

EIR Special Report

Common market spearheaded by Brazil and Mexico

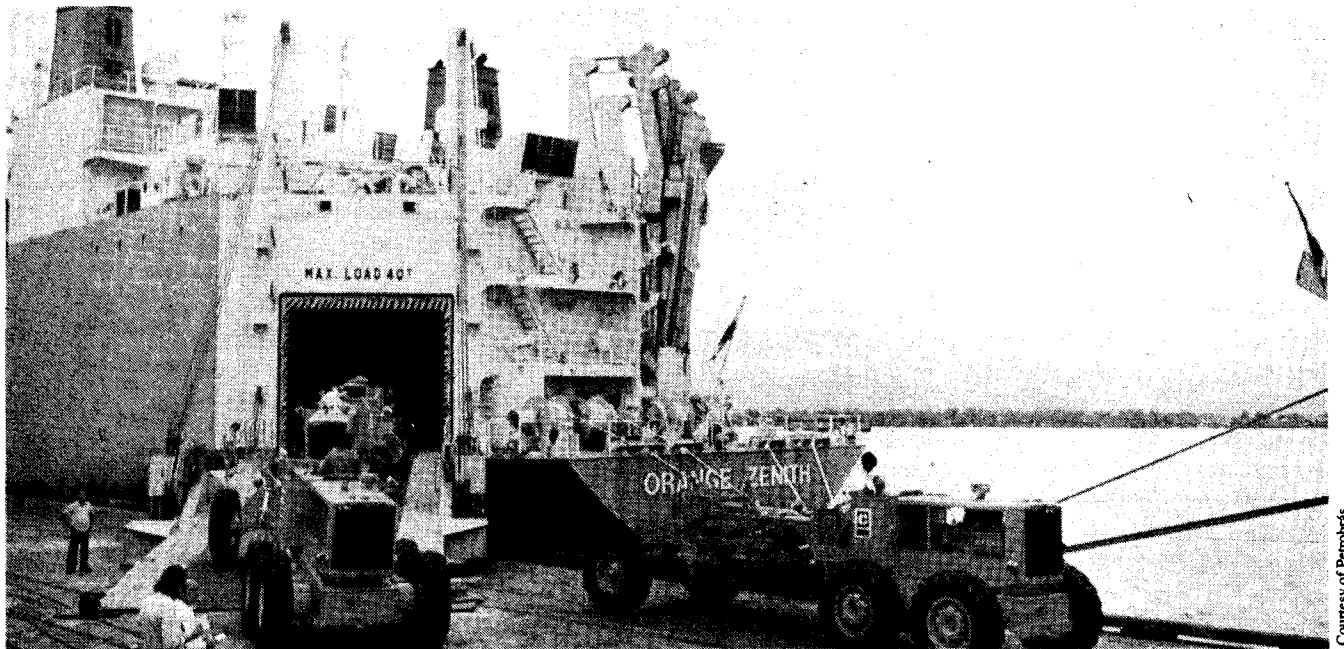
by Mark Sonnenblick in New York and
Josefina Menéndez in Cancún

Latin America is beginning to trade without dollars. At their April 26-29 presidential summit, the governments of Mexico and Brazil made the political decision to unite forces and begin to integrate their economies to force an end to the world crisis or—failing that—to survive it. Rather than giving every dollar they earn from their exports to the debt collectors (as Brazil did last year), they have decided to barter their production and rapidly multiply tenfold the trade between themselves. Mexico is exporting its oil in exchange for Brazil's machinery and food grains without either partner having to have a dollar or a "good credit rating."

When extended throughout Spanish and Portuguese America, such a dollar-free common market will give its members freedom to force creditors either to renegotiate the \$300 billion in debts under socially tolerable conditions or to hold debt paper which will never be collected. Now that the continent's two most powerful nations—and the world's two largest debtors—have broken the ice, such barter operations are likely to proliferate throughout the region.

