the "economies have been mortgaged" and sovereignty compromised as never before by "the tyranny of the economic system." He called for the formation of a united bloc of Latin American countries to face the debt problem, "to help us learn all together how to defend our nations."

Too far, too fast?

The present uproar in Venezuela demonstrates that the London and Swiss bankers and some of their junior partners on Wall Street have gone too far, too fast in their rush to collapse the international economy. Since the Jan. 10 *Time* magazine "debt bomb" cover story, it has become apparent that some very powerful interests are determined to precipitate a collapse, throw their junior partners to the wolves, and force the U.S. Treasury to bail out the IMF and endow it with dictatorial power. But this grand strategy was dependent on convincing Brazil and the other big debtors that a U.S. upswing would solve the problem of collapsing resource prices and collapsing exports markets, and they had no need of a debtors' cartel. Such assurances are no longer credible.

David Rockefeller's widely reported statement from Bogotá on Jan. 11 that a global debt moratorium is "a dangerous idea" and "not in the interest of the debtor countries" since banks would refuse future loans to such countries, became a ridiculously empty threat as international bankers waged credit boycotts, and announced the inevitability of financial collapse.

The question on the table now for every one to see is not if the debt bomb will explode, but when, and who will wield the weapon. It is a question of power. Who takes the reigns? Who dictates the terms?

Will there be an orderly reorganization of the debt, and the creation of a new monetary system based on great development projects? Or will a chaotic collapse kill off what is left of the productive sectors of the world economy, with every nation in serfdom to the IMF?

The actual condition of the world economy is becoming all too clear to the leaders of the continent. When the Hong Kong subsidiary of the London-based Nordic bank consortium sued the state-run Corporación Venezolana de Fomento for non-payment of a \$2.65 million debt, the conspiracy went too far.

Despite general non-payment of principal and massive arrears on interest payments by nearly every nation of the

continent, no nation has been openly declared in default since May 5, 1977, when Wells Fargo declared Peru in default to force it to accept the brutal conditions of the IMF. New York bankers agreed that the CVF suit would make it more difficult for Venezuela to refinance its short-term debt, and that it could signal the declaration of default on Argentina, Brazil, and Mexico, all now in arrears.

Loans for Venezuela have fallen through; the Jan. 18 *Journal of Commerce* reported that although the Venezuelan government has guaranteed some \$81 million in delinquent payments, bankers are still saying, "It isn't enough any more to simply ask us to have more confidence. We remember how quickly Mexico's crisis materialized, and we are worried."

EIR warned over six months ago that Venezuela was in for the "Mexico treatment." Today it is hard to find anyone in Caracas that doesn't believe in the bankers' conspiracy.

The time factor

So Ibero-America is conspiring back. Just before the deliberations in Managua, Carlos Alzamora, director of the Latin American Economic System (SELA) called for a ministerial-level meeting to discuss the continental debt crisis. Latin American countries now have "a power of negotiation which they never have had in their history, and perhaps will never again have," said Alzamora, reiterating a fact he has been stressing for over six months in dozens of public forums and meetings with heads of state throughout the continent; "the interest of the creditors and debtors in this moment are deeply identified by the danger that financial collapse would mean for all."

On Jan. 13, President Figueiredo of Brazil and President Bignone of Argentina met. According to the Caracas daily *El Nacional*, the heads of state of the two strategic heavyweights in South America discussed possibilities of presenting proposals for joint debt renegotiation. Although this was not confirmed by the official communiqué, dozens of newspapers throughout the continent reported high-level diplomatic sources leaking the news. With over \$130 billion worth of debt between them, the newly consolidated solidarity of the two neighbors, who pledged to expand commercial ties and cooperate on nuclear energy, should be enough to frighten even a banker into rational behavior.

While Brazil has long been seen by the international banking community as prone to be flattered into thinking it could get special treatment, the evaporation of the recovery myth has created new possibilities of rebellion from that nation. The *Christian Science Monitor* reported Jan. 19: "One powerful Army general protested that the nation should have a 'unilateral moratorium on debts,' arguing that 'the Brazilian debt doesn't exist, and has already been paid many times over.'" This is the mood among 40 percent of the military, sources report, who are unwilling to let the IMF strip away in a few months the industrial power that Brazil has constructed over the past years.

At a continent-wide trade-union meeting in Mexico City

on Jan. 16, Brazilian construction workers from the city of Porto Alegre introduced a resolution demanding joint debt renegotiation, and calling for a political mobilization by organized labor throughout Ibero-America to "stop the application of IMF policies." Twelve thousand trade unions in the country are said to be organizing with this perspective.

