Ibero-America blasts Kissinger debt grab

by Timothy Rush

Sebastián Alegret, permanent secretary of the Latin American Economic System (SELA), called the "debt-for-equity" scheme of Henry Kissinger—a way to bail out bankrupt financial institutions by looting the resources and industry of developing sector economies—a "very serious" threat to the continent in his speech at a "South-South" conference in Cartagena, Colombia Feb. 26. Alegret said these "proposals for collecting debts by taking equities in Latin American firms" would mean a new colonialism and "the years-long efforts of Latin America's countries to build their own industry would be lost."

The Kissinger forces, working through Paul A. Volcker's Federal Reserve, succeeded on Feb. 1 in putting into effect the "debt-for-equity" grab which Kissinger proposed last August in a private meeting in Vail, Colorado. Ibero-American nations which cannot possibly earn enough dollars to pay their debts—which have mushroomed due to Volker's interest rates—can now pay in "soft" local currencies, placed in blocked accounts with the debtor nation's central bank (see Banking, p. 13). These accounts will be made negotiable, used for equity investments in the debtor-nation, or marketed at a discount to another institution for local investment.

The same weekend that Alegret spoke, two leading Colombian dailies, *El Espectador* and *La República*, carried details of *EIR*'s attack on Kissinger's debt grab; Caracas daily *El Mundo* ran similar prominent coverage of *EIR*'s articles. In Argentina, editor Raul Horacio Burzaco of the daily *Tiempo Argentino* wrote a lengthy attack on what he termed the "Kissinger Plan," quoting from *EIR*.

Mexican debt diplomacy

The shock of Kissinger's huge looting operation has forced the nations of Ibero-America to regroup and end their retreat before the IMF. A policy of "joint guidelines" for debt renegotiation was made official policy of 27 Ibero-American governments at the Quito Meeting of the Latin American Economic System in mid-January. "Operation Juárez," *EIR* founder Lyndon H. LaRouche's 1982 proposal for ending the debt crisis immediately, has gotten new impetus from the announcement of Mexican President Miguel de la Madrid that he will begin a tour March 26 to Colombia, Brazil, Argentina, and Venezuela in order to "enhance the strategic value of joint actions in Latin America regarding regional problems." Along with talks on Central America, the trip will focus on efforts to "advance the creation of a regional system of consultation in the areas of financial and commercial relations."

"Operation Juárez" demonstrates how coordinated debt reorganization to re-open high-technology imports and rapid economic growth, and the establishment of an Ibero-American common market are essential for the survival of the continent's economies.

Leaders of the nations that de la Madrid will visit are expressing renewed opposition to the debt gougers. Brazil's Vice-President Aureliano Chaves, a leading candidate for president in elections early next year, made the strongest official attacks on the IMF in Brazil in six months. In statements covered in both the Brazilian and Argentinian press, Chaves declared that "the country is not in a position to meet its international obligations, given the form in which the IMF accord is established. How are we going to pay our international obligations, [when the IMF is] stopping, cutting off, and intercepting, our productive capacities? We must find new paths."

President of Argentina's Senate Finance Commission Juan Trilla declared Feb. 22 that the government of Raúl Alfonsín "is not prepared to pay interest rates which could be considered usurious, nor apply a recessive approach" to the economy. The new Argentine government is in the midst of negotiations with both the IMF and the international banks.

Trilla warned that Argentina could put its economy on a war footing: If international financial bodies "close the doors on us with demands that are impossible to meet, we will have no other route but to shut the economy off, and use other, non-conventional, approaches." We could "increase trade with the East and with Latin America," he stated, adding that the government is already beginning to accumulate reserves for such a contingency.

There are rumors in Buenos Aires that the Alfonsín government is studying a memo that outlines steps to carry out the strategy outlined by Trilla, if debt negotiations do not move ahead by a June deadline.

Former Venezuelan president Carlos Andrés Pérez, one of the most powerful figures behind the new Acción Democratica government of Jaime Lusinchi, declared in Lima, Peru on Feb. 27 that Venezuela will pay its debt—but only within "joint guidelines of renegotiation" with other countries of the continent. Pérez proposed that the guidelines include lower interest rates and grace periods of no less than 10 years. The same weekend, Lusinchi unveiled an economic program which did not meet the shock treatment demanded by the IMF.

The Kissinger/IMF policy has been as much an economic disaster for the United States as for Ibero-America. Over $30 billion in U.S. exports to the region have evaporated in the past two years; with it have evaporated a conservatively estimated 750,000 jobs.