



## How Waldheim is useful in pontiff's long-term plan

By Diana Johnstone

PARIS

**T**HE CATHOLIC CHURCH HAS ALWAYS WELCOMED sinners. Welcoming sinners who are also princes or heads of state has helped make the Catholic Church what it is today. A temporal leader's spiritual shortcomings may indeed provide a handle for a spiritual guide to gain wider

### AUSTRIA

temporal influence. It was in perfect keeping with Catholic tradition that Pope John Paul II welcomed Austrian President Kurt Waldheim to the Vatican when everyone else was slamming doors in his face.

But while the pope and other powers can put the Waldheim affair to their own use, the effects at the grass-roots level in Austria are deplorable. Attacks on Waldheim originating in the U.S. have aroused dangerously conflicting emotions. Efforts to create understanding between Catholics and Jews in Austria have been set back. Forgiveness is as essential to Christianity as remembrance is to Judaism. By a campaign against Waldheim that seems exaggerated even to Austrian Jews, the World Jewish Congress has unwittingly made it easier for Austrians to stop feeling guilty about their national tradition of anti-Semitism.

**Double message:** A poll taken just before Pope John Paul II received the controversial president at the Vatican showed that 61 percent of Austrians would vote today for Waldheim, including 43 percent of Social Democrats and 92 percent of his own Christian Democrats. At the same time, a similar majority wished he would resign. This clearly suggests that Austrians are less attached to Waldheim as their president than defensive of what they perceive as unjustified outside criticism. The same poll showed that 33 percent blamed Waldheim for the scandal around his wartime past while 41 percent pinned responsibility on

the World Jewish Congress.

A few days after he was praised by the pope as a man of peace, Austrian Socialists, by a close vote and over opposition of party leaders, called on Waldheim to resign. The Socialists blame Waldheim for lying about his past, pretending to have sat out World War II when in fact he was busy repressing "terrorism" (as the Wehrmacht called partisan resistance) in the Balkans. But even the sponsor of the Socialist resolution calling for the president's resignation, Josef Hindels, defended Waldheim from Jewish accusations that he had committed war crimes.

Waldheim is essentially an uninteresting conformist who has done whatever he was supposed to in order to succeed in his career. Criteria have changed and so has he.

## The debt crisis: soul searching for banks and debtor nations

By Carol Wise

**A**S DRASTIC AS THE DECISION APPEARED IN May, Citicorp chair John Reed should be thanked for setting aside \$3 billion in reserves against future losses on his bank's Third World loans. The gesture is one of the first realistic responses

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to the debt crisis over the past five years, since it acknowledges that debtors simply can't be counted on to pay back their massive debts. The action also dispels illusions about where the debtors really stand with the banks.

The move—prompted largely by Brazil's indefinite interest-payment moratorium on \$70 billion of its debt owed to the banks—signals an obvious toughening regarding further lending to the Third World. It also represents a "writing down" of the debt by

Even many Austrians who heartily dislike Waldheim believe that there was more than spontaneous moral indignation behind the World Jewish Congress' campaign against him.

In the first place, the attacks on Waldheim, the former United Nations secretary general, seem in keeping with Israeli and Reagan administration efforts to undermine the U.N. The impression that the U.N. is indirectly under attack has created a certain reflex of sympathy for Waldheim in many countries outside the U.S. sphere.

Austrian neutrality is seen as the second target of the anti-Waldheim campaign begun in the U.S. "We don't belong to the club," anti-Nazi historian Gerald Stourzh told the Italian daily *La Repubblica*. "If Austria had belonged to NATO, Waldheim would never have been put on the 'watch list.' Basically, the Americans never digested our neutrality."

Stourzh said the extreme moral rigor applied to Waldheim may be "an honorable sentiment, but it does not take into account

historical reality. Waldheim neglected to recount a part of his own past. Morally he is to blame, but to put him on the same level with a Barbie or an Eichmann as is now being done is a huge injustice. The Israeli ambassador Daniel Elasar, who was recalled to Israel last year, courageously said so many times. But the voice of reason goes unheard."

Israeli Prime Minister Yitzhak Shamir has used the pope's audience with Waldheim to argue that "the pope's contempt for the feelings of the Jewish people should push us to strengthen the Jewish presence in all parts of our national territory, without hesitation." In short, he alleges that the affair justifies the Jewish settlements in the occupied Arab territories.

**The ultimate aim:** The pope also has a political advantage to draw from the affair, as Catholic priest Gianni Baget Bozzo, a Socialist member of the European parliament, explained in an interview in the West German daily *Die Tageszeitung*. By lending a hand to Austrian Christian Democrats in hanging on to the presidency, the Polish pope hopes to strengthen conservative Catholicism in Austria and "liquidate the heritage of the liberal Cardinal Koenig" of Vienna and "make Austria into a powerful bulwark of his East European policy."

The pope's most cherished aim is to restore Christendom, that is, Europe as a Christian entity. Whether capitalist or communist,

## The pope has a political advantage to draw from his meeting with Waldheim.

he foresees that societies without soul may turn to the Catholic Church to provide what they lack.

