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## Ibero-America

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# New document calls for joint debt talks

by Valerie Rush

Five former Presidents and 13 other prominent Ibero-American figures, including former ministers and congressmen, put their names May 4 to a document which in the strongest terms yet calls for a political alliance among Ibero-American debtor nations to force a negotiated solution to the debt crisis. "The debt has become a severe threat to the sovereign decision-making power of our states, and should be rejected through the responsible exercise of self-determination. This necessitates Latin American solidarity and joint negotiation. No other alternative exists," asserts the document.

The statement of the ex-Presidents does not give explicit backing to Peruvian President Alan García, who single-handedly challenged the creditors two years ago by imposing a ceiling of 10% of export income for debt payments. However, it does propose that a similar debt strategy be adopted globally; further, it urges that a debtors' alliance employ the weapon of "cross moratorium," in the event of creditor reprisals against any of the debtor nations subscribing to the alliance.

The debt document was signed by three former Colombian Presidents—Belisario Betancur Cuartas, Misael Pastrana Borrero, and Alfonso López Michelsen—and by the former Presidents of Ecuador and Venezuela, Oswaldo Hurtado and Carlos Andrés Pérez, respectively. A mixed crew, to be sure, but agreed on one overriding point. As the document states, "The patience of our citizens is running out." The document explains:

"Our countries can and should pay for their own errors, but not those of their creditors. The sacrifice of past years cannot be maintained. . . . The counterpart has been more inflation, lower wages, economic stagnation and increasingly more serious social tensions. . . .

"Latin America's efforts were not compensated by renewal of international financing. . . . International credit serves to maintain the balances of the creditor banks. It takes away from, and does not add to, the available resources in Latin America. What is being discussed today with the lenders is not what they will bring, but what they will take. There

is no perspective of this changing in the foreseeable future. All the creditors' advice pursues the same objective: more adjustment and sacrifice to pay the debt."

The document goes on to present six concrete proposals to the debtor nations, proposals which *EIR* readers will recognize as strikingly like those incorporated in Lyndon LaRouche's 1982 "Operation Juárez" proposal:

"We propose:

"1) The solidarity of Latin America and joint negotiation as an answer to this crisis. The debtors must do the same as their creditors: negotiate jointly and strengthen their negotiating capacity through unity.

"2) Fix a limit on payment of the debt in proportion to exports or up to 2% of [gross national] product.

"3) Regional cooperation with development of smaller and lower-income economies, assisting their participation in the agreements that come out of these proposals. . . . [A] Special Fund could be formed, or existing funds strengthened, with the primary purpose of attending to housing, educational, nutritional, and health plans, and also to buying within Latin America and the Caribbean.

"4) Immediately call a conference of SELA (Latin American Economic System), at the level of foreign and finance ministers, to formalize the Agreement and to propose debt service within the limits indicated above. . . .

"5) Incorporate within the text of the Agreement clauses similar to those of the Paris Club and 'steering committees,' such as crossed moratorium in the event of sanctions against any member of the Agreement.

"6) Begin global, political negotiations with the creditors, once the Latin American resolution is adopted. . . ."

### Colombian escape clause

Two days after the release of the document, one of its signers—Colombian ex-President López Michelsen—issued a "clarification" on his commitment to the contents. Colombia is not proposing joint negotiation of the debt, insisted López. Rather, the Colombian signers consider their country's situation to be different from the rest of the continent, and therefore included an "escape clause" in the document, which offered only "collective support for different negotiating positions."

The Colombian "exception" duly noted, a further observation remains to be made. It is no accident that the release of the ex-Presidents' document comes shortly after Brazilian Finance Minister Dilson Funaro, the acknowledged architect of that country's debt moratorium, was dismissed. The cause of Funaro's departure was lack of continental support for his nationalist posture.

It therefore remains to be seen whether the ex-Presidents' document—unprecedented in its scope and fervor—becomes an instrument of the continent's long-overdue political solidarity with such Ibero-American patriots as Funaro and Alan García, or whether it becomes simply one more statement of intent without the will to back it up by actions.