

Conference Report

South Americans tell KGB Democrats: Democracy needs economic progress

by Dolia Estévez-Pettingell

Thirty-four representatives from ten South American nations were invited, all expenses paid, to the U.S. capital on May 7-11 for a three day "historic" conference sponsored by the National Democratic Institute for International Affairs led by Charles Manatt, the former chairman of the Democratic National Committee.

Aimed at "educating" the South American leaders on the wonders of the U.S. two-party system, the NDI-sponsored conference was not planned to discuss real issues. They were to be trained in party fundraising, "electoral polling" techniques and, above all, the need for party-affiliated "foundations"—such as the Democratic Party's NDI. The idea was to get into the South Americans' heads that democratic electoral processes have nothing to do with economic development.

The South Americans, however, were far from buying the gimmick. "Our children and our blood is all we have left to export," the governor of Rio de Janeiro, Brazil, Lionel Brizola told them as he demanded in the name of the South American political leaders present that the International Monetary Fund stop looting South America to collect the international bankers' debt. The message: There is no basis for "democracy" with a starving population.

To the astonishment of Manatt and the conference moderator, Jimmy Carter's ambassador to Venezuela and New York Council on Foreign Relations member Viron Vaky, the party leaders from Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela, described one by one the inhuman conditions that their people are going through due to the IMF's policies, backed by the Carter gang and now the Reagan administration. They let their American hosts know the dilemma of wanting to stay friends of the United States when this has become almost impossible, as the Ibero-American population identifies the IMF with the United States. Their concern drew no response. Some Ibero-American leaders wondered if Manatt and his friends are not really communists, working for the enemy.

"The IMF is turning Latin America into an open season where not only one, but 20 Nicaraguas, 20 Cubas could emerge," Ecuador's Democratic Left Party leader Alejandro Carrión told *EIR*. "The IMF policies are so horrible and radical that they can be compared to the effects of a nuclear



NSIPS/Stuart Lewis

Charles Manatt's new institute invited South American leaders to Washington for a lecture on "democracy," but when participants demanded a discussion of the debt crisis, the microphone was turned off! Manatt is shown here at a 1984 Democratic National Committee fundraiser.

bomb." The conference was behind closed doors. No journalists or "outsiders" were allowed in.

Cold-blooded demands

IMF economist William Cline's "International Debt: from Crisis to Adjustment" keynote speech, set the confrontationist tone. "One would almost think that Professor Cline's diatribe was aimed to be a provocation," one South American participant commented.

Cline scolded the South Americans for not showing enough "political will" to overcome their countries' "internal crisis" since, he argued, the "external problems are now over." "For the sake of your own political-economic stability," he said, you must "comply" with the IMF "adjustment

programs.” “Without an IMF program in place,” he said, “the carefully constructed package of bank financing and rescheduling cannot move forward, because the banks have learned to rely on the IMF as the guarantor of reliable country policies.” Cline referred to how Argentina and Brazil are currently “under suspension under their IMF programs.”

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His remarks created an uproar. Chile’s Christian Democratic opposition leader Gabriel Valdéz, in the name of the rest, told Cline bluntly that his proposals would throw the continent as a whole into “social explosion.” The population has already gone beyond the limit of tolerance, he explained.

Other scheduled speakers, such as Senators Daniel Moynihan and Dodd, were not any better. “They [the Americans] seem to be flying in the sky,” a South American commented. “They definitely do not have their feet on the ground,” he added, referring to the absolute ignorance and racist indifference shown by the NDI crowd toward Ibero-America’s desperate situation.

Uproar over two ‘final documents’

In the last day of the conference, disagreements between the two parties came into the open as NDI organizers prepared to ram through a “final document.” The statement endorsed “human rights” and “democracy.”

The representative of Argentina’s Peronist Party, Ruben Contesti, came prepared with a different “final document” reflecting the Ibero-Americans’ views. It called for the continent’s “integration and unity” as the only way to achieve the “realization of people with one same destiny.” It called for facing foreign creditors “jointly” and encouraged governments not to accept “formulas” like those of the IMF, that attack nations. It condemned the U.S. embargo on Nicaragua and defended Argentina’s right to the Malvinas Islands in the South Atlantic, currently under British colonial domination. The declaration was soon signed by representatives of 90% of the parties.

Venezuela’s AD leader, former ambassador to the U.S. Enrique Tejera Paris, was the only one that made a point of not signing the Ibero-American declaration on the basis that “it could hurt our friends from the Democratic Party.” Tejera is not only very close to Manatt, but is known to be part of

KGB-run German Social Democratic leader Willy Brandt’s intimate circles.

The press conference scheduled to release the final statement and brief the press on the meeting’s achievements, was delayed by two hours. Finally, in a chaotic press conference, Vaky went to great pains to explain why there were two different documents. Several South American leaders took the microphone to explain how, in their view, the conference was a failure because their organizers refused to deal with the main problems preventing democracy from consolidating in Ibero-America.

To guarantee that an official final document would be issued, Manatt and his cabal were forced to concede to the Ibero-American demand that the debt problem be included in the otherwise insignificant statement.