In Argentina, organized labor has been on an anti-IMF mobilization for months, showing its muscle with a mass-strike shutdown of Buenos Aires last December. The one-day strike was based largely on the document put out by a large labor federation, the CGT-Brasil, which rejected payment of the debt at the expense of the workers living standards, demanding instead a full reactivation of Argentina's productive apparatus.

Juan José Taccone, Secretary General of Argentina's Light and Power Union, an affiliate of the CGT-Brasil, made statements from Madrid during the same week calling for Latin American unity to jointly renegotiate the debt. Taccone, who is mooted as a vice-presidential candidate on the Peronist slate for next years' elections, is in Madrid with a delegation to meet labor and political leaders, including President Felipe González, who recently stated that the continent's debt should be converted into development credits. Argentine Radical Party President Alfonsín, former Venezuelan President Carlos Andrés Pérez, and Bolivian President Hernán Siles Zuazo—all proponents of the debt-bomb strategy—will be visiting Madrid during the last week of January.

French President François Mitterrand, on tour of three African nations negotiating large infrastructural development projects, is also reported to favor a global solution to the debt problem that will allow the developing sector to upgrade their development capability (see article, page 41). The European command center for the New World Economic Order has thus been expanded; and both France and Spain will be observers at the March summit meeting of the Non-Aligned Movement.

From the Managua Non-Aligned communiqué

The following has been excerpted from the communiqué of the Ministerial Meeting of the Coordinating Bureau of the Non-Aligned Movement in Managua, issued Jan. 14. Sub-titles have been added.

17. The Ministers expressed deep concern over the alarming deterioration of the international economic situation and the lack of progress towards the establishment of the New International Economic Order. They felt that the continued worsening of economic conditions in the world, with its particularly grave consequences for the economies of the developing countries, reveals a crisis of structural nature and has become one of the most serious and potentially disruptive political problems of our times. The Ministers stressed the

need to take urgent measures to achieve effective and equitable solutions to the present world economic crisis, and in this respect, they took note of the Resolution recently adopted by the U.N. General Assembly on the establishment of world economic emergency measures.

18. The Ministers reaffirmed that among other factors, the slowing down of economic growth and activities, the increased deficit in the balance of payments of the developing countries, the deterioration of their terms of trade, the pernicious effects of high interest rates on the servicing of their external debts and on their access to the international capital markets, the drying up of flows of multilateral assistance on concessional terms, uncertainty and inadequacy of food aid and protectionist barriers against exports of developing countries, constituted serious obstacles to the economic growth of the developing countries and required urgent and effective measures on the part of the international community.

Global negotiations a priority

19. In this context, the Ministers reaffirmed that the round of global negotiations remained the appropriate framework for dealing with world economic and development problems in a coherent, integrated and simultaneous manner and that it constituted a priority objective of the developing countries. Thus, they demanded its rapid launching and called upon the developed countries that have obstructed the consultations towards this end to cooperate in this effort in order to contribute to the early establishment of the New International Economic Order.

20. The Ministers noted with concern that the deterioration of the international economic situation has seriously affected the countries of Latin America and the Caribbean as was reflected in the fact that for the first time in 40 years the region is experiencing a negative economic growth rate, that the average inflation rate in 1982 had attained the unprecedented level of 80 percent, that the traditionally high levels of unemployment have risen further and that conditions of abject poverty have substantially worsened.

21. The Ministers noted that the main factors responsible for this critical situation confronting Latin America included the sharp drop in the prices of the commodities exported by the region, some of which, in real terms, are below the lowest point they reached in the 1930s; the United States' policy of disposing of a part of its strategic reserves of raw materials and commodities such as tin on the world market, which negatively affects the commodities market; the prevailing high interest rates; and the increase and diversification of protectionist measures, especially the non-tariff barriers imposed by some developed countries. The Ministers also noted that the consequent reduction in foreign exchange earnings of the countries of the region made it difficult for them to meet their foreign debt servicing payments and to vigorously pursue their development policies. Therefore, they reiterated the need for the governments of the developed countries to take effective and urgent measures to do away with such

policies and practices, that harm trade, and to promote the attainment of satisfactory results in forthcoming multilateral negotiations. The Ministers recognized that the UNCTAD [U.N. Conference on Trade and Development] VI, to be held in Belgrade, Yugoslavia in June 1983, would present a new and major opportunity to focus attention on the problems of trade and development and to look for solutions to these problems. In this context, the Ministers stressed the importance of maintaining a common negotiating position among the developing countries, within the framework of the Group of 77, to contribute effectively to the successful outcome of UNCTAD VI.

