

Will Spain ally with Latin America in debt and development fight?

by Katherine Kanter

EIR correspondents Elisabeth Hellenbroich and Katharine Kanter spent the second half of April in Madrid, where they conducted interviews with a number of government officials as well as private individuals. The second part of their report will include further interviews and discussion of questions of technology, anti-narcotics and anti-terror measures, and national defense.

There is only one real danger confronting the present Socialist government of Felipe González, now President of Spain: that monetarist ideologues including those in the Bank of Spain grouped around Deputy Governor Mariano Rubio Ximenez succeed in imposing a so-called "stabilization program" designed in fact by the International Monetary Fund (IMF) to create precisely the economic and social conditions for a coup d'état on the model of Pinochet's 1973 takeover of Chile.

Spokesmen for such a stabilization, or rather, destabilization, program include Rafael Termes, president of the Asociación Española de Banca (AEB, the private bankers' syndicate) and José María Figueras, president of the Consejo Superior de Camaras de Comercio (the chambers of commerce syndicate), which reflects the pro-Trilateral Commission, pro-IMF world outlook of Catalan strongmen Miguel Roca Junyent and Ramon Trias Fargas, of Minoria Catalana and Convergencia i Unio parties respectively.

Catalonia, on the northeastern corner of the country, is on the whole a political stronghold of those anglophile circles identified with the Trilateral Commission and the IMF. Both Termes and Figueras have recently called for wage freezes, heavy tax increases against private citizens, restrictive monetary policy, and so forth. The details of that IMF program have undoubtedly already been worked out, since the president of the Parliament Gregorio Peces-Barba and Industry Minister Carlos Solchaga explicitly referred to the necessity of such a plan "immediately after the municipal elections on May 8," which the Socialists won.

Finance Minister Miguel Boyer, whose statement attacking Friedman we publish below, had declared prior to the

elections that no such program would be imposed. However, it is certain that the selfsame plan Jacques Delors is now using to strangle France is in the wings for Spain, the crucial difference being that in Spain, republican institutions and leadership are, for obvious historical reasons, far more fragile than in France.

Ibero-American questions

These correspondents were fortunate enough to attend a major conference organized by the Institute for Ibero-American Cooperation (ICI, based in Madrid), entitled "Encounters in Democracy," on April 27-30, to which a number of pro-development Latin American leaders such as former Venezuelan president Carlos Andres Perez and former Panamanian president Aristides Royo, now Panama's ambassador to Madrid, had been invited. The conference exemplified the dangerous shortcomings of Spanish policy toward Latin America, as well as of Latin American vacillation on the crucial issue of the debt.

There is a strong political faction in Spain which maintains close ties with Latin America and is otherwise cognizant of the fact that Spanish self-interest is closely tied to that of Spain's former colonies.

This faction is represented by leading Spanish political figures, including Felipe González and King Juan Carlos. González is considered by the best of the Latin American leaders to be the European statesman most concerned with the crushing problems besetting that continent. King Juan Carlos' speech in Algeria in mid-May was another clear indication of the thinking of the best circles in Spain toward Latin America. Covering that speech, the newspaper *Ya* had spoken of Juan Carlos' wish to "bring Latin America to the Maghreb." The king had discussed the need to create an economic and political community of interests between Spain, Latin America and the Maghreb in line with Spain's historical interests and role—a theme he has taken up at numerous points in the past.

Yet, indicating the problems besetting these leaders was

the fact that the Spanish delegation to the economic panel was headed by Enrique Fuentes Quintana, former economic vice-president under Adolfo Suarez, former head of the studies department of the Banco de Espana, and now head of the Foundation of Savings Banks. Fuentes-Quintana is one of the most noxious monetarists in the country. He came accompanied by the equally fervent monetarist Luis Angel Rojo, present head of the same department of the Bank of Spain, often described as the "headquarters of the Friedmanite conspiracy against Spain." The fact that the debt question was not dealt with from the standpoint of a debtors' cartel, imperatively to include Spain, with its \$30 billion dollars in foreign debt, can in large measure be attributed to the presence of these individuals, acting as stand-ins for the IMF.

