

Kissinger's threats felt at debt meeting

by Cynthia Rush

Henry Kissinger's presence in Buenos Aires, and the display of thuggery from his cohorts in London and Washington directed against Ibero-American debtors, marred the 11-nation conference of the "Cartagena group" Mar del Plata, Argentina. The conference made no apparent advances over last June's meeting in Cartagena, although it did call for an emergency conference of debtors and creditors, precisely the proposal that Kissinger had hoped to avoid.

Having arrived in Argentina just as the Mar del Plata conference was beginning, Kissinger proceeded to insult the host government as one "which is seeking confrontation between debtors and creditors rather than dialogue," that he unfortunately would advise the clients of Kissinger Associates not to invest in Argentina because of its high inflation rate.

Although Henry denied it, every Argentine press source reported that he had traveled uninvited to Argentina to warn debtor nations not to contemplate the formation of a debtors' cartel or even the proposal under discussion in Mar del Plata for a debtor-credit summit meeting. Just prior to Kissinger's arrival, the British government had convened all Ibero-American ambassadors in London to warn them that it would never approve of the proposed debtor-creditor summit. And on Sept. 13, the U.S. Treasury Department issued a statement reaffirming support for a "case-by-case approach embodied in the overall debt strategy." sector debts will be handled on a bilateral basis and through "established multilateral channels"—the International Monetary Fund—the Treasury stated. "We are not interested in joining any kind of summit meeting with the Cartagena nations,"

Argentine President Raul Alfonsín defied these pressures in a hard-hitting speech before the Cartagena group's opening session. "We know," the policies practiced by the powerful creditor centers stretch to the limit our capacity for growth and prosperity, threaten the future of our peoples and compromise our independence to effect decisions that guarantee the peace, progress and

justice of our nations."

that has regressed so greatly in so little time, to say that a certain recovery [in the advanced sector—ed.] way and that, gradually, we can derive some benefits from it. . . ."

Discussions on the debt crisis, Alfonsín continued, cannot be limited to negotiations between creditor banks and debtor nations "when what is at stake is the success of a civilization and of a way of life."

Argentine head of state proposed, is the same kind of approach toward Ibero-America as taken toward Western Europe immediately following World War II—a form of Marshall Plan. Otherwise, Alfonsín warned, "the global stability of Latin America,"

is threatened. Rather than "abstract solidarity," the nations of Ibero-America must find the political will to "use what is common among us to be effective . . . attack the issue as an emergency. . . . The solution depends on us, to emerge independently from the crisis," on the accounting manipulations of international finances."

The conference's final communiqué, the "Consensus of Mar del Plata,"

and poor nations in early 1985 to avoid "damaging effects" of the Ibero-American debt crisis. However, the general wording of the document reflects the threats made against the group, as well as the initial opposition from Mexico and Brazil to the proposed creditor-debtor conference. The document "invites" political dialogue that would be best held in the first semester of 1985 . . . so that the problem can be completely understood by both parties."

While the document recommends several technical changes in the way that loans to Ibero-America are handled, all such proposals are to be carried out *within* the framework of the International Monetary Fund and other existing financial entities. Included are Colombian president Belisario Betancur's proposal that a new fund be created at the IMF to compensate developing nations whose debt payments increase because of high interest rates. The document objects to commercial bank insistence that debtor nations reach an agreement with the IMF before their debts can be renegotiated; and asks that the IMF take into consideration the "social cost of austerity measures" in negotiating with the debtor nations.

There is no reason to assume that the IMF will make concessions, even on these points. The debtors' apparent failure to make significant advances over last June's Cartagena conference will facilitate the IMF's nation-bashing policies. Immediately vulnerable is Argentina, which has yet to sign an agreement with the IMF and has announced it cannot pay \$750 million in interest payments due Sept. 15.

On Sept. 14, the 11-bank steering committee of Argentina's creditor banks voted not to extend the payment deadline, deciding instead to adjust interest on the loan on a daily basis, passing the charges on to the Argentine government.