Possible renegotiation of debt

22. The Ministers noted the unprecedented increase in the amount of foreign debt of the developing countries and observed that Latin America's foreign debt was particularly serious because of its enormous amount—more than \$300 billion, or nearly half of all the foreign debts of all the developing countries. Its phenomenal growth and the sustained worsening of its conditions are reflections of the irrationality of the present international economic order; of the co-developing countries of adjustment policies which some developed countries are applying in an attempt to overcome the crisis; of the reduction of the flow of multilateral assistance on concessionary terms; and, especially, of the financial policies of some of the major developed countries. In this regard, the Ministers took note of the initiative to study the possibility of renegotiating the foreign debts of the Latin American countries as a whole, within the context of the ongoing efforts of all developing countries to ensure a comprehensive and equitable multilateral framework for the settlement of the debt problems of the developing countries.

26. The Ministers reaffirmed the increasing importance of economic cooperation among developing countries, which is a basic part of the effort they are making to establish the New International Economic Order and to promote a strategy of collective self-reliance. In this regard they considered as positive the role played by the Latin American countries in implementing the Caracas Program of Action for Economic Cooperation among Developing Countries and the progress made by the Latin American countries in promoting closer cooperation among themselves, emphasizing the role that the Latin-American Economic System (SELA) and CARICOM plays in this field as the representative economic forums of the region. On this regard, the Ministers took note of SELA's December 1981 Declaration of Panama, on the economic relations between Latin America and the United States; the same body's recent decisions concerning the adoption of a regional economic security system and the collective rejection of coercive economic measures; and the decisions adopted by the Latin American countries within SELA and the 17th FAO Regional Conference, held in Nicaragua in September 1982, on establishing a collective food security system and opposing the use of food as a political weapon.

From Ibero-America's press

The Ibero-American news media have given extensive coverage to EIR's charges that the Ditchley group of banks is creating a "creditors' cartel" against the Third World, and the National Democratic Policy Committee's campaign against it in the United States, as well as to the activities of other associates of EIR founder Lyndon H. LaRouche, Jr. in the sphere of economic policy.

Brazil's largest televised evening news broadcast, *TV Globo Mundo*, with an estimated 30 million viewing audience, ran a news segment on the NDPC's demonstration against the Ditchley Group outside their Washington, D.C. meeting Jan. 10, and detailed the LaRouche organization's charges.

Mexico City's daily *El Sol* Jan. 12 covered International Caucus of Labor Committees executive member Fernando Quijano's statements about the Ditchley meeting at a recent press conference he held in the Mexican capital. Headed "A Group of U.S. and British Banks Seek to Strangle Third World," the article quotes Quijano's statement that "the Ditchley Group hopes to prevent the international debtors from forming a cartel that would enable them to impose collective renegotiation of the debt."

El Sol also noted that NDPC leader LaRouche will go "before a federal court tomorrow" to see "that the bankers of the association are brought to trial for violation of the anti-monopoly Sherman Act of 1890 and Clayton Law of 1914, which not only prohibit the restriction of commerce, but also conspiracies to bring about that restriction."

Another Mexico City daily, *El Diario*, also covered the Quijano press conference under the head, "Attempt to Cut Off Credits to the Third World Denounced."

Radio Universidad, Mexico City's favorite radio program among intellectuals, Jan. 12 read the entirety of a five-page NSIPS release detailing the bankers' conspiracy on its prime-time 8 a.m. broadcast.

Peru's *El Observador* Jan. 12 reproduced in full the NSIPS release under the headline, "Sinister Plot Against Debtor Nations Denounced."

The widely viewed *7 Days* news program of the Mexican government television station, Channel 13, counterposed the NDPC proposals for "great development projects for the Third World," to their coverage of what the Ditchley creditors' cartel scheme would do to the developing sector.

El Sol and another Mexican daily, *Excelsior*, covered the Mexican Labor Party's protest against the upcoming visit of the Queen of England to Mexico, and referenced the Ditchley crowd as just one manifestation of Britain's neocolonialist policies against the developing sector.

Other newspapers put into print a recent interchange between an *Executive Intelligence Review* correspondent in Bogotá, Carlos Cota Meza, and David Rockefeller, on the sub-

ject of possible joint Ibero-American action on the debt question. Both major Bogotá dailies, *El Tiempo* and *El Espectador*, picked up the story, as well as the Brazilian newspaper *O Globo*.

Mexico's *El Sol* gave lengthy coverage to a joint press conference given by European Labor Party leader Uwe Friesecke and Mexican Labor Party leader Marivilia Carrasco upon Friesecke's return from a tour of Jalisco and Sonora states. Friesecke was quoted as refuting former West German Chancellor Helmut Schmidt's statement made in Mexico in the recent period that the solution to the economic crisis was enhanced powers for the International Monetary Fund.

Mexico's largest-circulation newspaper, *Excelsior*, Jan. 10 focused its coverage of Friesecke's statements by noting his warning about the possible disintegration which will occur if joint action is not taken.