The political commitment Mexico and Brazil forged was not just to themselves, but also to what Mexican President Miguel de la Madrid called the "common fatherland" of all Ibero-America. Brazilian President João Figueiredo did much to end the tragic history of "divide and conquer" by which the British and their junior partners in the U.S. State Department have cynically manipulated a "balance of power" in Latin America in their own geopolitical interests. General Figueiredo caused Henry Kissinger's heart to bypass several beats when he categorically declared, "If the United States decides to invade Central America, Brazil will never support it." The "special relationship" Kissinger signed with Brazil in 1975 is now a dead letter.

By laying the foundations for Latin American economic self-sufficiency, Brazil and Mexico are not seeking to break with the United States. Yet, if Washington fails to heed the "urgent appeal" issued by Mexico and Brazil for the United States to break out of its own depression through "the accelerated development of the countries of the South," it will lose its natural markets to the south. The United States will witness the demise of the dollar in Ibero-America, as it rapidly becomes a currency good only for the odious task of usurious debt repayment.



Courtesy of Petrobrás

Caterpillar road graders made in Brazil en route to Ecuador in exchange for oil; \$20 million of Brazilian-made Massey-Ferguson farm tractors were bartered to Mexico at the Cancún summit. Latin America can produce almost all its needs, if necessary.

Figueiredo and de la Madrid sent out an alert that the economic summit meeting in Williamsburg, Virginia, on May 26-27 may be the last opportunity for the industrialized countries to end economic chaos with a new system of North-South cooperation.

'Development means more U.S. jobs'

The "Declaration of Cancún," which the two presidents signed on April 29, explains how unemployment in the United States could be ended through a New International Economic Order. The Brazilians and the Mexicans do *not* ask the U.S. taxpayers for a single penny of "foreign aid," and they certainly did not ask for the United States to throw away \$8.4 billion into the International Monetary Fund (IMF), an institution which has destroyed Ibero-American nations' productive capacity and their ability to repay their debt. development of the countries of the South is necessary not only to meet the aspirations of their peoples, but also to contribute to the modernization of the economies of the developed countries themselves, thus alleviating their grave unemployment problems."

Not a word of the Cancún message directed toward the people and government of the United States was allowed to appear in any of the American newspapers and other media monitored by *EIR*. The only coverage found at all was a story in the *Journal of Commerce*, which reported on the barter deals. The blackout was so extreme (although complete reports were carried in all the Mexican and Brazilian press) that even specialists like a large Canadian bank's Latin America analyst were unaware that the meeting had taken place.

The declaration recalls that "one out of every six industrial jobs in the United States depends on exports to the developing countries," and continues, "Thus accelerated development of the countries of the South is necessary not only to meet the aspirations of their peoples, but also to contribute to the modernization of the economies of the developed countries themselves, thus alleviating their grave unemployment problems."

An iron curtain descended around the United States to preserve the delusions of the Reagan administration and the American population that the fabled domestic "economic recovery" and continued IMF-mandated austerity in the underdeveloped sector would make the crisis disappear. Not a word of the Cancún message directed toward the people and government of the United States was allowed to appear in any of the American newspapers and other media monitored by *EIR*. The only coverage found at all was a story in the *Journal of Commerce*, which reported on the barter deals. The blackout was so extreme (although complete reports were carried in all the Mexican and Brazilian press) that even specialists like a large Canadian bank's Latin America analyst were unaware that the meeting had taken place.

How to form a common market

Throughout Ibero-America, people are waking up to the fact that they have much to gain and little to lose in creating a new trading system. The strategy being followed by the Brazilian foreign ministry and others who are leading the way is to try to get a whole series of bilateral deals in place before formally announcing that barter has replaced the dollar.

At issue is the call made last August by noted U.S. econ-

omist Lyndon H. LaRouche, Jr. for the Ibero-American nations to join in a strong common market and drop what he called "the debt bomb," originating the use of this term. LaRouche argued that the Anglo-American military onslaught against Argentina presaged a return to "gunboat diplomacy" for debt collection.

