

debtor countries to form the relationships or associations required for the success of this negotiation, when and however they deem convenient, just as the creditor nations have done. Furthermore, I think it would be very healthy for debtors and creditors to have the greatest organization and coordination possible so as to maintain the delicate operation of placing this gigantic debt under guarantees of discipline and control. It is clear that this arrangement—I refer to a genuine, durable, and viable one, and not one which must be renovated and patched up every day—has no solution within the traditional and orthodox framework, and requires a global and negotiated solution which involves the responsibilities of debtors and creditors, because it is understood that the immense magnitude of the problem surpasses the individual capacity of governments, banks, and international organizations.

In their speeches, the President of Argentina, the foreign ministers of Brazil and Colombia, stressed this point. And from the creditor countries, so have such authoritative spokesmen as Henry Kissinger and Helmut Schmidt, with vision, foresight, and political realism. But if the debtor countries do not formulate their positions and proposals, in the end these negotiations will have to be carried out in the unilateral framework of the creditor nations; and this carries with it a very great responsibility for those who insist on ignoring the problem, or leaving it to fate, when they have an important potential, which, used together, could efficiently protect the interests of our peoples. That the press or public opinion refers to us as a club, cartel, or debtors' union, is only proof that the theme has found an echo in the conscience of our peoples, who follow this process with great intensity. But we should not prejudge the character or the purpose of this type of association already created by the creditor nations. Nor should we confuse it with the idea of collective renegotiation of the debt which is repeated in bad faith to create confusion, and which, because of the variety of actors, circumstances, and characteristics, is both impossible and unnecessary.

What we propose is an agreement on the basic conditions for terms of payment, interests, and conditions by which the debt becomes payable. To establish multilaterally the norms, principles, and guidelines which should govern bilateral processes of debt negotiation. To exchange information and experiences, but naturally not for the morbid pleasure of knowing how the one who preceded us was ruined, but to coordinate and consolidate a negotiating position beneficial to each and every one, which does not bypass realism and which can foresee and be watchful.

Without question, the debtor countries have the right to associate themselves so as to better protect their interests, as the creditors have done, when it is demanded by their sovereign will and the necessities of a negotiation which requires coordination and the simultaneous contributions of the debtors and the creditors to insure viable, efficient, and stable results.

## Ibero-America gets threats from creditors

by Cynthia Rush

On April 1, as delegates to the Group of 77 developing nations conference met in Buenos Aires, the Argentine news service DYN published the text of a message that was reportedly delivered to President Reynaldo Bignone from the country's foreign creditors in Europe and London. The message, communicated through Argentina's ambassador to the European Community, Dante Simone, warned that "any deviation by Argentina in the area of debt payment or violation of agreements with the IMF, could result in the application of what is defined in international forums as 'exemplary punishment,' as a lesson to the other large debtors."

DYN explained that the ultimatum was intended to avert the possibility that Argentina might unite with other Ibero-American debtors to jointly renegotiate their foreign debt, or even opt for a "unilateral payments rebellion." The bankers not only ordered the current government to "scrupulously comply with agreements made with the IMF," but demanded that the next elected government, scheduled to take power in January 1984, continue application of IMF policies.

International wire services published their own reports on the DYN story, which were subsequently run by leading newspapers in Venezuela and Peru as the major weekend news item. An Associated Press wire in Venezuela's *El Nacional* appeared under the headline "Argentina Under Strong Pressures Due to Virtual Entry into Debtors' Club."

These crude threats are being made because the International Monetary Fund and other creditor banks do not have the Ibero-American situation under control.

In a letter to Ecuador's President Oswaldo Hurtado, published by the Mexican press April 6, Mexican President Miguel de la Madrid expressed full support for Hurtado's recent proposal to have all Ibero-American countries taking "concerted action" in the economic crisis.

The Ecuadorean president has proposed that the governments of the region adopt a joint economic program which would be drawn by the Latin American Economic System (SELA) and the Economic Commission for Latin America (CEPAL) and would include an increase in exports and imports among the Ibero-American countries and a favorable renegotiation of those countries' foreign debts. "We are conscious," de la Madrid says in his letter, "that the actions each of us undertake in our countries will not have the positive result we expect if at the same time we do not re-order the

international economy in a just and equitable way.”

