

The summit in Acapulco: political triumph for Ibero-America

by Carlos Méndez

The just-concluded summit of the Group of Eight Ibero-American Presidents in Acapulco, Mexico was a political success, with the consolidation of a "permanent consulting mechanism" which will now serve to coordinate actions regarding foreign debt and economic integration—and an agreement by the Presidents to meet regularly in the future. Since the Western monetary system is on the verge of collapse into a full-fledged depression, the Group of Eight's consulting mechanism is indispensable to allow those nations to take appropriate action when they are ready.

Regarding the Ibero-American foreign debt, the summit resolution asserts solidarity and support for any country that determines it is necessary to unilaterally limit debt payments. That resolution was described by Peruvian President Alan García as "an immense advance," in a press conference given by the eight Presidents at the conclusion of the summit. In effect, the resolution represents the first formal support for President García's own July 1985 decision to limit Peru's debt payments to 10% of its export income.

The importance of the Nov. 27-29 summit is clear when one considers that, for the first time in history, eight Ibero-American heads of state met on their own initiative, and to discuss their own agenda—without the participation of the United States. Also striking is the fact that the eight countries represented, Argentina, Brazil, Colombia, Mexico, Panama, Peru, Uruguay, and Venezuela, speak for more than 80% of the total population of Ibero-America (390 million), and that their combined debts represent nearly 90% of the total foreign debt of the continent, approximately \$400 billion.

Among the eight were Argentina, Brazil, and Mexico, which are not only the largest Ibero-American debtors, but also have the greatest number and variety of resources upon which to jointly base an Ibero-American common market, one of the items on the summit agenda.

The Brazilian daily *O Estado do São Paulo*, a mouthpiece of international financial interests, nervously summed up the summit's outcome in a Dec. 1 editorial: "The great victor of Acapulco, despite all statements to the contrary, was President Alan García of Peru; after all, it was he who established the system according to which one pays only what one can pay. . . . One must not lose sight of the fact that those who are prepared to play hard ball with the creditor nations and the foreign banks will do everything they can to transform the Acapulco declaration into a document of international

law, an absolute guideline for diplomatic behavior."

Brazilian Finance Minister Luiz Carlos Bresser Pereira has reportedly brought an English-language version of the Acapulco declaration to the United States, where he presented bankers with copies at the outset of the new round of debt negotiations.

New world economic order

Held just five weeks after "Black Monday," which marked the beginning of an irreversible decline of the international financial system, the Acapulco summit represents both an appeal, and an opportunity, to avoid a depression in the West. As President García stated in his opening address, "In today's crisis, there continues to be one truth. We need much of the capital, the technology, of the rich nations, but in today's crisis, a deeper, more important truth looms: They also need us; they need us urgently as a market for their capital, expanded and inflated by speculative interest rates; they need our America to receive their technology and they need us for their growth, to reconstruct the world system on a more just basis.

"They are not aware of this truth, of their interdependence. . . . That is why Latin America now must not only defend itself from the crisis, but also call the attention of the world and of the industrialized countries to the imperative of rebuilding the world economic system."

This urgent appeal, that only a new economic order based on justice can save the industrialized sector, was also posed last year by the Vatican, in the document on the problem of the debt prepared by its Justice and Peace Commission.

The same precepts were presented in 1982 by Lyndon LaRouche, in his work *Operation Juárez*, in which he demonstrates that the primary beneficiary of Ibero-American and Third World development would be the industrialized sector. But LaRouche also warned that if the advanced nations refuse to create that new world order, the debtor nations must fight for their own survival, through joint repudiation of the debt and creation of an Ibero-American common market.

The banks are silent

Although the general sentiment among attendees at the presidential summit was that the advanced sector nations would take the joint communiqué from Acapulco under consideration, as of this writing there has been scarcely a word

from either the creditor banks or the governments of the creditor nations about the historic meeting. According to UPI wire service on Nov. 30, "The financial community did not wish to comment today on the meeting. . . . The U.S. Treasury Department kept silent. . . . Spokesmen of the International Monetary Fund and World Bank indicated that the multilateral organizations are still studying the final communiqué of the conference. . . . Similar comments were made by the Institute of International Finances, a think tank of the world's leading banks" headquartered in Washington, D.C.