“The debt is more than anything a political problem,” the Manatt-approved document reads, “and requires an international collective solution under sponsorship of the countries.” “Any postponement in the acceptance of these criteria, will, in our view, lead to unforeseeable negative consequences with grave political and social repercussions.”

The dissenting statement

The following text, translated from Spanish, is the dissenting statement signed by the majority of delegates to the NDI conference in Washington on May 10. Presented as the alternative to the Manatt-approved document, it was regarded as more accurately representing their views by most of the South Americans present.

Latin American unity:

- We pledge to defend the idea of Latin American integration and unity because it is the unrenounceable path to our full realization as a people with a common destiny.

Self-determination:

- We reject any attempt that, under any excuse, tries to intervene into the internal life of any Latin American nation, and we defend the right to self-determination of peoples.

Embargo:

- We reject the economic embargo of our fraternal people of Nicaragua. We affirm that the Contadora way is the Latin American solution for peace and progress.

Malvinas:

- We express our repudiation of all attempts to perpetuate any colonial enclave and, faithful to our peoples’ will, we reiterate our solidarity with the Argentine Republic for the sovereignty of the Malvinas Islands, a cause which we assume as a commitment of all of Latin America. We reject, as an offense to the security and peace of Latin America, the installation of a NATO base in the South Atlantic.

Debt:

- The foreign debt is a common Latin American cause, and as such, its treatment and resolution calls for joint work by all of Latin America, the governments of which must not accept formulas which offend the peace and development of our peoples.

- We understand democracy in its integral form where the political democracy expressed in respect for the people's will to make their own governing forms and rulers, must be joined by the contents of national independence and social justice, without which all democracy is weak and runs the risk of disappearing. *Democracy* is the only way to achieve the happiness of our peoples and the greatness of our nation.

- We reaffirm our defense, unrestricted and without concessions, of human rights, both individual and social, and we condemn their violation under whatever form or pretext, pledging ourselves to denounce [such violations], wherever they occur.

- We are in solidarity with all political parties and trade-union and social movements which are fighting to recover democracy in the countries which, like Chile and Paraguay, continue to be subjugated.

- We condemn as unjust and contrary to the order of world peace, the present international economic system which despoils impoverished countries in favor of the [great] powers, in their insane arms race.

Interviews

Gen. Morales Bermúdez: 'The problem is life or death for us'

Gen. Francisco Morales Bermúdez was President of Peru from 1975 to 1979, and was minister of war under Peruvian President Velasco. This interview, and the ones which follow, were conducted by Dolia Pettingell on May 8-10 at the Washington, D.C. meeting, "Democracy in South America."

EIR: In the speech this morning by Dr. Cline, governments were asked for more "political will" to impose programs of greater austerity. What do you think of Cline's statements?

Morales: Prof. William Cline has his own ideas. Personally, I absolutely do not share what was laid out by this professor, given that I believe I was listening to a functionary of the International Monetary Fund, and these are tendencies we know exist among economists. I have sometimes noted that these economists want to manipulate something we could call a kind of economic arithmetic, something we find very

linear. They don't want to use geometry—not plane geometry, but solid geometry. Solid geometry is that which sees the entire context of what a country means, which is not just a balanced budget and a positive balance of payments, but it also means unemployment, hunger, people's desperation and some effects which are perhaps not so direct but can cause desperation in people, above all among youth, and can align them into movements including the subversive type such as we have in Peru.

EIR: What does Peru want from U.S. policy?

Morales: Comprehension. There is no comprehension, not only on the part of the U.S. government but also from the governments of the industrialized countries who are all-powerful members of the IMF. So there are demands that go beyond the permissible.

EIR: How do you propose to deal with the problem of the foreign debt?

Morales: The party I preside over, the Democratic Front of National Unity, is proposing a long-term restructuring of the debt of at least 17 years, with five years of grace. It is the only formula to free resources on the order of \$1.2 billion per year. Naturally, if we were to spend these freed-up resources in aspects which have also worried people at this conference, such as arms buildups, consumer spending, and not spend on the investments which the country has to make in order to create productive jobs, then we would do badly in a debt restructuring in such conditions. It is therefore a question of restructuring the debt, but together with a coherent economic program which will allow us to create jobs and increase the productive forces in the country, and decrease the social pressure which the country is under right now.

EIR: What is the main threat to democracy on the continent?

Morales: This point which we have touched on today and which has been almost the center of all the speeches by the different leaders of the political parties—i.e., the foreign debt. A government which lacks the resources to solve the problems of jobs, of food, of education, of family life, is exposed to sharpening internal subversion.

EIR: What future do you see for Ibero-American unity, for a joint proposal on the debt problem?

Morales: What is missing is political will in the ruling parties—if the ruling parties got together in a kind of, let's not say a syndicate or debtors' club, but established a common, overall position. Because naturally negotiations have to be bilateral, between debtor and creditor, but within a framework of understanding. What is lacking on the part of the industrialized countries and the international entities themselves, is this framework of understanding. They don't seem to understand that the problem is one of life or death for our countries.