The final declaration of the conference plenary session, reflecting pressure from the Latin Americans, was much stronger in its formulation against monetarism than the statement from the Group of 77 meeting at Buenos Aires, and González in his closing speech specifically referred to the debt issue as touching Spain and Latin America equally. Yet no concrete steps were proposed towards the unity of the debtors. And González failed to lay out a concrete program for Latin American development, though this has been the focus of discussions in all parts of Ibero-America for months. The announcement by Foreign Minister Moran of the creation of an interministerial development agency for Latin America seems a step in the right direction, but how soon, and with what content?

Without a debtors' cartel and an Latin American common market, neither Spain nor Latin America will survive as sovereign nations. The word democracy, bandied about *ad nauseam* in Spain today, has become a kind of incantation as though its mere repetition could conjure away the threat of a coup. As the 19th-century statesman Joaquín Costa underlined, neither laws nor constitutions are any obstacle to a coup once the very economic and industrial fiber of the nation have been eroded. The debtors' cartel is the common weapon of Spain and Latin America against the enemy within, and the enemy without. The only alternative is a coup and civil war.

EIR plans to publish a Spanish-language supplement on "Great Projects" for investment in Ibero-America, to orient the thinking of Hispanic political and business milieux. Since the age of Charles III, indeed, the shock-wave effect of cross-national, cross-continental infrastructural projects on the economy—projects like the building of a Second Panama Canal—has been proven as the way to generate higher levels of employment, profit, and skills. This point was aptly made by what was probably the best contribution by a Spaniard to the Latin American conference in Madrid: that of the physicist Fernando Flores Sintas of the Complutense University, dealing with the cultural pessimism generated by the 1930s Civil War, as shown by the emigration of many research workers, to the point where Spain today has only one-sixth the Euro-

pean average of scientists. Flores recommended, as did *EIR* founder Lyndon LaRouche in 1982, the creation of scientific institutes in Latin America to carry out the research for a second industrial revolution.

Instead, we find the Spanish government talking of slashing its nuclear program. To stop the ensuing panic, Industry Minister Solchaga clarified that only third-generation nuclear reactors now in construction will be affected by the proposed cuts. The fact remains, however, that the highly indebted Spanish nuclear industry will go bankrupt if the nuclear plan is substantially slowed. Yet the official line is that the economic crisis means the country has already too much energy. Should the Spanish government go ahead with its "ideological impulse" to slash the nuclear program, whether Spain would have the means to do anything at all in Latin America is very much a moot point. Illusions on the right

Illusions on the right

A certain fraction of the right-wing opposition, nominally opposed to Friedmanite economics, has simply folded its hands awaiting a general on his white horse. The public deficit stands at 1 trillion pesetas, the currency at a historic low of 137 against the dollar, down from 105 only last year, employment at over 17 and a half percent, foreign debt at \$30 billion, and reserves have dropped by almost \$1 billion since December 1982.

As the second installment of this series will describe, the international controllers of Basque terrorism are poisoning the situation in the Basque region to the core, most recently challenging the authority of the state by the outrageous kidnapping of a personal friend of the king, Diego Prado y Colón de Carbajal, for whose ransom they demand 1.25 billion pesetas. Alongside this, the terrorists have carried out a series of brutal murders designed to bring the the police and military to the boil. Right-wing phantasms lie heavy in the air: plans are already drawn to have all hell break loose before the autumn, and use this to pull a bloodless, Turkish-style coup.

There will be no such clean coup. The economic situation of Spain is no better, and no worse, than that of any other semi-developed nation in 1983, the year of the biggest financial and international crisis since World War II. The coup will be the same for France, Italy, Spain and Greece: a coup by Friedman, the IMF and their Pinochet-style enforcers. If the right wing, not to speak of the government, wishes to avoid a new Civil War, they should leave nostalgia to monks and spinsters and launch a feasible program, namely:

A debtors' cartel that would include Spain;

An Ibero-American common market and Great Projects for industrialization;

Rejection of any cuts whatever in the nuclear program.

Without a commitment to such a program, there are no "traditional Spanish values," no *dei ex machina*, no economic upsurges which will intervene to pull the country from under a new fascism with a very undemocratic face.

