

## Peronist leader calls on Alfonsin to form Latin debtors' cartel, common market

*One week after Argentina's Oct. 30 presidential elections, Juan Gabriel Labake addressed the following open letter to president-elect Raul Alfonsin, which was covered prominently in the Buenos Aires press. Labake, a former congressman, is a leader of the "Orthodoxy and Loyalty" faction of the Peronist Party, which has distinguished itself for calling for Argentina to head up a move to unify Ibero-America on financial and economic policies. Labake's group is also known because of its vocal insistence that former Argentine president Isabel Perón return to Buenos Aires and take up her rightful position as head of the Peronist party.*

Buenos Aires, November 8, 1983

Dr. Raul Alfonsin  
President-Elect of the Nation

Dear Sir:

In my opinion, the Oct. 30 elections were a major triumph for the Argentine people, who thus once again regained their fundamental political rights after almost eight years of dictatorial injustice. They were also an unprecedented victory for you and your party. You have received an undeniable mandate, the same one the Peronists once had: to clean up Argentine politics, attain peace, liberty, and justice for all, and to free the nation from all forms of dependency. All the parties together—especially yours and ours—ought to unify the population to achieve all the goals the elections made us responsible for reaching. Today the nation suffers many political, social, cultural, and economic problems. In my opinion, of all these problems there is one upon whose solution our fate depends in the coming decades: freedom from foreign dependency. If we are able to bring Argentina to play the role in the world it can and must play, the remainder of our

afflictions will become curable. If we keep our country tied up by today's bonds of domination, then all our efforts to solve other problems will be vitiated, if not completely neutralized.

The key to Argentina's new place in the world is breaking our dependence on the so-called "Western bloc" in order to return to Latin America's fraternal embrace and gain regional unity and integration. . . . Argentina is geographically tied to the West because it is west of the Greenwich Meridian and our culture has Greco-Latin and Hispanic origins, without forgetting roots in Precolombian America. But geopolitically we . . . belong to the Latin American geopolitical bloc. Our interests and not just our language, religion, and feelings are different from those of Europe and the United States, while they are one with our Latin American brothers.

Over the years, the Pan-Americanism of Monroe has become a dead letter. . . . Along with the Monroe Doctrine, the OAS [Organization of American States] as well as TIAR [Interamerican Mutual Assistance Treaty], have virtually become dead letters.

Our natural preference for the Latin American geopolitical bloc and the United States opting for the North Atlantic geopolitical bloc became evident during the Malvinas War. . . .

The foreign debt is the main weapon by which the North Atlantic powers now keep us dependent. Let me repeat well-known figures: Argentina owes \$43 billion to foreign private banks, Mexico owes \$80 billion, Venezuela, \$35 billion, Latin America almost \$350 billion, while the entire Third World debt is over \$700 billion. But this weapon is effective for the creditor banks and the Western power bloc only when they can get away with negotiating separately with each debtor nation. In this way they can impose absolutely usurious interest rates such as the 13.3 percent they now charge us.

However, the moment we unite with our Latin American brother countries to jointly renegotiate our debt, the weapon

becomes ours and the problem that of the creditors. The whole world knows this, and our people rightfully want it.

Latin American unity to renegotiate the debt can be obtained. You could say that the idea has already matured in every brother country on the continent. The idea is also spreading that our nation should take the lead on this issue. If we unite, we can win tolerable conditions for payment. Under present conditions, with 7-year maximum terms and 13.3 percent interest, no Latin American country, really no Third World country can even pay interest—even when it complies with the IMF's demands for recession, low wages, and hunger.

Our case is a good example. The demands of the foreign banks, supported by the IMF, force us to commit 6 percent of our GNP, or 60 percent of our exports, just to pay interest—without paying principal. This interest, on the other hand, amounts to more than double that which we save in our foreign trade by means of drastic import restrictions which have half-paralyzed our industry for lack of inputs.

Argentina will never be able to pay under these circumstances. Other Latin American countries whose economies have less potential than ours are in even worse shape. This impossibility of payment, coupled with the decision by the international banking system and IMF to maintain such terms and interest rates, makes one suspect that their intent is *not* to collect but rather to hold on to the debt forever as a decisive lever of domination.

The more the debt increases due to unpaid interest and principal, the easier it is to demand new concessions from us each time we must refinance the portions due. The military government found this out when it refinanced the debt of Aerolineas Argentinas. Who knows what they will demand from us next? What I propose to you, Dr. Alfonsín, is that we Radicals and Peronists join in a patriotic agreement to unite all the Argentine people behind a first indispensable step toward liberation: the joint refinancing by Latin America of all our foreign debts to obtain reasonable conditions that will allow us to pay.

Conditions in tune with the cold reality of our economies are: a nominal term of 20 years with no less than a 5-year grace period, interest set at only 1 percent higher than U.S. domestic inflation. That is to say, in this year when U.S. inflation will be almost 3 percent, Latin America would pay no more than 4 percent interest. I realize that these conditions seem utopian, but they can be obtained, and, besides, we don't have any choice.

One ought to remember that until the U.S. Federal Reserve arbitrarily raised the cost of dollar loans a few years ago, interest rates of one percent above inflation were always the norm for international lending. That rate would mean for Argentina an annual capital drain of \$2 billion just for interest, the most our economy can handle without slowing development. If the payment of principal is spread out over 20

years as I propose, the annual drain will be \$4 billion after the grace period has ended and would require a large effort to meet such a payment. For other Latin American countries the situation is far worse.

