

De la Madrid trip: Ibero-American unity now an irreversible reality

by Robyn Quijano

Mexican President Miguel de la Madrid left Argentina on April 4, declaring the end of "years of sterile isolation" that has kept Ibero-America vulnerable to colonialism. "We are fighting for a reordering of economic life that will not sacrifice the legitimate aspirations for development of our nations. . . . What we can do together will always be greater than our individual efforts," he said.

De la Madrid's tour for unity has consolidated a five-nation pact in which Colombian, Brazilian, Argentine, and Venezuelan heads of state have agreed to permanent consultations on the level of president-to-president telephone calls, as de la Madrid prepares to represent the continent in discussions with the United States and Canada in May.

The presidents agreed to confront the international bankers and the advanced sector nations jointly with demands for lower interest rates, and a global "reform" of the international monetary system that will permit the growth and development of their economies.

While determined to show their own "responsibility" in the management of the debt crisis, all the presidents made it clear that the present irresponsibility of the bankers is threatening to pull down the entire world monetary system.

De la Madrid discussed the "defense of the sovereignty of our nations, threatened by the unjust structures of the world economy." Brazilian President João Figueiredo attacked the banks as well: "Instead of adopting measures for the reactivation of the world economy, they have instead adopted measures that have provoked negative functioning. . . multiplying recessive effects on production and commerce."

In Venezuela, de la Madrid said: "Latin America should position itself to obtain in the future conditions of credit and refinancing more adequate to the necessities of development and not simply for financial readjustments. . . . We are preoccupied with maintaining, for the benefit of everyone, the viability of an international financial system whose reform we are committed to."

He then warned in the harshest terms, "We can be witnessing the fracturing of the system developed after the last war. . . if the international community does not adopt decided actions."

"This Latin American unity is an irreversible reality. . . . Now . . . we have to confront the challenges which history has placed before us today," declared Figueiredo.

The historic nature of this new pact, which has been in the works at least since the Latin American Economic System (SELA) was set up in 1975 but increasingly elaborated since the Malvinas War, is well understood by the heads of state dedicated now to "Bolivarian unity."

The Mexican president's tour was dedicated to Benito Juárez, the Mexican president who fought the European oligarchy's invasion, allied with Abraham Lincoln, and declared a debt moratorium.

The history of colonialist invasions and operations that have been run against a balkanized continent from Juárez to the Malvinas was a live issue throughout the summit meetings. Not only did de la Madrid back up Argentina's right to sovereignty over the Malvinas, but he pledged to the Argentine congress: "We emphasize that the doctrine of Luis Maria Drago, an irreversible conquest of our people, remains in effect."

The Drago Doctrine, declared in 1902 by Argentine Foreign Minister Drago, stated that collection of the debt by force would not be allowed by the nations of the continent. Argentina was coming to the aid of Venezuela, which had declared a debt moratorium and was confronted by European gunboats off the coast of Maracaibo.

Teddy Roosevelt stepped in and "amended" the Monroe Doctrine, destroying the intent of its author John Quincy Adams as an arm against European colonialism, and by pledging U.S. muscle to collect the unpayable debt. This Roosevelt Corollary was cited by Henry Kissinger in his commission report on Central America as the model for U.S. policy.

De la Madrid ended his stirring speech to the Argentine Congress with a challenge for all the populations of the continent: "We do not need new editions of conflicts and wars in our vast territory. . . . We need peace and well-being; we don't want martyrs of bellicose confrontations, but civilian heroes who every day reproduce with their work the hope of a better life for those who have least."

This was the context in which the debtors' bailout of the banks, or the first joint action of the continent to regionalize the debt, took place.

Bailout surprise

"Here is a debtors' cartel that organized itself to pay, not not to pay," said Jesús Silva Herzog, Mexican finance minister credited with putting together the debtors' cartel bailout. The bankers were joyful and "surprised" that they had been bailed out, and that Latin American nations had agreed to extend the loans until Argentina signed a letter of intent with the International Monetary Fund.