At least six regional newspapers in Jalisco, Sonora, and Monterrey also played up Friesecke's remarks.

The Mexican daily *El Sol de Mexico* published an op-ed on Jan. 19 by Eugenio López Anteaga quoting substantially from Lyndon LaRouche's article published by *EIR* last Dec. 29 entitled "Prospects for Early Implementation of 'Operation Juárez.'" "

At a press conference in Washington, D.C. on Jan. 14, *EIR* founder Lyndon LaRouche spoke to Renato Bittencourt of the Brazilian magazine *Visao* and Enrique Durand of Spanish UPI about the current world financial crisis and the role Ibero-America can and must play.

The world has been in a breakdown financial crisis since about August 1982, when the Mexican debt crisis blew up, LaRouche stated. In December, the Morgan crowd decided to go for a collapse scenario. Their plan is the following: Bring about some degree of a general collapse around March or April 1983, but certainly before the May OECD meeting in Williamsburg, Virginia. There they hope to implement a new Bretton Woods, to establish an IMF supranational dictatorship whose power over the world economy will be relatively greater than that which the Federal Reserve exercises over the U.S. economy. The Ditchley Group meeting on Jan. 10-11 was not some kind of super-conspiracy, but only a "stalking horse" for their overall goal.

He continued, "In my view, only a debtors' cartel can force the necessary monetary reorganization, which is in the benefit of both the North and the South. This cartel, obviously must function *before* the crisis occurs." So there are only a few weeks left before March 1, in which to force the convening of an emergency conference to create a New World Economic Order, despite the scheduled Williamsburg conference. The problem is the tendency to postpone such necessary decisions to make them fit into existing diplomatic schedules—as the Non-Aligned, Group of 77, and UNCTAD, meetings, he said.

"In Ibero-America, probably the Latin American Economic System [SELA], aided by discussions in the OAS, is one way to force the case," LaRouche emphasized. A group

of nations of the continent must unite to form a debtors' cartel, and then tell the advanced sector: "We won't go bankrupt and be destroyed; why should you?" This muscle must then be used to reverse the world monetary situation, re-establish the role of gold, and then sit down to seriously negotiate a new credit policy centered on great projects.

Visao commented that Brazil is now negotiating with the IMF. "Is this wrong, and will it bring negative consequences?"

First let's look at the IMF's policy, said LaRouche. Their concern is to prevent a collective debt renegotiation with Ibero-America, and so they are insisting on dealing with countries on a case-by-case basis. Through negotiations they want to weaken Brazil, Mexico, and Argentina, so that these countries cannot form a debtors' cartel. Once they are divided and weakened, they will be crushed, "but first, they must lure them into quietude." So case-by-case negotiations in themselves weaken Brazil, but some Ibero-American leaders may be playing sly games. For example, LaRouche said, he is sure that Planning Minister Delfim Netto knows what he is up against. "In summary, if the IMF policy is adhered to, yes, Brazil is doomed, it is destroying itself. If it is a tactic, however, then we must evaluate it."

Mr. Durand of Spanish UPI stated that the major nations of Ibero-America have all publicly rejected the idea of a debtors' cartel; LaRouche shot back that they are required to say that. They will not announce that they are for a debtors' cartel until they have actually formed it. For example, he said, his intelligence bureau has received a report that Mexico's finance minister recently sat down to drink and talk with a group of reporters, told them what he was about to say was 100 percent off the record and shouldn't get out, (which of course guaranteed it was all around the world within 15 minutes, LaRouche added), and then said that he had been besieged by Brazilian and Argentine officials asking to discuss debt coordination. "So you should never believe in the sincerity of politicians, at least not intelligent ones."

They will keep saying no until they do it, or they will let Peruvian diplomat Alzamora, the head of SELA, say it. They will have the press cover it. "The idea of a debtors' cartel is like a drum beat, it builds up. And of course I am the center of the issue. I know it will work," LaRouche asserted. "That's why Henry Kissinger and others pressure people not to meet with me. That's why State Department operative Jack Muth threatened Bogotá trade union leaders not to work with me."

Mr. Bittencourt wanted to know about Spain. Mr. LaRouche replied that he hopes the Spanish connection to Ibero-America works. He was just in Madrid, he noted, and had the opportunity to talk to a number of people there: some of Carlos Andres Perez's friends, some of the Blues (a conservative group), and others. He described Spain as the proper interface between Europe and Ibero-America, which can thus play a special role. Despite the Socialist International, he expressed hope that the change in government in Spain will help, and the positive influence of Perez and Echeverria might be felt. This way, "Spain can play a crucial, contributing role in the political processes" of Ibero-America.