Needless to say my proposal means finishing off the present international economic system, based on the IMF and the all-embracing power of the private banks. This whole system is on the verge of collapse; it only needs a little push. The whole world would thank us. What's required is agreement between the governments of nations to which the creditor banks belong and the joint Latin American bloc to lay the new bases of commercial and political relations.

It is useful to keep in mind that if we don't get these debt refinancing conditions, many Latin American and Third World nations will suffer from hunger, recession, and unemployment until one declares a cessation of payments and explodes the entire international financial and economic system. This scenario is sufficiently probable to make the creditors and the governments of the Western powers think twice. Our aim is not to stop paying the debt but rather to obtain conditions under which we can actually pay the debt, the real debt of course, without repudiating our fundamental right to fully develop ourselves as a people and a nation. In this way they can collect, but if we go on as we are now, the ship will sink and the crew with it.

This debt action would provide the extraordinary event we need to get moving on the road to Latin American unity and integration and national liberation of our republics. The brotherhood forged between us by joint action on debt would open the door to forming a Latin American Common Market, to creating a regional political body—perhaps an organization of Latin American nations—and even a reciprocal defense treaty for Latin America.

We may wait many years or forever for the opportunity now given us: The debt asphyxiates each of us alike. During the Malvinas War, Argentina received the loving and fraternal solidarity of all its Latin American sisters, and we are still indebted to them for this moving gesture.

In a few weeks we will inaugurate in our fatherland a new era of government of the people. This is what I propose, interpreting the wishes and desires of millions of Peronistas plus millions of other Argentines: national unity to join forces into the Latin American geopolitical bloc waiting for us, beginning the task of joint renegotiation of our debts.

If you accept this proposal we will still surely find our differences and varying points of view on internal problems, which, of course, are important, but always less so than the cited task. However, on the fight for national liberation—your slogan, ours, and that of many parties during the electoral campaign—the people and the Argentinian nation are indivisibly united. If we do not pursue this goal, we will come into difficult times which I don't want for our country. I understand that we are both under tremendous pressures for

us not to take this decisive step. I'm sure they are thinking of giving special advantages to Argentina if we abandon the common Latin American front. But it is worth stressing that the key to our national liberation is not getting a percentage point lower interest or two or three more years to pay, but rather taking advantage of the debt to forge our unity with Latin America and break out of the trap of the IMF and the Bretton Woods system.

That is not impossible. World War II had barely ended when General Perón, without any international support, bucked the power of the U.S. and Russia by disobeying the order to starve out Spain. . . . With even more reason we can today face down the pressures of the IMF and the international banking system if we unite.

With all due respect, let me tell you that we have just seen bad omens on this. It has been announced that Dr. Raúl Prebisch will have a major role in dealing with our foreign debt and directing our economy. If that is true, than we have little hope left of seeing the fulfilment of what I propose here. All personal questions aside, Dr. Prebisch has a discouraging history.

During the government of General Justo, in the notorious "decade of infamy" of the 1930s, Prebisch was the closest collaborator of Federico Pinedo in running the central bank as a private entity designed by Otto Niemeyer of the Bank of England and dominated by the British banks.

In 1955, immediately after the constitutional regime of General Perón was overthrown, Dr. Prebisch was contracted by the so-called "Liberating Revolution" to recommend an economic plan. Only one of the disastrous results of the Prebisch Plan needs to be mentioned: When it was overthrown on Sept. 16, 1955, the Perón government owed abroad \$70 million, \$40 million of which was for the building of the first blast furnace of the Somisa steel complex. After one year of applying Dr. Prebisch's recipes, Argentina owed \$700 million, having invested virtually nothing in capital goods.

The recent case history of Dr. Prebisch is no more encouraging. He is visibly and forcefully working to impose on the world the so-called "Rohatyn Plan." This plan drawn up by Felix Rohatyn of New York's Lazard Freres investment house calls for forming a new super International Monetary Fund made up of and dominated by the private bank creditors of the Third World countries. This private superbank would take charge of collecting debts and sanctioning those falling behind. It would offer marginally better conditions on terms and interest rates than those today, but always on the basis of squeezing the maximum profit from each country at the price of our suffering unemployment, recession and hunger. The bankers are rushing to apply the policy of *Plus ça change, plus c'est la même chose*.

The Rohatyn model was dreamed up to collect New York City's debt to the banks. Thanks to it New York is paying its debt. Sure it is, but at the price of a drastic reduction in its investments in education, public health, mass transit, and the maintenance of streets and public buildings. Last July I was

able to see for myself the calamitous condition of the streets, subways, schools, and public buildings of New York. Thanks to the Rohatyn Plan, the private bankers have been able to exercise veto power over every line of the municipal budget, slashing any expenditures they felt unnecessary.

Please excuse this digression on Prebisch and Rohatyn, but the gravity of our crisis and the decisive need for my proposal for uniting us Argentines to achieve Latin American unity, made me spell out the danger of these two individuals holding power in the next Argentine government. I fervently hope for your acceptance of this proposal. With Radicals and Peronists united behind this concrete goal, we could open up a new era of happiness for the Argentines, greatness for our nation, and unity for Latin America.

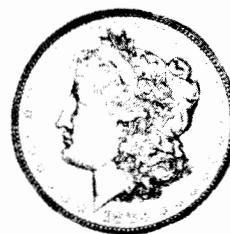
On this we must forget partisan disputes; we can always fight over the support of the voters on other themes.

Since I know perfectly well that many other political forces share this yearning, I am sending copies of this letter to all representative sectors of national and popular thought in our nation.

My best wishes for the success of your government and your own.

Cordially,

Juan Gabriel Labake



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