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International Credit by Renée Sigerson

The IMF's country hit list

Which Third World nations will be killed off under Henry Wallich's new bank regulations?

The official *IMF Survey* bulletin recently published a list of countries having "serious debt servicing difficulties" which *EIR* believes to be a partial list of developing nations due to be cut off from all world credit under the Wallich Plan for genocide. The plan, which is part of the recently passed U.S. IMF bill, was written by Federal Reserve Board international Governor Henry Wallich.

The published IMF list includes Zaire, Sierra Leone, Gabon, Togo, Sudan, Liberia, Madagascar, the Central African Republic, Senegal, Uganda, Malawi, Romania, Costa Rica, Guyana, the Dominican Republic, and Nicaragua.

The hit list is published in a Jan. 23 *IMF Survey* article on a new IMF report entitled "Recent Multilateral Debt Restructuring," which reports on the sharp rise in debt agreement collapses during the past two years. The *Survey* published the names of countries to be triaged, ostensibly as a list of "poorer nations" which have repeatedly had to have their foreign debt restructured by the Paris Club of government creditor negotiators.

However, it is obvious that in reality this is a list of African and Central American "black, brown, and yellow people" which the Club of Rome's Alexander King states must be eliminated from the earth. The Wallich Plan, written by Club of Rome banker and Fed governor Henry Wallich, is set up to do just that.

The IMF list follows reports last October in the Swiss newspaper *Neue Zürcher Zeitung* that that the Swiss National Bank's Swiss Banking Commission had put out a list of countries to be banned from world credit and trade markets. These were countries which had not paid their debts in a number of months, which were "marginal" to Swiss trade, and which Swiss banks should avoid, the paper reported, noting the Swiss authorities had been careful to "deny that this is any sort of hit list."

The London *Financial Times* last Oct. 25 also reported that the Swiss Banking Commission is privately circulating a hit list of "undesirable countries" to which Swiss banks should not lend and against existing loans to which Swiss banks should accumulate emergency reserves.

The purpose of a hit list is to mark as pariahs the countries named, cut them off from world trade, and triage their populations.

Under the Wallich section 905(a) of the International Lending Supervision Act of 1983 (IMF bill), as *EIR* reported in detail Jan. 17, U.S. banks will be penalized for lending to countries having "protracted difficulty" paying debts.

The Fed and Treasury will force banks to set aside penalty reserves, known as "Allocated Transfer Risk Reserves," on loans to such countries. This means that banks will have to take direct losses in the amount of reserves thus set aside, in effect, writing off the debt of these nations.

The plan will be implemented so as to kill the weakest debtors first, "Fourth World" countries "such as Zaire, Sudan, and others which have been behind for six months to a year or more," banking sources told *EIR* recently. "Once the banks actually have to take losses on them, no one will ever lend them a cent again, not even short-term trade credits."

The *IMF Survey* study on debt restructuring complains, "The growing severity of debt servicing difficulties is reflected in the sharp rise in external payments arrears, and in the significant increase in both the number of countries seeking debt relief." The study cites 29 countries which have had to go through debt relief bankruptcy court at the Paris Club since the beginning of 1982.

"The regions experiencing the greatest difficulties in debt servicing were Africa—whose debt service ratio rose from 7% to 15%—and Latin America—whose debt service ratio increased the most, from 28-42%."

The IMF notes that the "serious debt-servicing difficulties" were caused by "a rapid rise in foreign borrowing by developing countries," which allowed "expansionary incomes policies, expansionary fiscal policies, unrealistic exchange rates" and other indecent attempts by the developing world to increase living standards.

This profligacy can be dealt with by cutting such loans off completely, Wallich has said.

In a related speech on "IMF Adjustment Programs," IMF Director Jacques de Larosière added Feb. 6 that the IMF agreement to keep big Latin American debtors in the system has killed these countries just as surely as those being thrown out of the lifeboat. De Larosière revealed that large Latin American debtor nations such as Brazil, Mexico, and Argentina under IMF programs have taken a full $31 billion in import cuts during 1982-83.

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