

Ibero-America moves toward debtors' cartel

by Robyn Quijano

Political leaders representing every nation of Ibero-America called for the immediate formation of a "debtors' council" and the "economic, political, social, and cultural integration" of the continent into a "nation of republics" at the week long congress on "Latin American Political Thought" that ended on July 2 in Caracas. Ex-presidents, senators, diplomats, economists, and intellectuals with the political weight to implement such policies voted to end the International Monetary Fund's power to dismantle economies and impose genocidal levels of austerity.

To accomplish this, the final resolution called for the immediate creation of a "coordinating council on the foreign debt," a continental organization that will set the terms of what can and cannot be paid, negotiate new credits, ensure that this "global framework is respected, and coordinate reciprocal defense actions should the financial organisms try to improperly pressure the indebted countries."

This debtors' council must be formed now since "the hour of rhetoric is passed [and] opposition to the devastating aggression of economic warfare . . . can no longer be postponed. The slogan on posters of the Latin American Economic System (SELA) was "Unified we can do everything," and the final document defined this power, declaring that "the international banks need to recover their loans, and this makes the debtor nations particularly strong if they act jointly."

The final resolution also declared that "the economic pressures being demanded by the international banks, through the IMF . . . are unacceptable and impossible to apply." It recommended that the governments of the continent coordinate actions to change the terms of the foreign debt along the following lines:

- "Debt repayment should be put off as long as necessary for countries not to suffer financial pressures which affect the well-being of their people."

- "Each country should decide in what manner it will pay its debt . . . in full exercise of its sovereignty . . . [and recognizing that] a commitment to pay more than they rationally can pay could be an abuse against their own populations."

A sense of urgency was also put forward in a declaration in honor of Simón Bolívar, Ibero-America's independence hero: "Bolívar's Latin American plan, which he called a 'nation of republics,' now assumes its historical role as the only possible guarantee of development, economic emancipation, authentic political independence, and the strengthening of an inalienable cultural identity, formed from multiple contributions of universal origin.

"We call upon the governments and peoples of Latin America and the Caribbean to overcome the limitations of a limited anti-historical vision and also the divisionist efforts of foreign interests, to carry out economic, social, political and cultural integration. . . . This is the hour for resolute, audacious, and firm action. Everything that could be said on behalf of integration, the contemporary name for Bolivarian unity, has been said. It is up to us to do it."

Bankers panic

The international banking community received the news of the Caracas meeting with measured panic, recognizing that the "debt bomb" was finally lit after long months of economic warfare. The oligarchy had won many rounds, dismantling the economies of the region, and threatening credit boycotts, asset seizures, and destabilizations. The last

time the alarm went off was last September when then Mexican President José López Portillo called on the governments of Argentina and Brazil to back his call for a debt moratorium. Ibero-America failed Mexico then, and that nation lost its sovereignty, was plundered by its creditors, and is now being fractured by separatist movements and the increasingly powerful fascist PAN party's organizing of a civil war and "the Iranization" of Mexico.

Today Venezuela and Brazil are receiving the "Mexican treatment," being forced by the IMF to give up their sovereignty, their industry, their capability of growth for the promise of loans that no banks intend to disburse. The Caracas conference underlined the losses of the past months, and emphatically stressed that the time to act is now, before the continent's most precious resource, its population is dismembered.

IMF arsenic

During the congress, six ex-presidents met and gave a press conference on the necessity for continental unity in the battle for economic growth. Rodrigo Carazo Odio of Costa Rica called for global renegotiation of the debt, stressing that such negotiations cannot be left in the hands of those who would "postpone the national interest in the interest of economic minorities." The press asked the ex-presidents if they would put forward a joint declaration on how to confront the IMF. Former President Carlos Andrés Pérez, still an active political figure in Venezuela, answered by presenting himself as "the most well-known gladiator against the IMF," which he attacked for its "economic totalitarianism." He described the great capacity that a unified continent would have to set the terms of global negotiations, specifying interest rates, and guaranteeing new credits and markets for products. Said Pérez: "If four countries were to say we can't pay, catastrophe would come to the international financial world. We must unify the fear of Venezuela, the fear of Argentina, the fear of Brazil and the fear of Mexico, for example, with which we would succeed in convincing the international banks and the Fund of the necessity of a global framework for the solution of the Third World debt with the goal of development."

Carazo Odio backed Pérez's declaration, adding that his government had broken with the IMF because "they give the same prescription to all patients."

"Arsenic" responded Pérez, and the former heads of state all had a hearty laugh.

The spirit of the congress was clear: Although it took a tough negotiating position on a life and death issue, the leaders are still attempting to evoke the "political will of the advanced sector" for a fair settlement. Carlos Andrés Pérez underlined that the meeting was without the United States, but not against it.