However, London's *Financial Times* considers the summit highly important. In its Nov. 30 edition, it writes, "It is the first time that Latin American debtor countries have threatened, in conciliatory tone but with unmistakable intent, to take unilateral action against creditors if their demands are not met. . . . This is the closest the region has come to setting up a 'debtors' cartel' since the foreign debt crisis broke in Mexico in August 1982."

The *Financial Times* also reported that the meeting of the Group of Eight was the first time that Ibero-American heads of state had met outside the framework of the Organization of American States (OAS), controlled by the United States, as well as the first time that they demanded reduction of interest rates to the 4% levels that existed at the end of the 1970s. The *Times* adds, " 'The Pact of Acapulco' proposes an arrangement whereby the debt would reflect actual market prices, which are approximately half their face value."

Reject IMF 'conditionalities'

To a certain extent, the evaluation of the *Financial Times* is correct, if limited, and coincides with statements by a Mexican government official, who described the Declaration of Acapulco as a warning: "Hear this message, friends, because otherwise you will force us to take more unilateral measures."

The joint communiqué of the eight Presidents also contained an agreement to work to "revise the policies of the International Monetary Fund (IMF), so as to assure adjustment with growth," as well as to "decouple the granting and disbursement of credits by the commercial banks from agreements with the IMF and World Bank." The communiqué formally objected to "cross-conditionalities between the financial programs of the multilateral organizations and the establishment of prior conditions in negotiations of the Club of Paris," the bankers' club.

On the foreign debt, the dominant issue at the summit, Argentine President Raúl Alfonsín told reporters that his government was proposing a return to fixed interest rates of 4%.

President García supported this proposal, adding, "If we calculate Latin America's debts backward, with interest rates at which they were contracted and not the rates which later floated upwards . . . we could conclude that Latin America—and Peru within it—had paid its debt some time ago. But with the increase of interest rates, which is the great

instrument of manipulation by the industrialized nations, we become more and more indebted, despite forcing ourselves to pay."

García also asserted: "If our labor, our copper, our wheat, sell at market value and not the value of the labor we use to produce them, the debt should then receive the same treatment by the market, and by the laws of supply and demand."

And when asked if it did not create a gap to agree that each nation should individually decide how to pay, "instead of making a joint decision," García responded: "No gap has been left. The decision has been made to stand in solidarity with those countries which decide to limit payment on their debt. The meeting addressed a taboo that was previously untouchable, limiting interest rates, and the essential moral principle according to which no one is obliged to do that which is considered unjust, or to subject his people to intolerable pressures."

Science and technology

One of the most important questions discussed at the summit was that of science and technology, a vital matter for development and integration. In the summit declaration, the Presidents said: "We agree to encourage a program of association and cooperation in science and technology, which unites the public and private capabilities of each nation, to advance toward technological autonomy in priority areas, and in particular in the advanced technologies."

In his address to the summit, Brazilian President José Sarney said, "The world to come will be divided between those who will produce technologies and those who will be limited to consuming them. If we are capable of unifying ourselves, if we succeed in creating efficient mechanisms of cooperation for research and scientific and technological production, we will have the appropriate conditions for solving for ourselves the increasingly complex problems that characterize contemporary society. If this is not done, we will have to resign ourselves to dependency and backwardness."

A forum for consultation

As far as can be determined, the U.S. State Department is furious, as much for the meeting itself as for the agreement to broaden and strengthen the permanent consulting mechanism created by the Group of Eight. The summit initiative is viewed by the State Department as an "uppity" attempt to replace the OAS, despite the fact that it was U.S. Secretary of State George Shultz himself who, but a short time ago, had tried to eliminate the OAS. That effort had failed dismally, when the Group of Eight delegates at the OAS meeting had convoked their own discussions at the Mexican embassy in Washington, leaving the State Department out in the cold.

