

New Solidarity

Does U.S. Mean Uncle Shylock? 8-12-85

President Reagan, for one, likes to think of the United States as a genial Uncle Sam, full of beneficence toward the rest of the world. But, from the standpoint of the Third World countries around the globe, the U.S. has come to mean "Uncle Shylock" instead.

Shylock, for those who have let their Shakespeare collect dust for too long, is the villain of the play, "Merchant of Venice." Shylock had one obsession—to collect his debt.

That would seem reasonable enough, most Americans would think. It is only a question of equity, getting your money back. But Shylock was not the kind of merchant who wanted to get his money back in order to carry out new investments. In return for his loan, Shylock demanded a pound of flesh, and was determined to collect at the cost of the borrower's life.

Today, the U.S. government is determined to do the same.

Throughout Africa and the Third World, there is no question but that the debt is unpayable. It is not unpayable because of the "mathematicians," as Fidel Castro said. It is unpayable because the productive potential, both in capital and labor, has been so looted in these countries, that they cannot possibly produce enough wealth to pay their debts, and survive.

Thus there is only one way that the nations of Ibero-America, the Philippines, Africa, and even relatively prosperous Southeast Asia can pay their respective debts. They must take food and other vital resources out of the mouths of their peoples.

But the U.S. government demands that the debt be paid. No sooner had the new president of Peru, Alan Garcia, declared that he would not allow more than 10% of Peru's export earnings to be paid in debt service to the bloodsuckers at the International Monetary Fund, than, on Aug. 2, the U.S. State Department suspended all aid.

The ostensible reason behind the aid cutoff was that Peru was more than one year behind in paying what was admitted to be "a relatively small amount" of its \$11 million debt to the United States. The State Department invoked the Brooke-Alexander amendment as its alibi, but around the world, the action was viewed as a weapon of blackmail, to get Peru to pay its debt at any cost. Although President Reagan later sent a conciliatory message to President Garcia apologizing for the "misunderstanding," the initial threat remained: Pay, or else.

This was also the theme of Federal Reserve chairman Paul Volcker (Shylock personified), when he told a House Banking Committee that Peru's decision to limit debt payment "may hurt Lima's prospects for improving its financial plight." And, the same message was broadcast by U.S. Treasury Secretary James Baker III, at a press conference on his way home from Lima, when he called Garcia's moves "counterproductive" and said they will only reduce the Peru's prospects for aid in the future.

To top it off, the United States the same week suddenly decided to sell off its copper reserves, worth \$2.5 billion. Peruvian Energy and Mines Minister Huayta called the move "open aggression"; the dumping of copper will force a drop in the price in Peru's chief export commodity, which will not make its ability to pay its foreign debt any easier.

Were the Founding Fathers of America to visit the republic they created as a "beacon of hope" and "temple of liberty," what would be their response to the United States' role as international debt collector? If you call yourself an American patriot, then support the Schiller Institute's campaign to ensure the sovereignty of nations fighting for the lives of their people. Help put the International Monetary Fund out of business, and get the United States to drop its Shylock mask.