

# North-South standoff on debt crisis at United Nations General Assembly

by Valerie Rush

Warnings of "confrontation" on a global scale, of "deterioration in world relations," and of "patience running out" have echoed throughout the United Nations General Assembly meeting in New York City, as already distant views between the nations of "North" and "South" hardened into a dangerous stand-off.

Spokesmen for the "South" stood up, one following the other, to warn that unless a consensus were reached—and quickly—on how to solve the joint problems of a mushrooming foreign debt and the international drug trade, the overthrow of entire nations, even entire regions, of the globe was imminent.

Speaking with unexpected boldness, Venezuelan President Jaime Lusinchi set the tone in his addresses both to the Latin American delegations and to the General Assembly at large. "A hanging man can't pay his debts," Lusinchi declared. "You can't tear the flesh from us, you can't strangle the economies of our peoples, demanding they pay obligations which are beyond their means. Nor can they be oppressed by brusque changes in interest rates set basically in terms of the needs of the great countries to balance their deficits. We, the poor, are financing the rich, but they are playing with fire, because our elimination would undoubtedly bring down the international financial world as well."

"We are witnessing a process," asserted Lusinchi, "wherein certain powerful countries are continually avoiding and postponing the opportunity for dialogue—which is tantamount to refusing to negotiate. This situation, in the global dimension as well as in the individual case, can result in something we all wish to avoid: confrontation."

The same idea was voiced by Brazilian Foreign Minister Saraiva Guerreiro, who warned the General Assembly of a "tragic regression" in relations among nations. "The countries of the Third World cannot continue to indefinitely sustain the pressures they are suffering, nor can they live at the mercy of abrupt fluctuations of interest rates."

Argentine President Raúl Alfonsín claimed that as much as 3% of Ibero-America's national product was going to sustain the international banks through exorbitant debt and

interest payments, paradoxically turning the developing-sector nations into net exporters of capital. "The question of the debt is inextricably linked to the political and social destiny of our countries, and since it affects the whole region, it jeopardizes global stability in Latin America."

Colombian Foreign Minister Ramírez Ocampo spoke in similar terms of a process of "permanent looting" of Ibero-America's resources which has made "all the political, financial, and social efforts of the past eight years in vain." The validity of the Cartagena Consensus, concluded Ramírez Ocampo, "will be proven either by successful dialogue or by the bankruptcy of the debtors and creditors if dialogue is not initiated."

The "North" responded with a series of statements—in the most part from U.S. spokesmen—which informed the developing nations in no uncertain terms that all they could expect from the advanced sector was more of the same. U.S. Treasury Secretary Don Regan told the Ibero-Americans that the only solution to the debt crisis was handing over their resources in a debt-for-equity tradeoff. Undersecretary Beryl Sprinkel held a satellite interview with several Ibero-American publications in order to push the same line.

President Reagan declared in his address to the IMF assembly that the answer to the recovery of developing-sector economies was "spending less and cutting tax rates, not by planning an elaborate industrial policy." He defended Paul Volcker's high interest rate policies, and urged "positive" interest rates, a "realistic" exchange rate, and honoring the free trade code as some of the "incentives" the debtor nations should offer foreign investors if they wanted to attract capital. Reagan further responded to the debtors' appeals for a debtor-creditor summit in early 1985 by recommending that "a special session on debt" be included in the IMF's semi-annual interim committee meeting next April!

And Henry Kissinger added insult to injury by answering the fears of the developing sector that their very sovereignty was at stake with a speech before a Mocatta Corporation dinner in which he called for the end of the nation-state as an anachronism.

## Drugs: 'a crime against humanity'

The other constant theme running through the majority of the Ibero-American presentations was the international drug trade and the urgency of an international war against it.

Venezuela's Lusinchi emphasized: "Drugs have perverted the very structure of Latin American society. . . . Our armies have been penetrated by drugs, and some so-called redeemers of the left who propose change through violence are also agents of the drug trade. . . . Our countries cannot wait, because very soon, in a few months, or perhaps weeks, in some countries we could have serious disturbances which could demolish government institutions."