LaRouche insisted that the Ibero-Americans help persuade the United States to stop acting as an enforcer for the City of London and return to Monroe Doctrine policies of defending the sovereignty of sister republics. The Declaration of Cancún carries through on many of his suggestions.

Riots and the prospect of more serious social problems have convinced even the most pro-U.S. public officials throughout the continent that they must find an escape from IMF policies, and from the destructive GATT system of free trade. The continent is seething with discussion and motion towards "creative mechanisms" for dealing with the crisis:

- Peruvian President Francisco Belaunde Terry has called for an Andean Pact currency to revitalize that flagging common market. Even formerly staunch advocates of free trade such as the Peruvian National Society of Industries and the Peruvian Exporters' Association are now promoting state-to-state barter operations and the formation of a Latin American common market.

- Such a market could be established at a summit meeting of all the region's presidents. Brazil and Mexico formally endorsed the call for such a meeting made by Ecuador's Christian Democratic President Osvaldo Hurtado.

- Colombian President Belisario Betancur is on record for joint solutions including possible joint debt renegotiation.

- Brazil is making barter arrangements into a way of life. In addition to deals noted elsewhere, Brazil is negotiating systems for trading without dollars or the mediation of international banks with Venezuela, Argentina, Uruguay, Paraguay, Algeria, and Iran.

- Brazil and Nigeria are about to sign barter agreements to permit bilateral trade to return to the 1981 level of \$1.5 billion. It has fallen to practically zero, due to the refusal of international banks to finance their trade.

- Brazil and Angola signed an agreement on April 15 for Angola to exchange \$100 million of oil for Brazilian steel products.

- Brazil is bartering bauxite for oil with the Soviets. A huge Soviet industrial fair took place in São Paulo the first week in May, designed to increase trade, including triangular trade with East bloc members such as Poland, by roughly 50 percent.

- A very high-level Libyan delegation was just in Argentina secretly; *EIR* has reliable reports from Buenos Aires that various forms of barter deals are under consideration.

- Venezuelan Finance Minister Arturo Sosa is discussing trade deals with Japan, denominated in yen, not dollars.

- The Venezuelan government has signed small barter deals with Ecuador and Peru.

- Argentine and Mexican officials reportedly discussed barter during a recent meeting of the U.N. Economic Com-

mission on Latin America in Santiago, Chile.

Argentina is the missing link—and it is a crucial one. While Ibero-America has all the oil needed to supply its needs and is thus invulnerable to energy warfare, only with Argentina's immense grain and beef capabilities can it immediately insure itself against the food warfare which has been plotted by the Club of Rome and other think tanks. As shown in accompanying reports, Argentina's break with British free trade policies will require a change of government.

Argentina's participation in the emerging new trade bloc will give that bloc the required flexibility to make it a genuine multilateral institution. Right now, Mexico needs more grain than Brazil can provide. Argentina could send grain to Mexico, receive payment in capital goods from Brazil, with Brazil getting oil from Mexico.

As the exchange process moves beyond simple barter, and becomes multilateral rather than bilateral, trade becomes extremely difficult unless there are norms for deciding the values of varied products and a multilateral clearing system for payments. That is the function of a common market, an Ibero-American central bank and a regional currency—the necessary next steps on the Ibero-American economic agenda.

While all the separate barter operations are being quietly mounted, there is still a tremendous fear in Latin America of antagonizing the international bankers. Hence the loud public disclaimers of any intention to cease debt payments or form a debtors' cartel. The fear is understandable. U.S. Treasury Secretary Donald Regan and more overt emissaries from Morgan Guaranty bank have threatened all the major countries that they would lose access to the U.S. credit and trade markets and would have their vital imports blocked if they sought to jointly renegotiate their debts. The argument is that economic activity and consumption would be ravaged if Ibero-America dares break with the IMF.

