

## Betancur instructs George Shultz on morality

by Robyn Quijano

The future of relations between the United States and the nations of Ibero-America was the underlying subject of debate at the meeting of foreign ministers of the Organization of American States, which began on Dec. 2 in Cartagena, Colombia. President Belisario Betancur opened the annual meeting, reminding the Hemisphere's foreign ministers, including George Shultz, that "the moral basis of international politics is equality before the law, independent of material power. Benito Juárez, the 'Benemerito de las Americas' . . . said for all posterity, 'respect for the rights of others is peace, between men as between nations.'"

Betancur echoed the discussion of "Economics and Morality," and the intervention of the Vatican into the world economic crisis, developed at the Extradordinary Synod taking place in Rome during the same week.

Pope John Paul II, who dedicated the Synod to Pope Paul VI and his encyclical, *Populorum Progressio*, which defined development as "the new name for peace," received a delegation of former Ibero-American Presidents during the week of the ongoing Synod. He urged them to begin "effective cooperation against injustice and misery. . . . An economic factor that aggravates the situation of the whole Latin American world, that is, the foreign debt problem." The foreign debt, he declared, "aggravates the situation of poverty and social imbalance of broad sectors of the Latin American world." John Paul II continued that the foreign debt is forcing entire countries into bankruptcy and must be solved.

"Justice and the interest of all . . . demands that the situation in all its dimensions be examined at a world level." These dimensions are not only economic, "but also social, political, and human."

Secretary of State George Shultz, perhaps unaware that the Vatican had just condemned Adam Smith and "free market" economics, lectured the meeting on the lessons of the magic of the marketplace, and the necessity to accept the Baker Plan, which he called a "global bargain." Shultz warned that if capital, new or old, is to return to their countries, the economies must be "liberalized." He said that some \$100 billion in private capital, sucked out of the region since 1980, might return to the region, if "creative" means were used to entice it back from Swiss accounts. Shultz suggested that opportunities to turn stolen assets into "equity" might work, specifying "the privatization of public enterprises" as the kind of "opportunity" to be offered.

Shultz had told reporters en route to Colombia that governments should encourage purchases of state-company debts at a discount, which would be turned into equity.

Days before, President Reagan had opened the debate, in a letter to President Betancur, dated Nov. 25. The United States will accept no option to deal with the debt crisis except that of the so-called "Baker Plan," the proposal laid out by U.S. Treasury Secretary James Baker at the annual IMF meeting in South Korea in October, warned Reagan.

The "Baker Plan" boils down to a scheme to keep alive the fiction of the current international monetary system, by promising more money to debtor nations who agree to turn over national assets to foreign creditors as "payments"—an idea first mouthed by Henry Kissinger in the summer of 1983. That the banks have thus far refused to kick in their share of the credit, was not mentioned by either Reagan nor Shultz.

In the letter, the foolish U.S. head of state asserts five times his policy that there is no alternative to the IMF. He

instructs Colombia to keep following World Bank orders, to seek out the Baker plan, and not to get a worse deal by seeking joint treatment with countries which have not behaved as well.

"I have been encouraged by the generally positive response to Treasury Secretary Baker's Seoul presentation. . . . The trade reforms which Colombia is now making merely with the support of World Bank loans are an example of the policies needed to promote development. I expect your support to continue with these politically difficult changes together with the World Bank. . . . In your own country's case, the U.S. supports your innovative agreement with the IMF. . . ."

Reagan criticized calls for Ibero-American unity to force a just solution of the debt problem, stating, "the [same] treatment for each country without taking into account whether or not it has made an effort to overcome its economic difficulties would be unfavorable to countries like Colombia, which have sacrificed to solve their economic problems. Any attempt to alleviate the debt burden through arbitrary limitation of payments would have a negative effect by reducing incentives to flow of capital to the developing countries."

The reference to Peruvian President Alan García was unmistakable.