Lusinchi did not have to name the names of which countries he was referring to, because it is well known that Bolivia, Peru, and even Colombia are all currently facing destabilization by the combined effects of narco-terrorism and the austerity impositions of the International Monetary Fund.

Bolivia, whose constitutionally elected government has been openly and repeatedly challenged since the coup attempt last June by drug-linked political forces, appealed to the community of nations through the forum of the International Monetary Fund assembly in Washington D.C. for economic relief which would enable it to survive the assaults of the mafia. Finance Minister Bonifaz Gutiérrez insisted that Bolivia could not pay its foreign debt nor survive economic sanctions "any more than one can squeeze water from a stone." Bolivia's miniscule reserves are going to import food and other requirements to stave off complete paralysis of the productive sector, explained Bonifaz, and the assaults of the drug mafia, decades of military dictatorships, and a series of natural disasters demand "realistic, not monetarist, solutions for Bolivia."

Peru, whose stand-by agreement with the IMF a mere six months ago has already disintegrated, is facing an imminent "fiscal explosion," according to one government official, at the same time that the drug-trafficking Sendero Luminoso terrorists have stepped up their rampages to include a brazen machine-gun assault on the U.S. Embassy in Lima. Peru's desperate state of affairs revealed itself when President Belaunde appealed to international financiers in Washington for "the Argentine treatment"!

Colombian Foreign Minister Ramírez Ocampo told the U.N. General Assembly that his country "has suffered the [drug] plague at incalculable cost, this year reaching the ultimate sacrifice of a Justice Minister" [Rodrigo Lara Bonilla, assassinated April 30, 1984]. He pledged that the Betancur government would continue its battle with the mafia, even knowing full well that the drug trade would not exist if the consumer nations undertook the battle "with the same vigor. . . . For this reason," concluded Ramírez Ocampo, "we propose to this assembly a frontal and universal war against drugs."

The appeals of these embattled nations went unanswered for the most part, except in the instance of a letter sent in mid-September to Bolivian President Siles Zuazo by U.S. Vice-President George Bush. In that letter, which purported to praise Siles Zuazo's anti-drug efforts, Bush bluntly rejected the appeal of the Aug. 10 "Quito Consensus" of Ibero-American states for an international fund to be created that would help relieve "producer nations" of the immense financial burden imposed on their economies by the war against drugs.

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## Documentation

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# 'A hanging man can't pay his debts'

*The week of Sept. 24 has been one of intense debate among the world's nations on how to solve the key crises threatening the future of human society. Speaking from Bogotá, Colombia, President Belisario Betancur explicitly drew upon the memory of Gottfried Wilhelm Leibniz and the notion of "natural law," which he evolved to elaborate on the quality of "moral power" human society must find within itself if it is to survive. Venezuelan President Jaime Lusinchi, speaking from the United Nations in New York, addressed the two critical problems of the foreign debt and the drug trade which, together, are destroying Ibero-America's republican institutions and creating the conditions for confrontation on a world scale.*

*Excerpts of speech given by President Betancur to the Colombian Academy of Jurisprudence, Sept. 24, 1984:*

Under circumstances such as those under which we have lived for more than a quarter century, the reign of a system of laws alert to social changes, to transformations in the structure and behavior of power and the community it sustains, is key to preventing that community from becoming disoriented or destabilized. When we live under the mark of social disorder, not to mention the whirlwind of political violence, it becomes vital to promote values which, like law, are consubstantial with our own origin. . . . It is maintained that to natural law is not only due the theoretical formulations and foundations of 17th-century thought on international law, but the services that that doctrine has lent to civilization as a whole have been immense.

[Natural law] has opened man's eyes to his chains, showing him how to free himself from them. In the name of the inalienable human right to liberty, [natural law] has freed the weak from the soil and from bondage, has freed the married

woman from submission to the egoism of her husband, the captivity of urban man to the networks of the guilds or the domination of the stronger, has undermined the absolutism of government and those patrimonial titles inherited under feudalism, and has even fought with rules, with seriousness, with jests the enslavement of the right to think freely against every sort of ideology, barrier, and posture of dogmatic intolerance.

In sum, [natural law] has defended and rescued the personality from the arbitrariness of the abuses of power and instead proclaimed the concept of a state of law. . . .