ICI director: 'We support joint debt discussions'

The Spanish Council of Ministers issued an official statement April 28 supporting the efforts of the Contadora Group—Mexico, Colombia, Panama, and Venezuela—to find a peaceful, negotiated settlement of the Central American crisis. The statement followed the visit of Spain's Foreign Minister, Fernando Moran, to Mexico and Colombia, in preparation for a late May presidential visit by Felipe González. Felipe González, widely known and respected in Ibero-America, has expressed his willingness to aid in negotiations if so requested by Ibero-American leaders. Below are excerpts from an interview with Mr. Luis Yañez, director of the Ibero-American Cooperation Institute (ICI) of Spain. The ICI, under the González government, has assumed a more active role in promoting and strengthening Spanish-Latin American cultural, economic, and social relations and interchange. It is reported that the ICI may be upgraded to the level of a government ministry in the future. The interview was conducted by EIR correspondents Anno and Elisabeth Hellenbroich and Katherine Kanter April 20 in Madrid.

EIR: It seems the most important strategic problem for Ibero-America is debt. Over the last year, several Ibero-American presidents, like President Osvaldo Hurtado of Ecuador, Siles Suazo of Bolivia, or Carlos Alzamora, the head of the Latin American Economic System (SELA), have called for the formation of a debtors cartel or for joint action. How do you see such proposals?

Yañez: We, as a government, as Spain, have supported the initiatives of President Hurtado of Ecuador as well as those of President Siles Suazo to achieve strategically joint discussion of the Ibero-American foreign debt, through regional integration organizations, some of them unfortunately in crisis because of growing protectionism by many countries. But we support the idea of the need for a common strategy of the Ibero-American countries, [when] facing third countries and blocs, to deal with the extremely grave situation of the foreign debt. That is our position on this question. Spain has collaborated in refinancing of the foreign debt of various countries, with the result at least of successful negotiations. This is the case of Cuba, Mexico, and various other Ibero-American countries that are involved in renegotiation of their foreign debt. That is our position on this question. Spain has collaborated—of the foreign debt these countries have with the rest of the world.

EIR: Antonio Blanca, the special representative of French Prime Minister Pierre Mauroy, stated several weeks ago in Caracas that the IMF is responsible for genocide in Ibero-America. Could you give us your opinions on what he said?

Yañez: I don't know about these statements. But there is no doubt that the demands made by the IMF on developing countries, concretely on the Ibero-American countries, are excessively draconian; they see only the monetarist aspect of the economic situation, without considering the social consequences and the level of development of those countries. I think that the international financing and credit institutions must . . . consider other circumstances and conditions that are not exclusively the interests of the centers [of economic power]. . . .

EIR: In the case of Central America, some of President Reagan's advisers are trying to trap him in what they call a "second Vietnam," without making the mistakes made in Vietnam. How do you think Spain could help President Reagan get out of a situation that could be very tragic and which could lead to a strategic catastrophe?

