

## State heads line up on García's action

### **George Shultz, U.S. Secretary of State:**

Command economies, in spite of all their pretensions, have not done very well in liberating people from poverty. . . . [Developing-sector countries must continue their] painful adjustment—and courageous steps to cut government spending, eliminate subsidies and price controls, permit currencies to adjust to the market . . . and create conditions to attract new capital.

### **Charles Redman, U.S. State Department spokesman, on the meeting between García and Shultz:**

The Secretary expressed his unhappiness with certain aspects of President García's speech yesterday. President García told Shultz his speech was "not meant to be insulting to the United States in any way."

[Redman refused to specify what Shultz objected to, saying only "it should be relatively evident."]

### **Alan García, commenting on his meeting with Shultz (exclusive interview with EIR):**

At the beginning, it was tense. Then it was cordial. . . . Shultz is a very intelligent man, very agile mentally. . . . But since he did not hear it, I think he was badly informed about my speech. I duly explained to him our point of view as a country in regard to the world economic situation. And then we agreed that our policies on drugs had to be held in common, in terms of both supply and demand. And Mr. Shultz and I agreed on the need for greater collaboration between countries which, because they are developed, have the responsibility to help the countries which are on the road to being developed.

**EIR:** What was said on the problem of the foreign debt?

**García:** . . . He understands that the proposition that a country should first reactivate its economy before thinking of going on to pay a debt which could be postponed for the well-being of the country to be positive.

### **Jaime Lusinchi, President of Venezuela:**

Venezuela is in the final days of renegotiating its foreign debt and we are going to legalize a contingency clause by which, if the debtor country is caught in some special situation by *force majeure*, as the lawyers would say, they would necessarily have to change the rules of the game. . . . In addition to seismic disasters, there are economic and financial earthquakes.

### **Bernardo Sepúlveda, Foreign Minister of Mexico:**

The developing countries, and especially Latin America, find unacceptable an international monetary system which—instead of encouraging certainty and productive investment, brings instability of exchange rates, inflation and speculation . . . brings greater concentration of wealth and the decapitalization of countries.

An international trade system which . . . brings protectionism and isolationism and relegates developing countries to merely being suppliers of raw materials and products with minimal value added, is not acceptable. . . .

Changing the international monetary system to recover lost stability and create a climate conducive to productive investment and the stimulation of world trade, cannot be postponed. . . .

The debt problem . . . cannot be definitively solved by the exercise of restructuring, which only gives temporary relief. . . . To be able to pay it is necessary to grow.

### **Hosni Mubarak, President of Egypt:**

It is incumbent upon us to cope with the situation in a new spirit that does not count profit and loss in rigid arithmetic terms or originate in narrow individual interests. . . . We appeal to the governments of creditor countries, financing institutions, and international banks to cooperate with debtor countries within the framework of an enlightened political dialogue free from pressure, with a view to reaching a durable solution to the problems of indebtedness, a solution that would preserve the rights of developing countries, safeguard their aspirations in securing food, basic health and educational services and ensuring their social and political stability.

### **International Monetary Fund:**

No comment.

### **Ísidoro Malmierca, Chancellor of Cuba:**

It is lamentable that at this hour, when Latin American unity is urgent and more necessary than ever, from this tribune a voice is heard which repeats in Latin American words the vile calumnies and the already rotten arguments coined in Washington. . . . It is lamentable, because we know from what capitulationist talks those infamous insinuations arose, in the belief that the Empire would pardon his luke-warm and propitiatory rebellion.

### **Javier Pérez del Cuellar, United Nations Secretary General:**

I consider that one must fight from the inside and not the outside of the international organisms. The withdrawal of Peru from the IMF is not advisable . . . it would be to practice the politics of an ostrich, that is to believe that by hiding the

head, the problems have disappeared . . . I consider President García to be a mature person who could in the future change his position in this respect.

**Sir Geoffrey Howe, British Foreign Secretary:**

As a former Chairman of the Interim Committee of the IMF, I am acutely aware of the difficult process of adjustment being undertaken in the developing sector. Britain will continue to support the case-by-case approach of the IMF. We must take due account of the political and social realities facing the indebted countries. In that context, the industrial countries must play their part by reducing deficits, resisting protections. . . .

[In response to a question about Peru leaving the IMF and whether the IMF was the only solution]: The IMF is not the only solution. I can understand the way in which the leaders of some countries with heavy debt burdens approach the formidable tasks of adjustment facing them. But I don't think I would encourage any of them that those tasks can be handled by not addressing them.

**José Sarney, President of Brazil:**

The burden of the foreign debt imposes an economic policy directed toward securing trade and surpluses earmarked for interest payments. The international organizations propose policies of inadequate adjustments. This route leads to recession, to unemployment, and to the relinquishment of the capacity to grow. This policy weakens civilian leadership, renders the social crisis explosive, threatens institutions, jeopardizes order and, as a consequence, constitutes a threat to democratic structures. . . .

And the paradox is that all our efforts are made precisely in order to transfer foreign exchange credits to the very quarters that beleaguer us and discriminate against us. We are thus caught between the threat of protectionism and the specter of insolvency. . . . It is sad to confess that our minimum salary is \$50 per month. . . .

Our tradition is to honor our foreign commitments. But we have the obligation to alert the world to the fact that the existing scenario must be reassessed. It must be restructured, because it is unfair, and anything that harbors the germ of injustice, of the absurd, cannot survive.

Brazil has no desire to make an ideological issue of the debt, nor does it wish to transform it into a matter of confrontation between North-South, East-West. Brazil is a country of ingrained Christian and Western ideals. . . . Thus, in denouncing the present order, we are not moved by any political motivation. We wish solely and exclusively to defend our most sacred interests. And we shall fulfill this duty by urging the international community to join us in seeking a solution. And this solution cannot be based solely on the laws of the market. . . .

The pillars of the current order are eroded and obsolete.

It is necessary for us to discuss concrete measures to adjust the international order to present-day realities.

Following upon the period of prosperity, with the advent of the recession it was the predatory jungle of Hobbes which began to reign, rather than the harmonious, fecund anarchy of Adam Smith. . . .

Our people have reached the limits of the bearable. It is impossible to demand additional sacrifices of a population as impoverished as ours. . . .

Our vulnerability in international interest rates is so great that all we have accomplished will collapse if exorbitant rates are renewed. . . .

Either we realize that the solution to the foreign debt problem is a joint task for creditors and debtors alike, or we run the risk of setting fire to the powderkeg that threatens the whole continent.

This picture explains the social cauldron of Latin America, defenseless against the messianic and demagogic seductions and the call of totalitarian ideologies, and trapped in an unfair situation. . . .

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It is a miracle that the glow illuminating Latin America at this time is the torch of liberty and democracy and not that of turmoil.

Brazil has taken its position. Debt does not lead to doubt. We have chosen to grow without recession, without submitting ourselves to those adjustments which would imply relinquishing development.

Brazil will not pay its foreign debt with recession, nor with unemployment, nor with hunger. We believe that in settling this account, at such high social and economic costs, we would then have to surrender our freedom, for a debt paid for with poverty is an account paid for with democracy. . . .

Mr. President,

Shortly before the creation of the United Nations, Churchill and Roosevelt held a dialogue in Hyde Park. Roosevelt asked how peace could be assured. Churchill replied: "By an Anglo-American alliance." Roosevelt retorted: "No. By improving living conditions throughout the world."