Peruvian Foreign Minister Alan Wagner discussed García's program in his speech to the OAS: "Peru has adopted a sovereign decision to limit the payment of debt service to no more than 10% of income from exports." He alluded to Shakespeare's *Merchant of Venice*, saying: "There is no ethical principle or legal norm that could pardon the demand for payment that means prostration and death" for the debtor.

Shultz took aim at García's economic policies in Cartagena, ordering the governments at the OAS meeting to impose "non-inflationary economic policies, with prices and interest rates determined by the market and realistic exchange rates. . . ."

García's production-oriented economics, his slashing of interest rates for agriculture and other sectors of basic production, and his total rejection of IMF demands including refusal to continue devaluing the Peruvian currency, has already achieved drastic reductions in inflation, from double-digit monthly rates under the last government to 2.5% in November. Yet, this success of "moral" economics, is recognized only as a ghost within the cultish world of the magic of the market place.

President Reagan's personal organizing on behalf of the IMF, and the administration's campaign to break Ibero-American resistance to the IMF's old British looting policies, sets the United States up for a suicidal clash with the southern republics, which, in the United States' best moments, have been its closest allies.

Betancur responded in Cartagena, appealing to the moral will of the United States. He praised Franklin D. Roosevelt's Good Neighbor Policy as an example of how the United States "could project an international policy imbued with

democratic values and true to its tradition, which is, paradoxically, that of being the first anti-colonial state in modern history. It is disturbing that those values are eroding in facing the competitive plan of the other superpower whose doctrinary principles come from bodies of law alien to our path. That the other superpower behaves according to its principles does not invalidate the ethical and political bases on which our body of law, built on overcoming unilateral interventionism and inflexibility, is founded."

Betancur's hope that the United States would cease its immoral economic policies and differentiate itself from the Soviet imperial policy so alien to the cultural matrix of Catholic Ibero-America, seemed to echo the preoccupation of Joseph Cardinal Ratzinger, Prefect of the Congregation of the Doctrine of the Faith, the former Holy Office, in a speech on "Church and Economy in their responsibility for the future of the world economy," pronounced in Rome just days before. Ratzinger attacked the "tradition inaugurated by Adam Smith, that morality and the marketplace are incompatible." British liberal economics, of the type well known to Ibero-America through the preachers of the immoral "Chicago School" (of, among others, George Shultz), were likened by Ratzinger to Marxist determinism. "Despite their radically differing mechanisms, both systems also share many things in common in their deeper philosophical assumptions."

Stated Betancur in his opening address: "There are those who think the Baker Plan, something positive though insufficient, is a response to the Cartagena Consensus. That is partly true, since the recognition that our countries must continue their development is a change in attitude." He warned: "It alone will not defuse the debt bomb." Betancur continued: "A global solution should reduce real interest rates, improve terms of trade, increasing those foreign investment flows which are useful for the region, and open the industrialized countries to exports from the developed countries."

"We reach the conclusion that to get out of our condition of net exporters of capital, we must fight for international monetary reform," he said. "The debt crisis is merely the tip of the iceberg: the basic problem is in cooperation and transfer of resources. That is where Latin America and the Caribbean's hopes are for a turn to the orientation traced by the experience of the Alliance for Progress and to schemes which consider transfer of resources and economic equity as part of a global design, of a peaceful order and of true coexistence," stated the Colombian President.

"If the debt bomb which grows at an exponential rhythm is not defused, it could undermine the stability of many developing nations and the international financial system," he warned.

## U.S. role in the OAS

In his speech before the Hemisphere's foreign ministers in Cartagena, Peruvian Foreign Minister Alan Wagner opposed proposals to have an OAS without the United States,

"whose presence in the organization is dictated not only by geography and the realities of coexistence, but by the historic solidarity of its people with the cause of Latin American emancipation." Peru seeks, however, "to exclude from the inter-American system every kind of imperialist practice which divides, rather than unites, and threatens the basic principles which inspired the authors of its charter."

