Ibero-Americans look to a debtors' cartel

by Timothy Rush

For the first time, Ibero-American leaders and heads of state have moved beyond warnings that a "debt bomb" could be unleashed, to directly call for joint renegotiation of the region's $300 billion debt.

During a pair of important summits Oct. 10-12, 1982, spokesmen for Mexico, the Dominican Republic, Ecuador, and Bolivia, declared in coordinated statements that Ibero-American foreign debt must be renegotiated on the debtors' terms—preserving growth possibilities in this area of 350 million people, instead of dictating deepening austerity measures which bring down the creditors with the debtors in a general crash.

This emergency tactic was first put forth by *EIR* founder Lyndon LaRouche in May, during a visit to Mexico to meet with Mexican President José López Portillo.

Hernán Siles Zuazo of Bolivia, on the eve of his inauguration as Bolivian President Oct. 10, declared that he would propose joint debt renegotiation as one of his first acts in office. Ecuadorean President Osvaldo Hurtado, in La Paz along with the presidents of Peru and Colombia for the swearing-in, stated that he agreed with Siles Zuazo's call and would promote a meeting of the Finance Ministers of the five Andean Pact countries to draw up a concrete plan.

What gave weight to these statements from some of the smaller nations of Ibero-America was the bombshell dropped by the head of Mexico's governing party, at a concurrent La Paz meeting of the association of Ibero-American political parties known as the COPPAL. PRI president Pedro Ojeda Paullada, an intimate of President López Portillo, insisted that now is the time "to establish coordination mechanisms between debtor countries of the region." Previously, Mexico had only hinted that it might take such a step.

"The great powers try to make Latin America responsible for the crisis," he stated. But "we are not the ones who determined the restrictive monetary policies which raise the interest rates and contract the demand for our products. . . They transfer the crudeness of their antagónism to fratricidal wars which devastate the poor nations. The great powers affirm that the efforts for development undertaken by our weak economies are the source of disorder in the international financial system. . . . The problems which overshadow the future of Latin America are the same which place the future of humanity in danger."

The final resolution of the COPPAL included a commitment to "act globally to support its respective governments in renegotiating foreign debt," according to Mexico press accounts. The grouping of political parties also gave full backing to the Mexican bank nationalization and exchange-control decrees of Sept. 1, as measures that represented a "defense of sovereignty."

As presidents and heads of parties convened in La Paz, President López Portillo flew into Santo Domingo for a lightning two-day summit with recently inaugurated Dominican President Salvador Jorge Blanco.

It was the next move in the unfolding sequence of personal diplomatic initiatives of López Portillo which included his address to the United Nations Oct. 1 calling for a New World Economic Order.

On the eve of the visit, Jorge Blanco told a reporter for Mexico's *Excelsior* newspaper that the debt question must be solved collectively. "Faced with the crisis of the world economy, the rising cost of credits and the onerous interest rates which are strangling the developing nations," he stated, "the debtor countries must form a common front of negotiating strength that makes good its own conditions against its powerful creditors."

López Portillo decided further actions, not words, were required on his part. The central event of the visit was the rescheduling of 30 percent of the Dominican Republic's oil debt to Mexico over a period of 20 years, with three years' grace period and just two percent interest. The funds freed by the de facto debt moratorium will be used to "stimulate economic development projects," in areas such as metalworking, oil exploration, and dam-building, according to the protocol signed by the two governments.

López Portillo restated the message he conveyed to a closed-door session of Ibero American diplomats at the United Nations Oct. 1. Now is the time for Ibero America to convert regional integration "into reality and not just a political goal." The region must direct its political objectives and popular struggles against "those who attempt to hinder the consolidation of the region's socio-economic development."

Hysterical bluffing

The reaction from a faction of the international Malthusian banking elite, working through Kissinger, Rockefeller, and Secretary of State George Shultz, is a policy recently termed "hysterical bluffing" by LaRouche.

