

# The summer agenda for 'Operation Juárez'

by Gretchen Small

"Negotiating the debt, negotiating the form of payment, does not mean that we are going to start obeying the international bankers, nor the IMF," Brazilian President João Figueiredo told the nation in his June 13 weekly television broadcast, "The President and the People." He added: "The most the bankers could do is not loan the money."

One hundred and seventeen Brazilian congressmen issued a statement on June 14 protesting the presence of an International Monetary Fund mission in the country. "By submitting to the impositions of the IMF, the Brazilian government gives up our sovereignty, handing over to foreigners decisions on eminently national affairs," the congressional statement read. Instead of adopting continuously more austere measures, the government should "immediately break with the IMF and declare a moratorium on international payments," they argued.

The same week, Venezuela's Finance Minister, Arturo Sosa, was questioned for the umpteenth time about the international bankers' demand that Venezuela accept an IMF surveillance program. He repeated what he had answered to similar questioning the month before: "*A mi me importa un bledo, repito, lo que piensen ellos; me importa otro bledo las preferencias de ellos.*" Loosely translated: "I don't give a damn, I repeat, about what they think; I don't give another damn what their preference is."

"Bledo," while within the realm of propriety, is rarely used by cabinet officials in public. A few American bankers dared bluster that their good friend Sosa's remonstrations against the IMF were for public consumption only, but the more sober-minded recognized in Sosa's tone the decision taken by the Venezuelan government over the course of the past month to support united continental action against the creditors as a negotiating strategy.

Behind the finance minister's "damn the bankers" is a national mobilization against the IMF. IMF conditionalities "lead to unemployment, the bankruptcy of industries, and a devaluation of real estate values," economist Gumersindo Rodriguez, the former planning minister under Carlos Andres Perez, stated in a lengthy interview June 7 in *El Nacional*.

Gumersindo Rodriguez dedicated the interview to denunciations of the "suicidal" course represented by IMF policies, for debtors and creditors alike.

The voice of Venezuelan labor was heard in a speech before a International Labor Organization conference early this month, given by the Secretary General of the Venezuelan Confederation of Workers (CTV), José Vargas. "Only united action by the underdeveloped countries could achieve success in the discussion and search for solutions to the debt of the Third World. . . . The moment has arrived to put together a vigorous and coherent trade union movement of the Third World countries which can, with the aid of its struggles, aid in strengthening the position of our peoples before the industrialized nations," Vargas stated.

## Common Action

In the past month, what has been a country-by-country battle against the International Monetary Fund has shifted. Now, a working consensus exists among the Ibero-American nations on both a common course of action and a three-month timetable to reduce the debt burden upon their countries. Diplomats and leaders have begun speaking as Ibero-Americans, with a quality of decision and battle-readiness which individual actions could not provide. As of now, three points have been agreed upon for common action:

1) **The establishment of a systematic "exchange of information"** between central banks of Ibero-America on the status of each country's debt negotiations. Venezuelan Foreign Minister Zambrano Velasco's statements at the UNCTAD conference in Belgrade that, "the creditors have organized themselves to coordinate their efforts; it is logical that the debtors do what is necessary to coordinate their positions," summarizes thinking on this point.

2) **Common action to force a reduction of "spreads" on Ibero-American loans**, the interest surcharge above the Eurodollar market rate which debtor nations are charged. The interest rates of 2 1/2 percent above LIBOR, now the rule for Latin American loans, are considered intolerable usury.

3) **A rollback of IMF conditionalities—a principle.** For months, large and small debtors alike have ignored, outright lied, or resorted to some of the wildest financial finagling, to get around IMF conditionalities they could not meet. That game is now up, and Ibero American leaders are demanding that the IMF and bankers change their restrictive policies.

As of now, the next three months are viewed as an approximate timeframe in which success in implementing the above three-point minimum program is to be achieved. Three conferences and celebrations in particular are nodal points along the way:

● On July 17, a meeting of presidential and financial representatives will convene in Santo Domingo. Their task, to concretize the policy outlined in the May 16 Quito meeting of representatives of the Latin American Economic System (SELA), the U.N.'s Economic Commission on Latin Amer-

ica (ECLA), and government representatives. Ecuadoran President Osvaldo Hurtado had convoked the meeting to work out a proposal for common Ibero-American action in the face of the economic crisis. A strategy of collaboration on debt, and the development of Ibero-America's gigantic potential regional market was agreed on there; now the details of implementation are to be hammered out.