Venezuelan President Luis Herrera Campins stressed after the Caracas congress ended that the debt problem must be solved by the continent as a whole, and reiterated his request that the United States attend the meeting of the Organization

Mexico: import slashes fail to restore national solvency

In the last two weeks of June, international wires began to buzz with reports that Mexico was regaining its solvency. The ploy could not have been more obvious: create an image of Mexico as the "good boy on the block" who had put his house in order, and stood to lose by allying with his troubled neighbors to the south.

Mexican financial officials informed the Mexican population and the world that Mexico was not only meeting all its current financial obligations, but had deferred for a month drawing down the next \$1.1 billion tranche of its \$5 billion term loan negotiated in March; that the peso had been slightly revalued, to 146 to the dollar, from the 148-150 range of the past four months; that \$2.0 billion of private sector debt to foreign governments had been successfully renegotiated in meetings in Paris; and that because of Mexican government roll-back of sections of the nationalist laws governing foreign investment, the country could count on a substantial new flow of foreign investment, starting with five new hotels in the Sheraton chain.

A front-page June 27 *Washington Post* article ballyhooed: "Mexico's Debt Crisis Abates Markedly"; and this was the tenor throughout the press.

Nothing could be further from the truth. Mexico has more or less kept even with \$11 billion of interest payments so far this year (all amortization has been frozen since last summer and remains so) by *virtually eliminating imports*. Over the first four months of the year, Mexico imported only \$2.3 billion worth of goods—67 percent below the year before level of \$6.8 billion. This savage cut back in imports produced a trade surplus of \$4.3 billion, as against a trade deficit of \$1.1 billion in the same period a year before. At the same time, wage adjustments in June were kept to a 15-25 percent range, way below inflation rates.

Neither austerity measure can continue for long, without internal breakdowns. IMF-linked insiders are scheduling the next blowout, in terms of further declines in oil prices or a new devaluation or both, for as early as August. By then they hope they will have lulled Mexico sufficiently so that it will have spurned a link-up with the debtors' cartel activity.

of American States on Debt and External Financing in September in Caracas—even though the United States had opposed the convoking of the meeting, arguing that it would “politicize the debt.”

The LaRouche card

The Caracas congress showed the greatest determination to date to carry out U.S. economist and 1980 Democratic presidential candidate Lyndon LaRouche’s “Operation Juárez,” a proposal for a debtors’ cartel and common market to forge Ibero-America as an economic superpower capable of negotiating a new world economic order. It was understood as a prelude to the July 24 celebrations in Caracas of Bolívar Day, when the heads of state of the Andean Pact nations, Spain’s King Juan Carlos, and high-level representatives from many other Ibero-American nations will meet. The next conference is likely to take more concrete action.

The political organizers of the Caracas event have put into place their defense, in case the United States government attempts to crush this initiative to save the world economy. Most of Ibero-America read the renomination of Paul Volcker to head the Federal Reserve as a continuation of policies of usury that have destroyed their economies.

But many are looking to the political forces around Lyndon LaRouche to influence President Reagan to negotiate at the moment the debt bomb explodes. Thousands of copies of Operation Juárez have been circulating throughout Ibero-America in the past year, and in the last month an Argentine edition of the document was printed, a book entitled *The World Economic Bomb and Genocide in Latin America*.

During the Caracas meeting, participants were informed of LaRouche’s support, as the Caracas afternoon daily *El Mundo* carried several articles on LaRouche’s fight against the Volcker renomination and the LaRouche policy of using the “debt bomb” to force the creation of a new international monetary system.

On July 3, *El Correo* of Lima published an interview with LaRouche on his proposal for a debtors’ cartel and what kind of response the continent can expect from Washington. On the same day, *La Prensa* of Lima commented that *EIR*’s special Debt Watch service had predicted that the debt bomb would explode in June, but since Peruvian Finance Minister Rodríguez Pastor had just successfully negotiated a loan package, *EIR*’s analysis “doesn’t apply to Peru.”

The conference proposal to create a “Latin American Coordinating Council on the Foreign Debt” will be placed on the agenda at the special Latin America Economic System (SELA) meeting to be held in Santo Domingo July 17 and 18, possibly from there to be adopted as governmental policy, diplomatic sources reported July 8.

The SELA meeting, to be attended by representatives of the Ibero-American presidents, is scheduled to concretize the proposals for continental action made jointly by SELA and ECLA at May 16 discussions called by Ecuador’s President

Hurtado.

In fact, Peru and Colombia, two Andean Pact nations crucial to the July 24 summit, have been offered loans with political strings attached. Washington sources report that a large loan to Colombia is promised but will only be disbursed after July 24 if Colombian President Belisario Betancur, who has organized for continental integration around a “Latin American Monetary Fund,” betrays the nations’ efforts to make the “debtors’ council” a potent defense pact when the nations of the region declare their inability to pay the debt.