Venezuelan Foreign Minister Simón Consalvi addressed the United States' glaring "lack of interest" in the presidential summit, while speaking to a reporter at the Acapulco event. He referred to the earlier Nov. 9 conference of the Organization of American States, held in Washington, D.C., where

“we spent eight days there and couldn’t find anyone to talk to in the U.S. government. That had never happened to us before.” The Group of Eight summit, suggested Consalvi, was a response to that studied “disinterest.”

Asked by this publication to comment on the presidential summit’s conclusions on the debt and IMF conditionalities, State Department spokesman Charles Redman declared Nov. 30, “We would only point out that the complex global debt issue continues to receive close attention by the United States as well as by other industrialized countries, within the framework of the international financial system and its established multilateral forums, particularly the International Monetary Fund and World Bank.”

That scarcely veiled commitment to inaction was the U.S. government’s only public response to the Group of Eight summit.

Support for Panama

Another thing that angered the State Department was the support given Panama at the Acapulco meeting. President Eric Arturo Delvalle declared in his opening address to the summit that, in addition to the debt burden, his country also suffers “the political and economic aggression of reactionary sectors in the United States.” Those sectors, he said, “have discovered and domestically encouraged national groups that consider the moment opportune for satisfying their political pretensions” through an “intense campaign of lies,” with the objective of “overthrowing the legitimately constituted powers.”

The Acapulco communiqué not only endorses “full compliance with the 1977 Panama Canal Treaties,” which it calls “of prime importance for maintaining peace and security in the region,” but also commits the Group of Eight “to fight against unilateral decisions based on domestic laws or on policies of force,” an indirect reference to the U.S. congressional resolutions cutting off all aid to Panama.

In the context of its reiterated endorsement of the Contadora peace initiatives for Central America, the Group of Eight urges “implementation of an international emergency program of economic cooperation for the countries of Central America, which will include measures to rebuild their economies.” Group of Eight support for such an emergency program, according to the final communiqué, would include granting of facilities to encourage inter-regional Central American-South American trade, financial assistance to region-wide Central American development agencies, and participation in specific projects for emergency food assistance and agro-industrial training programs.

The Group of Eight summit resolved to send Peruvian President García on a tour of Central America, currently ongoing, to report on the proceedings and bring fraternal pledges of commitment to the well-being of that region.

The Presidents also stated, “Encouraged by the fruitful results of this First Meeting of Eight Latin American Presi-

dents, we have determined to meet again in Uruguay, in the second half of 1988.” Such a decision is entirely new in the region, and represents an important step toward integration. As President Sarney stated in his opening address, “New winds are blowing across our continent, the winds of independence, the winds of autonomy, of full exercise of our foreign policies, without the chains of the great powers or the mediocre limitation of small conflicts. This event is history. For the first time we are meeting without being called together by a great power; we are going to discuss the destiny of an important part of the world.”

On Dec. 1, the Mexican ambassador in Washington delivered the Declaration of Acapulco to the OAS Permanent Council. The council President, Panamanian Ambassador Roberto Leyton, responded, “The commitment of Acapulco can serve as a departure point for us to analyze our needs, and as a warning to those who have traditionally sought to keep Latin Americans and the people of the Caribbean divided.”

Documentation

The communiqué: development, democracy

The following are excerpts from the joint communiqué signed Nov. 29, 1987 by the the Group of Eight Ibero-American Presidents.

The Heads of State of the member countries of the Permanent Mechanism for Consultation and Concerted Political Action, Argentina, Brazil, Colombia, Mexico, Panama, Peru, Uruguay, and Venezuela, meeting in Acapulco, Mexico, have held talks in this city to study the major political and economic challenges our countries are facing and to seek answers, on the basis of the fundamental affinities that unite us, to fulfill the aspirations and legitimate needs of our peoples for progress and well-being.

1) The guiding principle of our work has been our basic agreement that it is imperative to increase concerted political action among our governments, as a result of the encouraging experience of the Permanent Mechanism for Consultation and Concerted Political Action and its immediate antecedents: the actions of the Contadora Group and its Support

Group. We have been decidedly inspired by our identification of a set of common interests, a commitment to democracy with development, to justice and independence, and a shared sense of solidarity with all the peoples of our region: Latin America and the Caribbean. This broad confluence of interests has led us to conclude that the Permanent Mechanism provides a suitable opportunity and an appropriate framework for us to meet regularly once a year. . . .

