

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."