The basis of the strategy is to tell Third World nations close to the "debt bomb" option that the "soft-line" Kissinger-Rockefeller faction will "eventually" provide liquidity to those nations which play ball. However there is no capacity to deliver on the promises; there simply does not exist the many-hundreds of billions in bailout funds required. The idea is to buy time until Kissinger and associates can put in place the assassinations, border conflicts, coups and internal upheavals, which would reestablish the domination of the Malthusians.

The Aspen Institute, with Kissinger on its board, completed a blueprint for such dirty operations last spring under the title "Study of Western Hemisphere Governance." (See EIR, July 27, 1982).

However, the political shock wave created by the Malvinas crisis, and now the accelerating motion toward the economic recovery conception jointly put forward by López Portillo and Brazilian president Figueiredo at the United Nations (see article, page 33),

profile response. The second week in October, a Rockefeller grouping announced in Washington a six-month "Inter-American dialogue" of 48 prominent figures from throughout the continent. Notable was the presence of Trilateral Commission-style liberals, to give the project its necessary dusting of "understanding for our Latin brother." (The underlying racism of the venture was manifest in the pervasive misspelling of the Ibero-American names in the official list of members.)

Press outlets of the same forces, such as the *Washington Post* and the *New York Times*, suddenly discovered the Figueiredo and López Portillo speeches, weeks after they had been delivered, and played up their "lessons." "It is conceivable, in desperation," wrote *New York Times* columnist Robert Bennett Oct. 10, "that Mexico might join together with other countries and declare a unilateral moratorium on their debt repayments. That, of course, would be disastrous for the world banking system. . . . The article urged appropriate caution and carefully administered doses of credit contraction.

It is now a race to see which side can consolidate its initiatives fastest—those moving in the direction of LaRouche's "debt bomb" and Ibero-American Common Market proposals, and the countermoves spearheaded by Kissinger.

Colombia on the Mexico track

The actions of Colombia underscore the fight Kissinger and company have on their hands. On the eve of attending the Bolivian inauguration, President Belisario Betancur, by executive decree, declared a 24-hour economic emergency. During this period he carried out the first bank nationalization in the history of Colombia, taking over the fourth largest private bank in the country, the Banco del Estado, from the family of mafioso-linked speculator Jaime Mosquera Castro.

The President also 1) ordered all non-authorized "financial institutions" to shut up shop within a defined period or face jail; 2)

ciers caught making illegal "self-loans", a common practice in the speculation-ridden banking circles of Colombia; and 3)

tute a vast speculative enterprise in the country, from using public deposits for their loan-sharking operations.

It was a Mexico-style exercise in executive powers to cut through the speculative distortion of the banking system. Betancur told the country that his administration "intends to put an end to the financial machinations practiced by some circles. If these private banking groups continue acting as they have, the government will not hesitate in nationalizing the entities involved and will not be deterred from the nationalization of the entire banking sector of the country."

Finance Minister Edgar Gutiérrez Castro declared, "The situation is just beginning. What is clear is that the government has been able to construct a veritable arsenal of instruments. . . to enable it to intervene to prevent operations of speculation or abuse of the savings mechanism."

Using the same presidential powers to bypass recalcitrant forces in the Congress and the cabinet, Betancur simultaneously announced Colombia's definitive decision to join the Non-Aligned movement—a stunning change of direction for a country which for decades has served as a loyal Washington errand-boy in foreign policy matters. And he reiterated his intention of hosting a summit conference of all continental presidents and heads of state in Cartagena, Colombia, early in 1983, a meeting that would almost certainly be a forum for Common Market and other initiatives.

The continent is looking at Mexico's tense negotiations with the International Monetary Fund as the key test of the strength of the emerging debtors' cartel.

As of August, Mexico suspended payment of principal on its $80 billion foreign debt, and has delayed interest payments. It is negotiating a three-year, $4.5 billion IMF package, that would in turn release approximately $1 billion in "bridge" funds from a group of OECD country central banks, and at least $1 billion from U.S. and European private bankers.

An IMF deal—on Mexico's terms?

Mexico is conducting these negotiations "on the basis of the President's speech at the United Nations," reported former congressman Roberto Jaramillo upon leaving a meeting with López Portillo Oct. 9. "In the speech," Jaramillo continued, "López Portillo stated that Mexico had no option but to declare a debt moratorium or establish another type of negotiations with the IMF, different from the customary ones."

