

An Ibero-American bank

The IADB is unique in that 54% of its capital was paid by Ibero-American nations, which gives them the majority to approve lending for projects, based on criteria of regional integration, economic development, or social welfare.

Treasury's James Conrow demanded:

- that the IADB give the U.S. Treasury, which provides only 35% of the capital, power to veto loans;
- that the bank be run by Wall Street and Swiss bankers;
- that conditionalities on lending be imposed.

In opening the meeting March 25, Costa Rican Finance Minister Porfirio Morera Batres synthesized the response of the Ibero-American nations. He deplored "the attempt to alter the normal functions of the bank to convert it into one more instrument for controlling Latin America's economic adjustment process. . . ."

He continued, "Today, the heart of the adjustment problem is not a lack of discipline, but the excess of discipline to which the Third World countries are inequitably subjected. Latin America clearly needs the assistance of the industrialized world. In exchange for it, however, it would not be legitimate, but rather would be perilous to ask us to give up . . . [designing] our own policies or to look impassively on the impoverishment of our people, many of whom are on the other side of the critical poverty line. Sooner or later, this road will lead to disruptions that make our societies ungovernable."

Kissinger Associates

The marching orders for the banks come from Kissinger Associates, Inc, whose Alan Stoga claimed in the *Wall Street Journal* March 25 that debtor countries have imposed austerity on themselves, "but they've barely moved at all to revamp their own economies." The former head of the Rockefeller Commission on Western Hemisphere Debt, Robert Hormats, echoed, "The heart of the problem is domestic restructuring. Unless these countries put their own economies in order, any new money either will be misused or lost in capital flight."

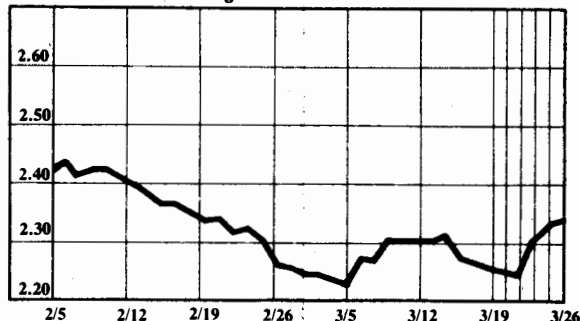
"Restructuring" is a code word which means turning over to creditors a country's natural resources and its strategic industries built over decades by state investment. The *Journal* observed that state-sector industries are so central to countries' aspirations for escaping from poverty, "that revamping them risks sparking a revolt." It quoted a Brookings Institution expert, "The \$64,000 question in the case of Mexico is what does structural reform mean for the political system? Throwing the existing government out?"

The paper also raved about Peru's "defiance" of the IMF and complained that "Peruvian President [García] hasn't used his political capital to begin restructuring Peru's badly tangled economy," as per Kissinger's orders. "If everything continues as is, we'll be confronting a crisis of major proportions," the *Journal* quoted Roberto Abusada, former vice-minister of finance who helped Dope, Inc. take over Peru.

Currency Rates

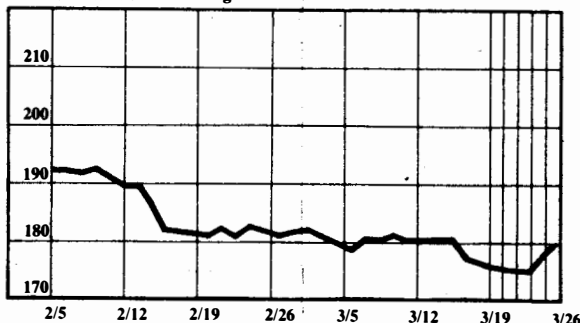
The dollar in deutschemarks

New York late afternoon fixing



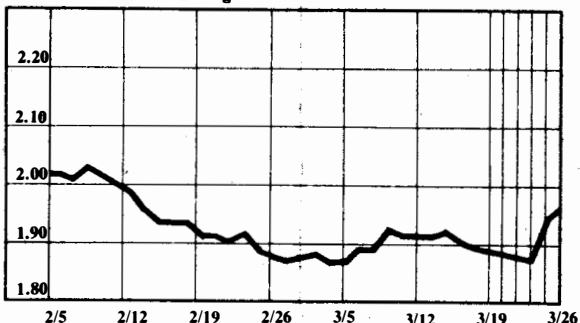
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

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The British pound in dollars

New York late afternoon fixing