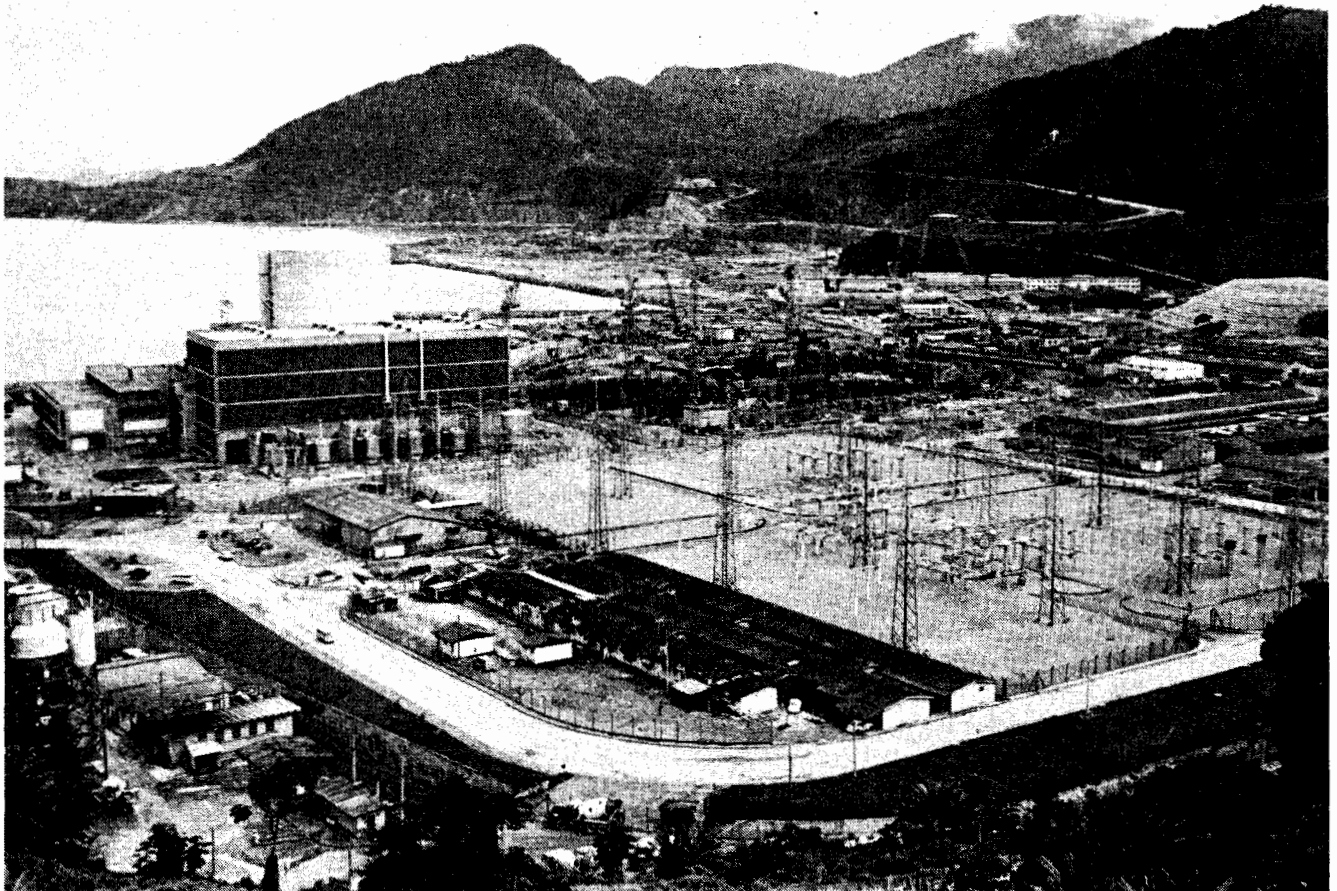
Yañez: We have always had the impression that the U.S. government, the Reagan government, has a tremendous flow of information on the Central American situation; it has a lot of facts, but doesn't understand the situation. Paradoxically, it doesn't know how to interpret those facts. [The Reagan administration] doesn't draw the conclusions that seem to us appropriate concerning the situation. It seems to me that there is an excessive tendency in Washington to see exclusively East-West relations, relations between the blocs, in the Central American situation. While we do not ignore the interests that the Cuban-Soviet axis may have in the zone, this the basic element of the situation. The basic elements are socio-economic, a situation of underdevelopment, of dependence, of extremely lacerating historic injustices that have not been solved in the slightest degree. Thus, as long as the policy of President Reagan continues to be the way of force, the solution of conflicts by exclusively military means, the problem can never be resolved. It can be prolonged indefinitely, because a military victory is not possible for either the guerrilla forces or the forces opposing that oligarchy. Here is where I believe that Spain, as well as other countries in or outside the area, can contribute: by communicating that message to the U.S. administration, and, concretely, Spanish President Felipe González has already had some talks with high-ranking U.S. officials to this very effect. In the near future, in June, [Felipe González] is going to go to the U.S. and will meet with President Reagan. I hope that by then the Central American situation is not already absolutely irreversible, which is the real danger of the situation. We are the first to be concerned that the countries of Central America—like Nicaragua or El Salvador or others—are not turned into sat-

ellites of the Soviet Union. But we think that some of the black and white, "pure and tough" attitudes, and lack of comprehension of the problems on the part of Washington are pushing those countries toward such undesirable positions.

EIR: Mr. Lyndon H. LaRouche, head of a faction of the Democratic Party, the National Democratic Policy Committee, recently made a proposal for Central American peace that includes the following points: close the borders totally, freeze arms sales, create an international commission under the leadership of Belisario Betancur, cut back \$4 billion aid to Israel, and promote a policy of big industrialization projects for Central America, including construction of a second Panama Canal. Would you comment on these points?