López Portillo seems to be playing an astute game of telling the IMF: "I'm willing to sign with you quickly now—on Mexico's terms. If you insist on a drastic austerity formula, you'll have to wait until my successor takes over in December. You can't be sure he will be that different from me; and anyway, can you risk the kind of example Mexico can set in resisting the IMF over the next six weeks?"

Mexico floated, through the *New York Times*, a version of what it would like to see in an IMF accord. On Oct. 12 the *Times* reported that, according to Mexican sources, an IMF delegation in Mexico had "reluctantly" accepted that Mexico "maintain full foreign exchange controls, a two-tiered exchange rate, tight import controls and domestic rates far below the current rate of inflation." The unnamed Mexican officials also believed the Fund would accept Mexico's offer of cutting federal spending in 1983 to 10 percent of GNP, rather than the IMF's hoped-for 6 percent.

The next day a spokesman for the IMF denied any agreement was at hand. Senior IMF officials characterized the *Times* account as inaccurate and misleading.

Reagan-De la Madrid talks

The Oct. 8 meeting between Mexican President-elect Miguel de la Madrid and Ronald Reagan, in San Diego, did not shed a great deal of light on how the De la Madrid government will act once in power Dec. 1. The talks were more "get-acquainted" than substantial, according to a number of reports.

However, De la Madrid informed Mr. Reagan that Mexico under his direction will continue to demand those global economic changes which are required if Mexico is to free itself from its current economic quagmire.

"I made it clear to Mr. Reagan," De la Madrid later reported back to his nation, "that in the interdependent world in which we live, we need understanding and the support of other countries, fundamentally in the financial area, to allow us Mexicans to arrange the service on our foreign debt under terms in which we can pay our obligations. We Mexicans know how to meet our commitments, if there are realistic conditions for doing so."

The Linowitz Commission

A 'Club of Death' for the continent

The old crowd of "Latin America handlers" long run by the Rockefeller family has been wheeled out again. The "Inter-American Dialogue" which begins its six months of labors Oct. 15-16 will be chaired by Sol Linowitz, the star of the Trilateral Commission-backed 1975 report which set policy for the Carter administration a year later, and by long-time Rockefeller stooge and former president of Ecuador, Dr. Galo Plaza. Funding is being provided by the Ford and Rockefeller Foundations and the Rockefeller Brothers Fund. Logistics are handled by Abe Lowenthal, formerly Latin American director for the Council on Foreign Relations in New York, and currently head of the Latin American program, Woodrow Wilson Center, Washington.

What distinguishes this year's "soft line" line-up is that its major figures have had an additional seven years to develop blueprints for the Malthusian decimation of the continent. In fact, there is a multitude of members with experience in the Council on Foreign Relations' 1980s Project "controlled disintegration" study series, the Carter administration's Global 2000 effort and sequels, the Brandt Commission, the Aspen Institute, and directly with the Club of Rome:

- **Cyrus Vance:** Trilateral Commission, director of the CFR 1980s Project; initiator of the *Global 2000 Report*.
- **David Rockefeller:** Henry Kissinger's bankroller.
- **Sol Linowitz:** Club of Rome patron when head of Xerox Corp.; former board member, drug-linked United Brands, Marine Midland Bank; Panama Canal negotiator for Carter; member, CFR.
- **Theodore Hesburgh:** President of the Rockefeller Foundation; former member, advisory board of Chase Manhattan Bank.
- **Robert McNamara:** Defense Secretary during the "population war" in Vietnam; for a decade, chief of World Bank's retooling for genocidal "appropriate technologies."
- **Edmund Muskie:** Vance's State Department successor who released the Global 2000 document.
- **Frank Shakespeare:** Former head of U.S. International Communications Agency (USICA); during Shakespeare's tenure, this premier U.S. propaganda agency was converted into wholesale promoter of Club of Rome and Global 2000 ideology. Member, Heritage Foundation; mem-