10) Transnational financial flows between the principal industrialized countries have expanded to the extent that they have a decisive influence on all aspects of economic life. Their instability, coupled with the imbalances between those same countries owing to their failure to act responsibly in making adjustments that would at the same time promote world growth, has been dramatically demonstrated by the recent drop in the world's principal stock exchanges. These events show that, in a climate of growing uncertainty, the possibility of an international recession is increasing, which would affect the development and the well-being of all the world's peoples. At the same time, no multilateral action is being taken to permit an effective coordination of policies in which developing countries can participate with the aim of revitalizing the economy and world trade. . . .

12) The economic crisis undermines democracy in the region because it neutralizes the legitimate efforts of our peoples to improve their living standards. In addition, it is contradictory that those who call for democracy also impose, in world economic relations, conditions and adjustments that compromise that very democracy and that they themselves do not apply in correcting their own imbalances. . . .

16) . . . It has become apparent that no lasting economic program can be consistent with the objective of sustained growth unless the mass transfer of financial resources to other countries is reversed, limiting debt service to each country's real capacity to pay. . . .

23) The actions of the Contadora Group and its Support Group constitute an unprecedented experience in concerted Latin American efforts in the field of regional peace and security. . . .

28) The negotiation process under way should be accompanied by improvement in the economic and social situation in the countries of the area. Consequently, we have agreed to support the implementation of an international emergency program of economic cooperation for the countries of Central America, which will include measures to rebuild their economies.

31) We believe that full compliance with the 1977 Panama Canal Treaties, which include granting Panama exclusive control over the canal, is of prime importance to maintaining peace and security in the region. . . .

34) We reiterate our determination to continue fighting individually and collectively against drug-trafficking in its different forms. At the same time, we note that this objective cannot be achieved without concerted action on the part of

all States and particularly on the part of the industrialized countries where the major centers of consumption are located. . . .

37) Recovery of sustained economic growth, improvement in our peoples' standard of living and strengthening of democratic processes in the area require a just and permanent solution to the external debt problem, in addition to unpostponable measures to reduce the burden of servicing the debt. . . .

38) Although the results achieved to date are insufficient, efforts have brought about growing recognition that any viable solution must necessarily include considerations regarding sustained growth of the debtor countries, adjustment of debt servicing to each country's capacity to pay, the political nature of the problem, shared responsibility of debtors and creditors in this matter, and the need to establish formulas for emergencies in order to attenuate the negative impact of external factors beyond the control of the debtor countries.

39) To date, negotiations have not reflected these principles. They have only been temporary and palliative efforts and not a permanent solution to the problem, since the burden of the debt has grown. Negotiation processes are recurrent, excessively long and complex, which causes uncertainty in designing long-term development policies and inhibits investment decision-making and autonomous financing flows. . . .

43) . . . If the progress foreseen is not achieved within a suitable time, some countries, in accordance with their own circumstances, may be forced to take unilateral measures to limit their debt servicing in a manner consistent with their development needs. In this regard, we express our solidarity with the countries which, in exercising their sovereignty, take measures to limit their debt servicing to their capacity to pay. . . .

45) We commit ourselves to act jointly to fight against unilateral decisions based on domestic laws or on policies of force and to fight for a strengthened international trade system that will enforce its norms and principles, which is an essential condition for the economic security and sovereignty of our countries. Furthermore, we object to the unilateral trade concessions demanded from countries of the area as a condition for obtaining external financing.

46) Regional integration is a political commitment of prime importance to our countries and a tool for change and modernization, which should involve the active participation of all economic and social agents.

47) . . . Integration is an essential tool for ensuring more effective participation of the region in international relations and expanding its negotiating power vis-à-vis third parties. . . .

49) These measures, as a whole, will encourage the gradual establishment of an expanded economic space in the region and will be aimed at ultimately converging into a Latin American common market.