● On July 24, the heads of state of the Andean Pact nations will meet in Caracas for the celebration of the 200th anniversary of Simon Bolivar's birth. Several governments attending, including that of the host country, are pressing for the heads of state to issue a joint statement on the debt crisis, and ideas for action. The response from the industrialized countries to that expected July 24 statement is viewed as a test case for whether the industrialized countries, and most particularly, the United States, can be convinced to hold discussions on overhauling the international financial system, without resorting to more drastic action. If there is zero responsiveness to these basic issues come the end of July, one Andean nation representative remarked to an *EIR* correspondent on June 17, then "your strategy"—*EIR* founder Lyndon LaRouche's program for a debtors' cartel—becomes our only option.

● In early September, finance ministers and government representatives will meet in Caracas at a conference on external debt and financing for Ibero-America, held under the auspices of the Inter-American Economic and Social Council (CIES) of the Organization of American States. U.S. delegates at the OAS attempted to prevent the meeting, proposed by the Venezuelan government a year ago, arguing that such conferences would "politicize" the debt question and interfere in bilateral discussions between bankers and govern-

ments, and insisting that the IMF and World Bank are the only appropriate forums for discussions. Venezuelan OAS Ambassador Gimenez Laidenez, coordinating preparations for the meeting, replied in a recent interview: "The economy is just too important to leave to the economists!"

"The conference will seek to establish a general framework of reference which can permit solutions to particular problems," Gimenez Laidenez stated in an interview in *El Nacional* June 12. Action is urgent, because "the financial problem is generating serious political and social maladjustments. . . . These maladjustments could destabilize these countries."

Fed up with the insane monetarism of the IMF and bankers, many leaders in Ibero-America are seeking direct negotiations with the governments of the creditor countries, particularly the United States, on an overhaul of the international financial system. The September CIES meeting is viewed by some of those preparing it as an appropriate forum to begin those government-to-government negotiations.

Current thinking, however, all hinges upon the outcome of the June showdown between Brazil, the bankers, and the IMF. Since no solutions have yet been proposed to that crisis, those already arguing for more dramatic action to celebrate Bolivar Day July 24 are expecting to gain ground with their more hesitant colleagues. The Brazilian government has already begun canvassing other nations for their reactions to a Brazilian moratorium. In this more likely case, a division of labor between Ibero-America's debtors is probable: a political declaration by the Andean Pact heads of state outlining the core of "Operation Juárez," would be backed up by the other big debtors, Brazil, Argentina and Mexico . . . by quietly not paying their debts.

## Momentum toward debt cartel at UNCTAD

After two weeks of the United Nations Conference on Trade and Development (UNCTAD) proceedings in Belgrade, momentum seems unstoppable for the effort of the Group of 77 developing nations to convene an international conference on money and finance with universal participation, outside the IMF's auspices. The old device of "divide and rule" was tried on June 12 when the monetarist West German economics minister, Otto Graf Lambsdorff, and British Commonwealth operative Anthony Hughes convened a meeting to find a "compromise" within the framework of the IMF. But the two leading Non-Aligned countries, India and Algeria, did not send their ministers, so the operation never got off the ground.

The speech of U.S. Undersecretary of State Kenneth Dam at the conference has been termed conciliatory in

tone by Third World representatives. At a press conference, Dam declared that President Reagan has great esteem for Indian Prime Minister Indira Gandhi (see excerpts from her UNCTAD speech, page 15) and Egyptian President Hosni Mubarak. The latter's groundbreaking call for a new international development bank to finance large infrastructural projects in the developing sector, Dam promised, would be "seriously studied" by the Reagan administration.

The most important event did not occur in Belgrade but in Warsaw, where Polish deputy prime minister Janusz Obodowski called for a 20-year debt rescheduling with an 8-year grace period (see article, page 9). A senior Venezuelan diplomat at UNCTAD, upon being asked if he would support this Polish initiative, joyfully replied, "Yes, with one reservation—not only Poland but all debtor countries should get such terms." "We have the longest experience in rescheduling talks with Western banks," a Polish delegate said, adding half-jokingly, "and we are ready to share our expertise."