Studies conducted by *EIR* over the past eight months, however, reach the opposite conclusion. A preliminary report, summarized below, found that the region is self-sufficient in food, energy, and almost everything else, and could therefore stand up to economic warfare. Another *EIR* study published in January and based on the LaRouche-Riemann econometric model found that the Mexican economy will disintegrate if IMF conditionalities continue to be applied, whereas Mexico could achieve a modest recovery if it broke with the international usury system and defended its productive apparatus with the aid of a common market. *EIR* is currently applying the model to Ibero-America as a whole to provide a graphic contrast between the common market approach and the current IMF austerity policies.

Latin America's leaders, however, are not waiting for all the data to come in. The hunger, the riots, the dangers of spreading conflagration they see all around them, have convinced the more courageous of them to act now. General João Figueiredo and Miguel de la Madrid have created new hopes for the world. Will the United States seize its opportunity to avert a financial collapse? Or will the South be forced to go it alone?

'Foster development of the South to reactivate industrialized nations'

Excerpts from the "Declaration of Cancún" issued jointly by the Brazilian and Mexican Presidents April 29. Emphasis has been added.

The Presidents of Mexico and Brazil, meeting in Cancún, the site of the first encounter between heads of state and government on international cooperation for development, in view of the situation of the world economy and the stagnation of the North-South Dialogue, declare:

Mexico and Brazil are both quite worried by the marked deterioration of the world economic situation, which is drowning the international community in the gravest crisis since the thirties.

The crisis has lowered the world's economic growth rate, and made it negative in 1982. The crisis has also meant a period of stagnation for Latin America, provoking in 1982, for the first time in almost half a century, lower production in the region, accentuated deterioration of the terms of trade reaching 30 percent over recent years, and a 10 percent drop in export income last year. The crisis has also caused foreign debt to increase rapidly up to the order of \$300 billion for the Latin American region.

There are recent signs—though limited and unreliable—of recovery in some developed countries. These effects, however, will not translate into a sustained and stable expansion of the world economy, and in particular, of the developing countries, if the barriers to trade persist and the deterioration in international cooperation continues.

In the face of the imperative need to confront this situation, the Presidents of Brazil and Mexico underlined the importance of paying attention to the following considerations:

The region has had to take adjustment measures with high economic and social costs to face its acute foreign imbalance. The Latin American countries cannot accept that these measures become translated in the medium and long term into economic retraction and continuous lowering of already inadequate income levels. They demand, therefore, urgent effective actions to give their exports access to developed countries' markets and sufficient financial resources under adequate conditions.

The duration, scope, and depth of the crisis reveal its structural character and the deficiencies of the international

economic system. The growing integration of the world economy demands simultaneous and coordinated measures, especially in trade and finances. The crisis can be dealt with only through global initiatives of international cooperation. . . .

A static recognition that interdependence means that all economies are influenced by each other is not enough. It is urgent that interdependence be converted into a vector to transform the prevailing international economic order. *Thus, accelerated development of the countries of the South is necessary, not only to meet the aspirations of their populations, but also to contribute to the readjustment and modernization of the economies of the developed countries themselves, alleviating their grave unemployment problems.*

The developing countries are already a dynamic and important participant in the multiple settings of the world economy. Approximately one-third of the exports of the developed countries go to the developing sector. One out of six industrial jobs in the United States depends on these exports.

Under conditions in which the developed countries have ample idle capacity in many sectors, the import demand of the developing countries offers them an enormous potential to reactivate their economies on a non-inflationary basis. . . .

Fostering trade

[T]he flows of resources necessary to foster development and finance trade [must be] restored. Linked with these actions, progress in the reform of the international monetary system is necessary, as the developing countries have repeatedly proposed.

The presidents of Mexico and Brazil . . . direct themselves in particular now to the heads of state and governments of the industrialized countries who will meet next May in Williamsburg, with the hope that they determine to make international economic cooperation effective for development, and to efficiently confront the crisis.