García: 'This is the day of Creation'

The following are excerpts from the speech of Peruvian President Alan García, to the opening session of the Acapulco summit on Nov. 27, 1987.

Those who believe in sovereignty and in justice have come here because there is no greater cause, nor more important revolution, than the unity of Latin America. In view of the challenge posed by the year 2000, and the hopeful yearnings of Latin America's youth, we know that the moment for action has come. . . .

Democracy is ephemeral, development is transient, and justice unreachable in our countries as long as we shut our borders to history, as we have done until now. As long as Latin Americans remain divided, we will suffer the dictates of those who benefit from injustice, and our people will remain bent under the weight of the debt.

When we are asked why democracy in Latin America is unstable, poor, transient, some answer that it is the continent's lack of political culture, but this is an unacceptable colonial response. Others say that it is because there is much injustice, but this is only part of the truth. The minorities that economically dominate us truly respond to foreign interests. In the end, one must say: Democracy is weak and unstable because there is much international domination, because Latin America suffers a great dependency. But, why does it suffer this dependency and this domination? It suffers because it is divided, because we are isolated, separated, and thus, what Latin America suffers is nobody's blame but ours. . . .

We did not learn this lesson during the difficult crisis of 1929; then, when the prices of raw materials fell, each of us sought mistakenly, illusorily, to build our own industry, our own market. . . . Today . . . we must ask ourselves if, in this 1987 crisis, we are going to forget the lesson of 1929 and if we are going to attempt, yet again, to negotiate separately, to attempt the leap of technological development, which would be a mortal leap into the abyss if each of us attempts it individually. And we must ask ourselves if we will understand that which has been mentioned here, that some day there will be an enormous breach between the producers of technology and the consumers of technology, something that can only be avoided by the unity of Latin America, as a great

market of technology for the future and of great productive potential.

And if we didn't learn the lesson in 1929, we must in this 1987 respond in the only manner possible: with the economic and political unity of our continent. . . . We need the capital and technology of the rich countries, but . . . they also need us. They need us urgently as a market for their capital, their technology. . . . They are not yet aware of this truth, of this interdependence. . . .

As has already been stated here this morning, it is not a time for words, but for action . . . without vacillation and without fear. . . .

However, there is something else: The fear has been shattered, the myth is extinguished, the untouchables disappear from the scene. Several countries have limited the amount of their payments—*de facto* or *de jure*—and nothing has happened. We can now enter into that unknown territory of which we have been so fearful. The threats have proven to be merely paper threats. . . .

We must therefore act now, perhaps with different goals but jointly. To act collectively does not mean all of us adopting the same method, the same procedure; to act collectively means deciding to act at once, albeit with different methods. The debt can take different forms in each country, but it is a single problem. And it is here . . . that we must reach an agreement to act, to take a cumulative step toward the decision the world expects of us. . . .

Each of us has the right, in the name of our people, to pay no more than our economy can pay, and to not pay if the social situation does not permit it; that is the moral law of the debtor, and the moral obligation of we who govern. We are not obliged to recognize more than a just interest rate. . . . We must be capable of establishing a Latin American interest rate; we must set limits to the payment of the debt in relation to our income; we must give the debt the market value which it bears in fact, and not pay interest at the hypothetical and nominal rates they would force upon us. . . .

A decision must be made, because the debt is the great motor of Latin American rebellion; it is the objective condition for unity and the greatest contradiction of the international economic system. Let us not miss the train of history, nor entrap ourselves in vacillation; collectively or individually, we must act. . . .

This meeting is therefore a decisive step toward unity, and whatever the result—small or large—it will be a precedent which we must pursue with further steps. Unity cannot be negotiated by technocrats. It will be a political event like this. . . .

And this world of the possible, of freedom, is ours. Other people have already paved the way. In our world, there is a long way yet to go. . . . As stated in Genesis, this is the day of the Creation. If we can part the waters and deserts to irrigate the lands and make them fertile, we can also bring the light of unity out from beneath the shadows of debt, misery, and violence.