Pestilence of Usury by Valerie Rush

IMF gets okay to monitor Colombia

But the Brazilian government, resisting IMF pressure, pushes for a presidential summit on the debt.

• **PAUL VOLCKER,** U.S. Federal Reserve chief, declared on July 30 that the World Bank, formerly a lender for development projects in the developing sector, will take a "much more critical role" as a policeman of Third World debt along with its twin, the International Monetary Fund. Volcker also stated that a cut-off of further infrastructural investment in developing-sector nations was required: "It is quite possible that as a matter of relative priority, [large development projects] . . . could give way to areas where more effective use of the existing capital stock is emphasized."

• **IN COLOMBIA** on July 30, the agreement that gives the International Monetary Fund the right to monitor the economy will go into effect. This was announced in a press release issued by Finance Minister Roberto Junguito Bonnet on July 18. Junguito also announced that the $1 billion loan package being put together by a consortium of 200 international banks would be finalized by then. The banks were awaiting a green light from the IMF before joining the consortium. The green light came with President Betancur's decision to accept IMF surveillance.

At least one dozen police stations in the terrorism-ravaged department of Valle are being shut down because of lack of funds, which forced the officers to work under "sub-human conditions," according to police chiefs, and their survival in the face of terrorist attacks "could not be guaranteed" for lack of training, weapons, etc.

• **BRAZIL'S** Planning Minister has declared that during the past five years, social expenditures have fallen by 30% in real terms, health expenditures by 46%, housing by 58%, and education by 19%.

According to Brazilian sources at the World Bank, President José Sarney was furious when IMF director Alexandre Kafka called him in mid-July to protest that the budget cuts which Brazil has made are "too modest." Kafka's phone call was transmitted through Chicago-trained Finance Minister Dornelles, whom sources say is in trouble with the President for his pro-IMF position.

In a televised address to the nation on July 22, Sarney demanded that the bankers sit down and negotiate, and not merely dictate conditions. "We cannot allow the dogmatic intransigence of the international financial institutions to impose an unnecessarily recessive policy upon the country. . . . We men of state must face facts, not theorems."

• **BRAZIL'S AMBASSADOR** to the United States Sergio Correa da Costa, speaking to a seminar of bankers and businessmen in Washington, D.C. on July 25, declared that his government could not accept growth rates incompatible with the country's needs. The worst thing the bankers can do, he declared, is to force their debtors into bankruptcy.

Renewing economic growth, said Da Costa, is not only a national imperative, but "also serves the interests of the creditors. The principal concern of the creditor must certainly be the health and prosperity of the debtor. There can be no greater disaster for the creditor than the bankruptcy or suicide of the debtor. . . . Unfortunately, our creditors are not showing the greatest sense."

• **JORGE BLANCO,** President of the Dominican Republic, announced on July 24 that he and Brazilian President Sarney were planning to hold an informal summit meeting of Ibero-American Presidents during the opening of the U.N. General Assembly in September. Sarney will be giving the opening address to the General Assembly, which is expected to focus heavily on the debt, as will the summit meeting. No formal announcement of the summit meeting is expected, however.

• **CARLOS ALZAMORA,** Former head of the Latin American Economic System (SELA) and currently Peruvian ambassador to Argentina, has called for an Ibero-American presidential summit on the debt. "The Latin American presidents have never held a summit meeting, and when they have met, it was on the invitation of the U.S. President to consider U.S. initiatives."

In apparent response to Henry Kissinger's debt proposals, Alzamora added that Latin America, in three years, has paid to the creditor nations "the equivalent of two Marshall Plans," and that what the German people suffered after the war "is pale compared to what the Latin American people suffer today."