But then Silva Herzog, acclaimed by the bankers and the Trilateral Commission as an economic wizard for his role in imposing IMF conditions on Mexico, said: "If Argentina and the IMF cannot reach an agreement, we will get the money back from Argentina directly, and if they don't have the cash, we will take it as a prepayment for our imports of Argentine goods."

Argentine President Raul Alfonsín, after thanking the four Latin American nations for their fraternal solidarity, stated: "It should remain clear to all that we are not disposed to aim this negotiation at squeezing the workers' standard of living, or keeping our productive capacity idle."

When Donald Regan hailed the accord as the definitive end to the threats of a debtors' cartel, former NSC adviser Norman Bailey was quoted the next day in the *New York Times* saying, "He's misreading it. What these countries are saying is we're demonstrating Latin American solidarity to make you come up with something better."

The Mexican daily *Excelsior* put it this way: "What now is a strictly monetary movement and totally congruent with the interests of the creditors, could later lead into equally ambitious, exceptional and surprising accords within the Ibero-American community, in trade, investments, technology, and economic development in general."

Peace and sovereignty

The entire approach of the de la Madrid trip has been to pull together the power centers of the continent as "one nation." Building this powerful bloc by putting together trade and development deals, and by making the debtor cartel loan to postpone the bankers' crisis, is the first step in being able to put some muscle behind demands for sovereignty, peace, independence, and the right to growth-oriented economies, now forbidden by IMF conditionalities.

In Rio de Janeiro, President de la Madrid warned that all of Latin America could lose its sovereignty in the short term, and called for an emergency North-South dialogue. "Without peace in Latin America, we could find ourselves now, in the short run, in days, or weeks or months, involved in the drama of certifying the death of the sovereignty of some nations, and as a consequence, the destruction of the very notion of Latin America."

President Figueiredo backed the Mexican approach to Central America, the policy of the Contadora group, which he said "constitutes the only political and ethical alternative for a solution to the problem of Central America." Argentine President Alfonsín also backed the Contadora group, and its determination to keep both superpowers out of the region.

In Brazil, de la Madrid said: "A Brazil that has recovered the accelerated development is an essential component of a Latin America that can transform the aspirations of its people into reality." Trade between Mexico and Brazil will be increased to \$2 billion, and trade between Mexico and Argentina will increase tenfold. Major multinational enterprises like a pharmaceutical industry in cooperation with Spain will bring great relief to the disastrous medical situation continent-wide for lack of foreign exchange to import medicines.

Colombia and Mexico are studying a major hydroelectric project that could bring electrification to all of Central America. These and other projects like Petrolatin (a continental oil entity), which will be discussed when de la Madrid reaches Venezuela April 7, will begin to give this continent of 350 million the muscle to defend itself.

Soviet threat

The drama of the days that led up to the debtors' cartel loan was replete with blackmail by the bankers and the U.S. State Dept. and Treasury against Ibero-America.

The *Wall Street Journal* and Treasury Undersecretary Tim McNamar agreed that, should Argentina default, this would give a massive opening to the Soviet Union to assert control over the region.

Yet a study of Latin American options on the debt question prepared by the Brookings Institution by Kissinger crony and former Assistant Secretary of State for Inter-American Affairs Thomas Enders states that Argentina would do well to default. Faced with the knowledge that Kissinger was set to take advantage of the debt crisis to spark major upheavals in the region, the Ibero-Americans came up with their "surprise" debt solution.

The bankers are hoping that the new debt deal means that Latin America will now "play by the rules." Will the new creditors force IMF conditions on Argentina?

Ibero-America has taken major steps toward acting as one nation on crucial issues of survival. Will they play by the rules as this power becomes more tangible, if bankers' intransigence and Kissinger's war plans impose a Malthusian nightmare on the continent?

The next round will be played by the presidents of Latin America, and by any forces in the advanced sector ready to negotiate a new set of terms. Reality will assert itself, and the bailout will be a very short postponement of the crisis. "A large part of the world is facing severe economic crisis, and there will not be a world recovery if the problems of the developing sector are not taken into account," said de la Madrid in Rio.