Yañez: Well, I believe that these are constructive suggestions. The comment that could be made about what makes the proposal as a whole constructive—rather than to comment on the specific points, which, in any case should be left to the governments of the region, or to those governments

seeking to bring peace to the area—is that it addresses the roots of the problem. These are problems that are historic in nature, about social inequalities, about the absence of reforms during the last 50 years, about conditions that are almost prehistoric in the countries of the region. I believe the spirit of these proposals is being made concrete by the Contadora group, by the four countries that are seeking a negotiated solution, and which, of course with the support of other European countries such as Spain, we believe can be a way to solve the problem. But, in fact, these initiatives must overcome the rigidity and intransigence not only of the United States or Reagan, let us be fair, but also that of the government of Nicaragua, which does not accept the withdrawal of the military advisers, of the military assistance it receives from Cuba and the Soviets. But I hope and believe, that if there were, if ways could be developed, to guarantee to the parties that certain accords would not be violated, I believe that there is still time to reach a peaceful and negotiated solution in the region.



The Angra dos Reis nuclear complex in Brazil: will Spain cripple itself or join Latin America in a development effort?

Dennis Small/NSIPS

Foreign Minister: 'Countries in crisis should coordinate'

The following interview with Spanish Foreign Minister Fernando Moran, was conducted in Madrid on April 30, following the Institute for Ibero-American Cooperation conference. The minister is a former professor at the Escuela Diplomática in Madrid. He is an expert in African affairs, on which he has written a number of books and articles. Minister Moran was ambassador to Portugal for several years, from which period he retains a keen interest in the Portuguese-speaking nations. The minister is known for a somewhat "Gaullist" stand on the NATO issue, as he does not favor further integration into the military alliance. He is the author of the diplomatic protocol to the recently signed Hispano-American Friendship Treaty, which defined the issue of Spanish national sovereignty more clearly than in previous negotiations.

EIR: What are the most important results of this conference?

Moran: I think that the conference itself is the most important, more so than the conclusions put down in black and white. To gather so many personalities of so many different tendencies, the fact that representatives of Honduras and Nicaragua have been able to sit down at the political roundtable and have laid out their points of view frankly, the fact that there were minimal guidelines and orientation, all that seems to me the most important thing.

EIR: What do you think of the possibility, as Lyndon H. LaRouche has proposed, of creating a cartel of Ibero-American debtors, including Spain and France?

Moran: Spain doesn't have much [foreign] debt, it doesn't have the same proportion of debt that Mexico has, for example, but I think that it can be effective to coordinate the postures of these countries suffering this economic crisis.

EIR: Lyndon LaRouche has made a four-point peace proposal for Central America, suggesting that President Reagan should announce U.S. support for the initiatives of the Contadora Group, including Colombia, Venezuela, Mexico and Panama. LaRouche has also proposed that Reagan announce the cutoff of \$4 billion in aid to Israel, because of Israeli arms trafficking in the region, and that the President declare war on the Jesuits and the right-wing cults in Central America. Finally, the President should immediately begin implementation of genuine measures for long-term development of the region. What do you think about this?

Moran: Regarding the freezing of credits to Israel, you understand of course, that as minister of foreign affairs I cannot

make any comment. Now with respect to the other points, it seems to me that everything that really attempts to help maintain the status quo is positive.

Economics Minister: 'Monetarism is destructive'

Miguel Boyer is the Spanish Minister of Economics and Finance. The following exchange took place in Madrid on April 30.

EIR: What do you think of Milton Friedman and the monetarist model that he proclaims for Europe and Ibero-America?

Boyer: I am not a monetarist. It is a simplistic theory of economic functioning and one that has had bad results in countries that need economic development and that have great social injustices; in the U.S. itself, monetarism is being put in question, even by a conservative government.

Former Foreign Minister: 'Debtors need to find solution'

José Maria de Areilza was until April the president of the Council of Europe Parliamentary Assembly. He is a former foreign minister of Spain. The interview was conducted in Madrid on April 29.

EIR: What do you think about creating a cartel of Ibero-American debtors?

De Areilza: It seems good to me. I don't know if it should be called a cartel, but for the inter-American debtors to reach agreement on finding a real solution, realistic and viable, seems very good to me.

EIR: What do you think of Milton Friedman and monetarism?

De Areilza: The "Chicago boys" have set up an economic and financial plan in Chile that has had poor results. That's because of the emphasis on and the tenacity in maintaining that policy, which in theory is acceptable but which in practice has been a failure. I believe something similar has happened in Argentina. The ministers under the military regime have applied a liberal monetarist policy, and they've ended up with rocketing inflation and a chaotic economic situation.

Here in Spain there has not been, fortunately, an excessive application of the Friedman school policy, but there are some big defenders of that policy on the [political] center and right. I think that that policy cannot be applied in Spain with any chance of success.