The Brazilian delegation included businessmen avid to make deals with their Mexican counterparts and to orient them on how to fight for economic growth. Arthur João Donato, the president of the Federation of Industries of State of Rio de Janeiro, made participants in the Mexico-Brazilian

business luncheon April 28 aware that the summit had changed the world:

Today's situation has changed as a function of the crisis. . . . The creditors of Brazil and Mexico will take the change that has happened into account in order to change their behavior from that of mere inflexible bill collectors.

Excerpts follow from Brazilian President Figueiredo's welcoming statement, April 26:

The developing countries cannot bear the greatest burden of the present economic crisis, because they are not primarily responsible for it, and because they lack the ways and means to survive it. To subject us to greater sacrifices imposed by the international dislocation brings grave risks, even for those who delude themselves in believing that they are the beneficiaries of existing structures. Equilibrium and austerity may not be obtained to the detriment of economic growth nor by the asphyxiation of the productive apparatus on which the welfare and social happiness of our populations depend.

We cannot accept the unending decline in the levels of international trade and exchange which we fought to set up between developing countries. The preservation of the growth of our economies is an important factor for the relaunching of the world economy on a solid basis.

[Figueiredo then charged that the industrialized countries had betrayed the promises of global solutions they made at the Cancún summit, two years ago. The spirit of Cancún could have greatly improved North-South relations,] were understanding of the real meaning of that dialogue and political will to carry through on its objectives. From the Cancún meeting until today, in reality, the North-South dialogue has only regressed. . . . We must have the humility to recognize the faults of the present system and look in new mechanisms or new institutions for the welfare of humanity.

At the presidential state dinner, April 27, Mexican President de la Madrid stated:

Although the recent conflict in the South Atlantic brought forth the blossoming of an atmosphere of Latin American unity which must not be lost in peacetime.

Mexico is committed to solidarity with Latin America. On this solidarity Mexico bases its most deeply rooted principles and our most closely held responsibilities. Our international doctrine has never sought to fill power vacuums, nor take leadership roles where a nation's essence is lost along the way. Let us affirm our political will to achieve solidarity and integration; and let us unite forces to overcome with vigor and self-confidence the great problems which trouble our peoples.

Of course, not everything falls exclusively upon us. But, quite the reverse of the linear thinking on which empires are based, international life is not the preserve of unilateral ac-

tion, nor should it be a laboratory for a select few. State society as a whole is obliged to perform decisive tasks in the century now closing and which already takes shape. Given the unjustified and incomprehensible persistence of our problems, it is legitimate to say that the international system is in crisis. . . .

We should not give in to a simplistic study of conspiracy theories because the great powers themselves are moved by hidden forces. Nor should we. . . reach the absurdity of believing that there are entire nations willing to deliberately go to self-immolation, in order to preserve the benefits of their leaders, in an obvious show of unsustainable Manicheism. . . .

The pretexts invoked to increase tensions and to destabilize the links between the countries of Central America and the Caribbean abound. Thus, we must multiply the incentive for pacification and intensify contacts and consultations among the states directly involved, in unrestricted support for the principles of non-intervention. We must prevent impulses for renewal from being annulled, and provocations from overflowing into a generalized and uncontrollable conflagration, which could harm all of us, the powerful as well as the weak.

I am convinced that the so-called spirit of Contadora must be transformed into a continuous spirit of détente. . . . We must also remember that the peace task has focused so far—due to the extreme dangerousness of the situation—on political management of the effects of the conflict, but not on its causes. . . .

To counteract the strategies of extermination, we have sought purely technical formulas which have not managed to remove the obstacles. Now is the time to also seek the human solutions demanded by the enormous sufferings of these peoples, in a new and revitalizing escalation of peace.

Central America and the Caribbean show the international crisis in its virulent form. But its dark trail also clouds the horizon of countries like ours. I won't say that it has the same effects on Mexico or on Brazil, nor that we are on the edge of the precipice.