### **Calls for debtors' cartel greets Group of 77**

On the opening day of the Group of 77, labor unions shut down Argentina with a general strike protesting economic policy. During the course of the conference, every Buenos Aires daily has been filled with articles debating the merits of a debtors' cartel, some using information from *EIR* on the creditors' cartel known as the Ditchley Group. Buenos Aires is rife with rumors that Finance Minister Jorge Wehbe, a staunch defender of IMF policies, will be removed from office.

Exemplary of the mood in the country was the treatment given Wehbe at the barbecue and rodeo held Easter weekend at the Sociedad Rural, the gathering place of Argentina's pro-British oligarchy. The master of ceremonies at the event, to which all Group of 77 delegates were invited, was Peronist leader Juan Mareco. At one point, Mareco turned to Wehbe and asked "Mr. Minister, do you like the tango?" Wehbe laughingly responded, "Of course, I love the tango." Mareco then asked, "Well then, Mr. Wehbe, suppose we use the tango to organize a debtors' cartel? What do you say?" Eyewitnesses report that Wehbe nearly choked on his fine Argentine beefsteak.

Concern over the Argentine situation is such that U.S. Treasury Undersecretary Tim McNamar flew into Buenos Aires unexpectedly the first week in April after meetings in Brazil to exert additional pressure on the government. McNamar met for an hour and a half with Wehbe, after which he publicly praised the finance minister and the central bank president for their "professionalism."

According to a report in the April 3 *Tiempo Argentino*, Henry Kissinger had told his friends among the Argentine oligarchy that the country "was now like Iran." Kissinger advised them to pack up, sell their holdings, and get out of the country fast.

In an effort to disorient debt discussion, sources close to the finance ministry began to circulate rumors at the Group of 77 conference that the debtors' cartel proposal "originated in London," and is a "British campaign" directed against Argentina.

### **Momentum for debtors' unity**

Yet support for a suspension of payments on the continent's foreign debt continues to grow. According to the April 6 Mexican press, the largest opposition party in Peru, APRA, is now demanding that the government declare a moratorium on foreign debt payments.

In New York, President Hurtado met with all Ibero-American ambassadors to the United Nations April 6 to rally support for his initiative. In statements for the press, Hurtado said he has received overwhelming support from most governments in the continent, adding that at this point his proposal is being discussed by African and Asian representatives

to the United Nations, as well as the president of the Group of 77. To a question posed by an *EIR* correspondent, Hurtado added that SELA and CEPAL will present a first draft of their economic program early May and that such a program will be thoroughly discussed in a coming meeting in Bogotá, Colombia.

### **Brazilian moratorium?**

The international creditors accurately fear that if Argentina bolts from their control, similar action by other big debtors would follow.

Rumors that Brazil is ready to declare a moratorium on its debt have been circulating for weeks. Now rioting has been added to the equation. The April 11 issue of *Business Week* reports "there is more and more speculation in Brazil, even in banking circles, that the government of President João Baptista de Oliveira Figueiredo will declare a moratorium on its foreign debt." That would be calamitous, *Business Week* continues, because "Brazil might then set a precedent for some 30-odd other debt-ridden countries. . . ."

Betting on exactly when the government might take this action is now becoming commonplace, according to sources in Rio de Janeiro. Brazil has used up the new money it borrowed six weeks ago, and most American banks are refusing to increase their exposure. As an executive at a top Chicago bank reported, "I can't believe we are faced with this [having to consider more loans to Brazil] after just having settled the thing; we're not doing anything more with Brazil. . . ." Financial sources estimate Brazil will need between \$4 and \$8 billion this year.

In his meetings with Brazilian economic authorities, McNamar claimed that Brazil was "too competent" to have a debt moratorium and promised that the recovery of the U.S. economy would bring the reopening of financial markets for the country. When Brazil Foreign Minister Saraiva Guerreiro said in Buenos Aires that he opposed the formation of a debtors' cartel, reporters observed "that he has just come from talks with Tim McNamar."

David Rockefeller's new "debt squad," the Western Hemisphere Commission on Debt, will meet later this month in Brazil. The commission's task is to ensure "case by case" debt negotiations, and the enforcement of the IMF's conditionalities.

Venezuela is receiving a visit from the IMF, which is demanding a 220 percent devaluation of the Venezuelan currency, a liberalization of import policies, and the elimination of price controls. Press sources quote government officials terming such IMF conditionalities are "unacceptable." The Venezuelan bolivar was recently devalued from 4 to 8 bolivars to the dollar. The IMF demands, as intended, are already creating anarchist opposition. The Liga Socialista, a terrorist gang, has re-emerged after a long absence, and is now using the motto: "The International Monetary Fund is running the country."