

Andean Report by Mark Sonnenblick

The greening of Bolivia

Bolivia's "debt for nature" swap is the most dangerous colonialist precedent yet set in the debt crisis.

Bolivia swapped land for debt July 13. A Washington, D.C. environmentalist operation called Conservation International had Citicorp buy \$650,000 worth of Bolivian debt from another bank for \$100,000. It then ripped up the debt. In return, Bolivia agreed to give Conservation International perpetual management rights over 4 million acres of tropical rain forest in its Beni province.

On the surface, the deal looks favorable, Bolivia can forget a fragment of its \$4 billion foreign debt. The natural habitats of more species of birds than in all of North America will be protected from the ravages of forest-stripping which is taking place in every nation being squeezed by its creditors. Bolivia's officials say they were planning eventually to make the land into a forest reserve anyway.

But the point is, Bolivia's officials didn't make it into a forest reserve. Bolivia's officials gave away a part of Bolivia. Under pressure from usurious creditors, Bolivia's officials set the most dangerous, *colonialist* precedent yet in the shenanigans surrounding the international debt crisis.

Conservation International head Peter Seligmann stressed the precedent in announcing the arrangement. He said, "This new debt-for-nature swap will encourage future negotiations of this kind that confront the debt crisis worldwide with workable, long-term alternatives." Other Conservation International officials wrote in the *New York Times*, July 28, it is "now up to corporations, philanthropies and public agencies, notably the World Bank, to implement similar plans on a

larger scale." They specifically target heavily indebted Brazil, Mexico, and Peru.

Rep. John E. Porter (R-Ill.) is preparing legislation to force the World Bank into the "debt-for-nature" business. The Inter-American Development Bank already will not lend a penny for any project which does not fit into environmentalist molds. Senate environmentalists are pushing laws to give special tax credits to banks which get an environmental *quid pro quo* from creditor nations for uncollectable debts which they would have to had to write off anyway.

Back in November 1982, *EIR* published the private views of World Wildlife Fund director Roger Stone, that the bankruptcy of Third World nations was a favorable development, since it would force an end to great development projects and permit the imposition of environmental constraints on them.

Stone was vice president of one of the New York insurance giants which manage the fortunes of the European oligarchy. These families were already planning to ride out the collapse of the American and European economies by gaining control over vast proportions of the Earth's land and underground natural resources. For families which think in terms of centuries, there is no more secure form of wealth. Today's debt-for-land schemes and related debt-for-equity swindles provide for precisely that.

Bolivia is a good place to start. It has not been able to pay a penny of interest since 1983 and its debt sells on secondary markets for 8-15¢ on the

dollar, making it mighty cheap for international speculators to secure control over assets.

Hard in the wake of the Conservation International deal, the Italian Pragma company formally offered to buy and burn \$50 million in face value of Bolivian debt in return for some local currency and rights to invest \$20 million refurbishing 18 small gold mines. The mines would provide Pragma with an annual return of 8 tons of gold, worth \$30 million.

Because it provided a model for relinquishing of sovereignty through debt-for-equity swaps, Bolivia was rewarded by the Paris Club of creditor nations with a pardoning of its overdue interest and a 10-year extension of its debts. Its 139 private creditors are excited about selling Bolivia part of its unpayable debt paper at the same 8-15¢ on the dollar they trade with other banks. Bankrupt Bolivia will apparently use funds contributed by U.S. and European taxpayers for fighting the narcotics trade to retire the debt.

Bolivia submitted a letter of intent to the International Monetary Fund July 23, committing itself to continue the draconian austerity which has seen the firing of 75% of state-employed miners and the reduction of wages for the remainder to a miserable 75¢ per day. Bolivia has deregulated banking, foreign exchange, and prices, making itself into the kind of free-market paradise in which cocaine traffickers can function unimpeded.

There are no longer any obstacles to foreign interests taking over national assets. Bolivian ambassador to Washington Fernando Illanes denied July 13 that Conservation International could "pressure" Bolivia for "only \$650,000." But he was only half joking when he declared, "Perhaps if somebody showed up with \$4 billion, we could give them half the country."