It is undeniable, however, that the turbulencies of the economic retraction have transformed themselves into deep financial fissures which, in the form of the foreign debt, have endangered our hope for development. These phenomena of retraction again lead us to warn that the inadequacies of the international economic structure are a limiting factor rather than a starting point for solving our problems, which only we can do; because this is our inalienable responsibility. . . .

It is important to emphasize that the interdependence which Brazil and Mexico seek is among equals. . . . Our binational cooperation should be made into a decisive factor of mutual benefit and critical mass for a rapprochement within Latin America. . . . That is how we answer to the deep affection the Mexican and Brazilian people have for each other and the responsibility imposed on us by our own specific weight.

Mr. President: The greatness of Brazil does not lie fun-

damentally in its vast geographical spread nor in its enormous development potential, but rather in that great source of wealth which is your people. . . . Your destiny is tied to the destiny of the Latin American nations; and thus, with that of Mexico. Yours is a nation which has an invaluable resource in the intelligence and strength of your institutions. The time has come to give new form to the aspirations of our peoples because the time has come to fight for policies in favor of man and his hopes.

I toast to the solid friendship between Brazil and Mexico and for the confidence that together we will know how to move ahead. . . .

Mexican President de la Madrid declared during an April 29 toast to his Brazilian guest:

We have established the necessary political climate at the highest level of mandate of our Republics . . . but it will be our officials, our intellectuals and technicians, our businessmen and artists who will have to give content to this political will as it corresponds to our democratic, plural, mixed, and mestizo societies.

Mexican foreign minister Bernardo Sepulveda had this appreciation for the U.S. ambassador to the United Nations in his April 28 press conference:

When one listens to Mrs. Kirkpatrick, one is left with the impression that she has been a professor, schoolteacher, and that occasionally in the United Nations, she reproduces the treatment that she gave her kindergarden students. . . . It happens that the United Nations is a community of free and sovereign nations, where the principle of sovereign equality prevails. We have not and will not let any speaker of any government to dictate the nature and the orientation of our foreign policy.

[On President Reagan's speech to the Congress, Sepulveda stated:]

announced previously and which start from different premises on the Central American conflict, from those held by us, the members of the Contadora Group.

The president of the conservative Association of Brazilian Exporters, Humberto Costa Pinto Jr., declared:

All that blocked greater exchange between Brazilians and Mexicans was the underdeveloped belief that oriented our efforts according to the trade flows between the industrialized nations.

Anyone who thinks the restrictive monetarist policies imposed on us by the orthodoxy of international financial institutions will resolve our problems is deceiving himself. . . .

It is evident that the international financial system will soon have to admit that foreign debt requires an innovative

and creative treatment, so that, with more leeway we can go back to growing, producing, and exporting more to pay our commitments. If there are not daring and original initiatives of an international scope, we all run the risk of a regression into a world of closed and hostile economies, with all the perils that implies Without growth, we will advance toward desperation and revolt not only of the radical minorities, but of the majority of the workers.

Senator Albano Franco, president of the Brazilian National Confederation of Industry, told the same luncheon:

The force and arrogance of the rich countries gains much from the ingenuity and incompetence of the backwards or developing countries and from the present, aged, and unjust international economic order. This order, which benefits savage oligopolies and anoints soul-less, atheistic usury is the genesis of injustice, the other name for disorder.

[Franco warned that international capitalism is being discredited by the world crisis.]

interest costs, more than wage bills, weigh down on and multiply firms' costs.

Not a word appeared in major U.S. media during or after the summit. Coverage elsewhere was sparse. The Times of London, April 27, wrote about the summit:

There is much speculation . . . [they] tenuity plan during their two days of talks whereby their two countries would join forces into pressing the IMF and the world's banks into accepting their own, more favourable terms for repayment of their vast foreign debts. [The Times] says analysts in both countries think they could insist later [this year]

periods for their repayment or both. This in turn would lead to huge losses for the international banks. . . .