Documentation

‘Global framework for debt’

Below is the text of the resolution on debt issued by the Conference on Latin American Political Thought:

The Conference on Latin American Political Thought declares:

The conditions of unequal trade which rule international trade ruins our countries and are an important cause of the misery of our peoples. Unjust international economic and financial relations helped cause our countries’ large foreign debts. . . .

The pressures for economic adjustments demanded by the international banks through the International Monetary Fund in order to produce the means with which to pay the foreign debts of our countries are unacceptable and impossible to apply. Future years will be long and difficult, both internally and internationally. . . .

We recommend:

That the governments of the nations of Latin America coordinate actions and establish the bases of a global framework in which to arrange their foreign debts;

That the debt service payments necessarily be based on an agreement for the indebted countries to earn higher total incomes, by means of higher and fairer prices for their exports, to be negotiated simultaneously with revising debt payment schedules;

That only a percentage of the product from the increase of export earnings be channeled into debt service. Debt repayment should be postponed as long as necessary for coun-

tries not to suffer financial pressures which affect the well-being of their peoples;

That each country decide in what manner it will pay its debt, respecting the global framework, in conformity with the capabilities of its economy, in full exercise of its sovereignty, and without submitting to demands which the country cannot meet;

That governments should not forget that a commitment to pay more than they rationally can pay might constitute an abuse against their own populations;

That it cannot be forgotten that the international banks need to recover their loans, and this makes the debtor nations especially strong if they act conjointly;

We propose that the governments constitute a "Latin American Coordinating Council on Foreign Debt," which can ensure that the global framework is respected, and coordinate reciprocal defense actions should the financial organisms try to improperly pressure the indebted countries;

That it be kept in mind that the hour of rhetoric has passed, and that today, opposition to the devastating aggression from economic warfare inflicted mostly upon dependent and poor countries, can no longer be postponed. This is the course of action derived from the message of Simón Bolívar."

'Plan is our only guarantee'

Below are selections from the final communiqué of the Conference on Latin American Political Thought, known as the Bolívarian

We direct ourselves to our populations with a message of encouragement and hope. We are citizens of distinct ideological currents and from all countries of the great Latin American nation. During the space of a week, we have deliberated and reflected on the destiny of our populations and the historical commitments of our time. . . .

Bolívar's Latin American plan, which he called a "nation of republics," now assumes the historical role of the only possible guarantee of development, economic emancipation, authentic political independence, and the strengthening of an inalienable cultural identity, formed from manifold contributions of universal origin.

We call upon the governments and peoples of Latin America and the Caribbean to overcome the limitations of an anti-historical vision, a vision without grandeur, and the divisive efforts of foreign interests, in order to carry out economic, social, political and cultural integration. . . .

This is the hour for resolute, bold, and firm action. Everything that could be said on behalf of integration, the contemporary name for Bolívarian unity, has been said. It falls to us to do it.

'Oppose economic warfare'

At the Conference on Latin American Political Thought in Caracas, Jorge Abelardo Ramos, an Argentine historian and head of a small nationalist party, the FIP, delivered a call to action in his June 28 speech. The author of a two-volume study, The History of the Latin American Nation, Abelardo has argued the need for a debtors' cartel several times in the past six months. He was the first to report publicly that such a cartel was a prime item of discussion at the inauguration of Bolivian President Siles Zuazo last October. Abelardo Ramos ended his speech, which was entitled "From Bolívar to the Malvinas," with the following statement:

Latin America needs:

- To work to create a common market, a *Zollverein*;
- To work to create a protective tariff barrier with the goal of favoring the accumulation of Latin American capital for growth;
- To work to distance itself from the world market, and from the strong currencies, which constitute a system of drainage and unequal exchange for the Latin American economy. Current monetary links are the suction pump of the financial vampirism of the multinationals. The distancing from the world market can begin a historic period which will permit Latin America to work and strengthen itself;
- To work to create a Latin American central bank which can renegotiate the foreign debt of Latin America (some \$300 billions), which is impossible to pay, without a moratorium;
- A Latin American currency must be created;
- It is necessary to establish Latin American citizenship;
- This common Latin American trade system should forge agreements with other countries of the Third World;
- Coordination among the Latin American armed forces, and the creation of a Latin American missile research and production facility;
- Founding or coordination of a Latin American airline and a Latin American commercial fleet;
- Founding of a central Latin American university to review the global history of the *Patria Grande* [Great Fatherland], and coordination of all basic scientific research;
- Founding of a Latin American news agency;
- Study and coordinated production among Latin American countries of our own space satellites for research, communication, and defense;
- Formation of a Latin American bloc in the United Nations, UNESCO and other organizations.

Abelardo quoted Gen. Manuel Belgrano, a hero of the Argentine proclamation of independence in 1810: "Favor the American over the foreign, and give preference to public interests over private." Simón Bolívar, he concluded, is younger than ever 200 years later.

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