The viability of the OAS as an organization has been questioned since the United States backed Great Britain in the Malvinas crisis in 1982, and because of conflicts between the United States and its southern neighbors over the debt crisis since then.

The Bogota daily *El Espectador* charged in its editorial on Dec. 4, that the United States was the main party responsible for destroying the OAS, because, "in moments as difficult as the Malvinas War . . . the obvious desertion of the U.S. government not only violated Hemispheric solidarity, but also invalidated the Monroe Doctrine and its well-known thesis of 'America for Americans.'"

While the OAS barely emerged intact from Cartagena, efforts to consolidate integration of the continent in a defense pact against the British economics being imposed by the IMF, were more successful.

"Our country is prepared to take up a new continental fight," stated Panamanian Foreign Minister Jorge Abadia Arias at the ongoing session in Cartagena. Abadia rocked the meeting with the announcement that Peruvian President Alan García's anti-usury initiative has been fully embraced and adopted by the President of Panama, Eric Arturo del Valle. "Throughout Panama will resound the voice of a protesting and wrathful America, a single voice that not even the most powerful will be able to ignore." Echoing García's call for a continental summit, Abadia called all of Ibero-America to a meeting in Panama as quickly as possible. In the meanwhile, said Abadia, we will be "forging" genuine cooperation for the economic and social development of our peoples.

### War on drugs

Another key agenda item was the war on drugs. The OAS agreed to have the first American summit on drug traffic in Rio on April 22-26. Peruvian Foreign Minister Wagner supported the call for a continental accord, named for Rodrigo Lara Bonilla, Colombian justice minister who declared total war on the drug mafia and was assassinated by the high command of Dope. Inc., on April 31, 1984. The accord would unite nations in the war on drugs, to eliminate the drug trade, which he defined as "a social contaminant which bases itself on the corruption and degradation of our youth."

Simultaneously, Pope John Paul II, speaking to a delegation of former Latin American Presidents, called drug traffic, "a terrible road for so many youth who are presented with a dark and inadequate future." He said that this terrible plague makes necessary a regional and continental cooperation plan to fight the drug traffic.

---

## Sweden

---

# Revolt against Palme intensifies

by Kerstin Tegin-Gaddy

Barely two months after the Swedish elections, which saw the narrowly won re-election of socialist Olof Palme as prime minister, with the help of the Communist parliamentary group, increasing criticism of Palme's pro-Soviet policy is now emerging.

What has drawn the most attention is the Swedish "officers' revolt" against Palme's inauguration speech before the parliament, which claimed that Sweden has now "created respect for its borders." Naval Commander Hans von Hofsten publicly accused Palme of lying outright, since it was widely known that the prime minister had received a detailed report from Supreme Commander Lennart Ljung on repeated Soviet submarine incursions just before his inauguration speech.

The allegations from Captain von Hofsten soon received major support from other naval officers. Twelve high-ranking officers issued a statement published in the daily *Svenska Dagbladet* Nov. 10, that they thought Palme was more concerned with "normalizing" relations with the Soviet Union than with halting submarine incursions into Swedish waters. Moscow has invited Palme to visit next year—a maneuver which he does not wish jeopardized under any circumstances.

The majority of the Swedish population is convinced that not enough is being done to stop the Soviet submarine violations, and that politicians in general, and Palme and the Socialists in particular, are "too soft on the Russians." This was conclusively illustrated in November, when the state-controlled television network broadcast a film by communist Maj Wechsleman, titled *Submarine: A Certainty Verging on Probability*. The film, shown at prime time, purported to prove that there never had been any submarines in Swedish waters, and that claims to the contrary were fabrications of the Swedish military hawks. Wechsleman went so far as to try to attempt to discredit the famous 1981 "whisky on the rocks" incident. Her film denied that the Soviet "Whisky Class" submarine, which had run aground in the restricted zone outside Karlskrona naval base, was there illegally or for espionage purposes. The maligned submarine, according to Wechsleman, was an "antique" and had run afoul because of a navigation error.