The crisis has brought common market fever throughout the continent, even among business layers which had traditionally opposed stronger roles for the state in trade. Gonzalo Garland of the Peruvian Exporters Association spoke at an April 28 meeting of the Club of Life in Lima. Garland declared:

We have magnificent opportunities for Latin American-wide commercial integration, especially among the countries of the Andean Pact, where we have a population of 80 million alone Unlike any other continent, we have every type of natural resource plus the necessary industrial facilities in the making to do what is necessary.

For Latin America there is no individual way of moving forward except arm in arm. We cannot remain isolated entities, but must act jointly. One form of cooperation would be to form Latin America into a unity that can renegotiate its debt collectively.

'North-South understanding has never been so important'

Mr. Shigeaki Ueki, the President of Petrobrás, Brazil's state oil company, granted the following interview April 28 to EIR's correspondent at Cancún, Josefina Menéndez. Mr. Ueki served as Brazil's Minister of Mines and Energy from 1974 to 1979, before being named head of Petrobrás, which has \$16 billion annual sales. A previous interview with Mr. Ueki was published in EIR, on May 18, 1982.

Menéndez: How do you see the world economic panorama, especially in relation to oil prices?

Ueki: I think that the world situation is quite problematic. It is not only the oil price shock—the two oil price shocks; nor only the deterioration of world trade; nor only, in isolation, the lack of international liquidity. I believe that the interaction of all these interconnected problems has reached a climax, a point which really demands profound reflection from everybody. The world problem, in my view, is much, much graver than in the most pessimistic articles in the press.

I think the crisis is very serious and that it requires a courageous, unconventional, and unorthodox solution. And, unfortunately, this solution can only emerge after a major disaster. Because only then, unfortunately, will the top world leaders become convinced that the crisis is not something made up by the press, that the crisis really is deep. We hope that no greater disaster occurs, since the world already has enough conflicts in various regions to awaken the leaders to reality.

I think that the solution for developing nations has already slipped beyond their reach. The violent shrinkage of international liquidity has brought with it the end of capital flow from the developed nations into the underdeveloped nations. We are now probably witnessing the return of the capital invested over many decades in these underdeveloped countries back to the industrialized nations. Instead of capital transfer, capital is leaving.

In this environment, there is no way for the developing countries to overcome the crisis through their own efforts.

On the other hand, neither will the developed countries be able to solve on their own their crises of unemployment, which are a troubling source of increased social tension, even in the developed nations. The solution for the developed nations is also out of reach, beyond the capacity of the developed countries themselves. Thus, within such a complex international picture, it has never been so important as it is now to have a greater understanding between the developed and the underdeveloped countries.

In the developed countries, we see today idle capacity in all the industrial sectors, because with advanced technology, needs can be met with less utilization of raw materials. Plant and equipment are becoming obsolescent much more rapidly than the capacities of depreciation and amortization of the capital invested. . . . Thus, this change, this technological advance, combined with psychosocial reactions including the back to nature movement, of being more simple, is what is causing large-scale unemployment in the industrialized countries where the only expansion is in the service or tertiary sector. But we should all be conscious that the tertiary sector can only survive if the primary sector of agricultural and mineral production, and the secondary sector of industrial transformation, create the basis for the tertiary sector jobs. . . .

Well, how can we utilize this idle industrial capacity if we do not invigorate the economies of the underdeveloped countries? Therefore, in my opinion, if we don't first of all strengthen the International Monetary Fund (IMF) and create other more efficient instruments of cooperation in the international financial area, it will be tough to solve international liquidity problems. And without increasing international liquidity, we cannot expect to expand world trade, nor to resume the development of many countries in the world.

And second, all politicians must make a great effort to again sell the hope, the perspective of better lives for three quarters of the world's population. . . . This show of trust and this contagion of optimism, of hope for better days, can

only emerge from a union of the industrialized countries with the developing countries.

What rules today is strong pessimism that the solution is very distant. This is an environment favorable to the emergence of ideologies and movements which are no good, which are detrimental to world peace and harmony. I for deep reflection and courageous solutions.