Without society, law would have been unthinkable and without the establishment of coercive rulings (laws), society would never have been able to take the step from the amorphous horde subjugated to the radical violence of the father—as Freud intuited—to the organized clan under totemic principles or taboos which are the embryo of rational lawfulness. . . .

The simplicity and elegance of this concept of civil society based on law as the only source of legitimacy and of humanity . . . is born of profound and persistent meditation on human nature and its moral condition. . . . Positive law, an imitation and shadow in the Platonic sense of that natural and eternal law to which Antigone appealed against the tyranny of Creon, is that which guarantees coexistence and cautions against anarchy, is that which lays the foundations for the norms of social behavior and redeems man from his animal cast. . . .

*Excerpts from speech presented by Venezuelan President Lusinchi to the U.N. General Assembly, Sept. 24:*

We are witnessing a process wherein certain powerful countries are continually avoiding and postponing the opportunity to dialogue—which is tantamount to refusing to negotiate. This situation, in the global dimension as well as in a problem-by-problem approach, can result in something which we all wish to avoid: confrontation. It is clear that at this critical time the responsibility is incumbent upon all of us, and we wish to share it in order to lay the foundations for a better future for all. We have no choice but to be up to the challenges of the hour.

The peoples of the Third World demand change, without delay. They demand fairness, effort, and tangible results, of benefit to all.

As an additional factor in the historic problem of injustice in international economic relations, we are faced today with an extremely serious situation, perhaps the most serious in recent history. The amount of foreign debt of the developing nations is so overwhelming that its consequences affect their very political and social stability; the dimensions of the debt problem alone requires the most far-reaching understanding. We are dealing here with issues which, due to their intimate links to the price collapses in the raw materials export market,

the increasing protectionism of the industrialized countries, the irrational rise in interest rates (whose slight variations, a result of manipulations by the world financial market, undermine our social programs), all contribute to the weakening of efforts toward national recovery, denying work and condemning millions of Latin Americans to a marginal existence.

It is inexcusable that the economic systems of Latin America, which have to a greater or lesser degree been under tremendous pressure, in the lean year of 1983 alone transferred \$30 billion to the industrialized countries. Plain and simple, this is a disaster for our economies. We have to consider new approaches. The responsibility for this situation is not that of the debtor countries alone; some others must also be held responsible: the international banking system, the lender countries, and the international financial organizations. These responsibilities are inescapable. . . . If we don't address this issue in a timely manner, with political sensitivity to the problems of these countries, the whole world could founder in a crisis of unfathomable magnitude. As nations, we are all irreversibly moving towards interdependence; the risks of such chain reactions are high. . . .

Along with many Latin Americans, we Venezuelans are deeply concerned about the problems of drug trafficking and the illegal use of drugs, which in many countries during recent years reached alarming proportions. . . . Drug traffic recognizes no boundaries, it stops for no one. Its aims are both straightforward and sinister. It goes so far as to attempt to destabilize governments through corruption, making use of all kinds of criminal elements, tying them into an intricate network of operations, conspiracies, and complicities which involve all levels of society, from subversives of the left and the right to the most affluent and the most impoverished of our citizenry, striking at the very heart of public life. Lacking all scruples, its penetration is limitless and has reached such a magnitude that, as we stated recently in Quito, drug trafficking not only represents a threat to the national security and the sovereignty of various countries, it is also converting itself into a dangerous agent of international conflicts. . . .

Governments can no longer consider this to be simply a political issue, or a public health problem limited to a particular state. It's time we recognized it for what it is: an international problem, with wide-ranging social, economic, and political implications. . . . Venezuela is, therefore, at both national and international levels, committing its resources so forcefully in this direction [of fighting drugs]. In this respect, we have proposed for the consideration of the United Nations and other appropriate international organizations the creation of a special fund to provide assistance to developing countries affected by drug trafficking. This proposal is embodied in the Declaration of Quito Against Drug Trafficking. The Declaration of Quito Against Drug-Trafficking reflects the decision of the international community to classify as an international crime against humanity all activities related to the illegal trafficking in drugs.