Menéndez: What are the perspectives for development that Brazil found with Mexico? I understand that there is an agreement for Mexico to sell an additional 20,000 barrels per day of oil to Brazil.

Ueki: I

Mexico constantly increase. In Mexico and Brazilian imports from Mexico were on the order of \$700 million each way; that is a practically balanced bilateral trade totaling \$1.4 billion. During the first half of 1982, the balance continued, but in the second half, for reasons both countries already know, trade flows became quite unequal: Brazil imported \$450 million more than it exported to Mexico. In greater rate, which would become \$600 million if it continued all year.

Faced with this situation, our country, which is desperate to export in order to import products which are essential for our economy, must explore every possibility to sell any kind of Brazilian goods and services to Mexico to cut down this imbalance. From the varied contacts we made here in Cancún, many possibilities to Mexico; and decided to expand our oil purchases by 20,000 barrels per day, mostly because Mexico had a manifest desire for that increase, which also promotes greater economic cooperation between the two countries.

Menéndez: Could this type of accord with Mexico become a model for similar oil agreements with other Latin American countries? For example, between Brazil and Venezuela or Ecuador?

Ueki: It

first, the two countries as OPEC members have established base-lines for their production and made multilateral commitments which make bilateral understandings quite difficult. Second, both Venezuela and Ecuador—despite being at a stage of development similar to ours and Mexico's—have relatively limited markets. For this reason, to expect an understanding like the one we are seeking here with Mexico, will not be easy. . . . Naturally, to the extent we intensify trade with the countries of Latin America like Mexico, Venezuela, Ecuador, the relative weight of exports from other regions to Brazil will diminish. That is, countries outside of the area of Latin America will lose shares of our oil market.

Menéndez: Mr. LaRouche, the founder of the magazine

Executive Intelligence Review, has been speaking of the possibility for the countries of Latin America to organize around a Ibero-American negotiation of their foreign debts. Do you think that the barter agreements between Mexico and Brazil could be the beginning of establishing the foundation for an Ibero-American common market?

Ueki: Well, a broader understanding between the developing countries, intensifying exchange of their products as much as possible, above all without using up convertible currency, naturally, becomes an instrument which we all should try to bring into being. This is not an easy task because each one of our countries has specific problems and for historical and economic reasons we have stronger commercial links with the industrialized countries. . . .

It is politically desirable, economically desirable, in every way desirable for the developing countries to have stronger trade relations among themselves. I to think that because it is difficult, we should not try. Our company, Petrobrás, for example, has been putting great efforts into building up trade, precisely with developing countries. . . .

About the idea of forming a debtors' cartel, I is my personal opinion—that it is not in my way of thinking a good idea because we lack all, a moral base. If money, whether to consume or to invest, those out there who lent it refrained from consuming—saved while they could have spent it on other things, but decided not to spend and lent it to us. So, what we borrow, we must return. And, uniting the debtor countries gives a connotation of a collective action in order not to pay. Thus this posture is extremely difficult for us to adopt, because it could have a connotation of an irresponsible attitude. And we all should recognize that, unfortunately, the underdeveloped countries, our countries, despite the difficulties, despite the crisis there still share two other negative characteristics. One is waste; despite being poor debtors, unfortunately, we have a much greater wasteful tendency than the industrialized countries. . . .

The other characteristic we must also recognize is that, unfortunately, we work less. In holidays than in the developed countries. So if we were all working more, wasting less, and through some international scheming we were pulled into a crisis, we could consider a collective reaction. But before we take such a drastic position of collective reaction, we must have self-criticism in which each one of us who is responsible in the developing countries sees if we are really doing what we should. . . .

Then, if we are pressured by the foreign debt to the banks and by asphyxiating real interest rates, we will have the moral authority of collectively demanding a change. But without that, I any conditions nor any basis for a collective dialogue about this. That is my point of view.