"A grateful Waldheim can be useful" to the pope, Baget Bozzo observed. The Italian press reports that the pope's dream is to wangle an invitation to the Soviet Union next year to celebrate the millenium of the conversion of Russia to Christianity. Waldheim may be able to help. □

The banks have now jumped into the center of this policy vacuum, demonstrating that they won't be sticking around to pick up the tab. This means that everyone—creditor-country governments, debtor-country governments, the big multilateral lenders and even the banks themselves—now face some long overdue soul-searching about realistic options for resolving the crisis, both within the parameters of their own institutions and on private capital markets.

Capital markets are registering interesting signals on this front. Despite Baker's and Volcker's vehement insistence that the debtors pay up in full, one Salomon Brothers bank analyst says that stocks for those big banks with high levels of outstanding Latin debt are currently trading at a 60 percent discount to the stock market—a discount that is "even greater than the price concessions accorded Third World debt currently trading in the secondary market." Such discounts likely make it impossible for bank creditors to proceed much longer with their solemn negotiations for multi-year reschedulings and full-interest payments from the debtors, and may explain Citicorp's decision to pull back

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By Kevin Robinson

GUATEMALA CITY

**H** OPE FOR PEACE IN CENTRAL AMERICA IS again on hold after the sudden and unexpected postponement of a June 25-26 conference of Central American leaders here. The presidents of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica were to have discussed a new peace plan for the region at the meeting.

Most diplomats here say the Reagan administration pushed its closest regional allies, Honduras and El Salvador, to postpone the conference in order to pave the way for new U.S. military aid to the contras. The administration has been critical of the plan for seeking to end U.S. military pressures on Nicaragua in exchange for political reforms in that country.

Despite fears that U.S. opposition condemns the plan to failure, however, the meeting is now rescheduled for August 6-7. As that date nears, some Central American countries are seeking closer coordination with the Contadora group of nations to buffer U.S. pressure and boost the negotiations. The Contadora group—Colombia, Venezuela, Mexico and Panama—has long been seeking a peace settlement for the region.

The new peace proposal, dubbed the "Arias plan" after its author, Costa Rican President Oscar Arias, is aimed at reviving regional peace negotiations. Such talks have been stagnant since June 1986, when the Central American countries declined to sign a peace pact drawn up by the Contadora group.

"The Arias plan attempts to reactivate negotiations and put a peace pact in practice," said Costa Rican Ambassador to Guatemala Mario Charpentier. "It incorporates the most essential aspects of the Contadora plan, such as breaking the arms race in Central America, but also places greater emphasis on restoring democratic processes in all the countries."

Costa Rican officials admit the plan is an attempt to replace military pressure on Nicaragua with political pressure. Its cornerstone is a proposed demand that the Reagan administration end all military and economic aid to the Nicaraguan contras. In exchange the Sandinista government would declare a cease-fire and decree an amnesty for the contras. The plan also calls on the Nicaraguan leadership to open a national dialogue with legal opposition organizations in order to restore civil liberties suspended by the country's five-year-old "state of emergency."

**Revised proposal:** When Arias first presented the plan to the Reagan administration in January, State Department officials embraced the initiative. At that time the plan called on the Sandinistas to negotiate directly with the contras—an old U.S. demand that Nicaragua steadfastly resists, considering it tantamount to surrendering to Washington's military pressure.

But at a meeting of four of the Central American presidents last February—which excluded Nicaragua—Arias suddenly changed the plan, calling on the Sandinistas to negotiate with legal opposition groups rather than the contras.

Honduras and El Salvador—both heavily dependent on U.S. military and economic aid, with the latter facing a strong insurgency in its own country—could not endorse the new version of the plan. Instead the two countries agreed to invite Nicaragua to discuss the proposal at another conference of all five Cen-

# Meeting to discuss peace proposal delayed under pressure from U.S.

tral American presidents. The ill-fated meeting was scheduled for late June in Guatemala City.

Since the conference was announced, Reagan administration officials, backed by Honduras and El Salvador, have regularly criticized the new plan, saying it does not include sufficient demands on Nicaragua. The U.S. insists on direct negotiations between Managua and the contras, as well as substantial political reforms in Nicaragua, before the U.S. cuts off aid to the counterrevolutionaries.

"The big question is: 'Are the Sandinistas willing to negotiate away their stronghold in

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Nicaragua?'" said one U.S. official here, clearly summarizing the Reagan's administration's main concern. "Why should or will they feel they have to? But if they face years more of the contras, they would probably be more willing."

**The contragate factor:** The Arias plan, however, is firmly backed by Democrats in the U.S. Congress. In March the Democrat-controlled Senate voted 97-1 to support the Arias initiative. In October U.S. lawmakers are scheduled to debate legislation to block Reagan's request for \$105 million in new contra aid.

The Arias plan is intended to capitalize on growing opposition in Washington to U.S. support for the contras, according to many diplomats here.

"The Iran-contra scandal severely weakened Reagan's policies in the region and we must take advantage of that weakness to seek backing for political solutions to the Central American conflict," said Guatemalan lawmaker Edmond Mulet, a member of the country's congressional foreign relations commission and a supporter of the Arias plan.

Not surprisingly, then, top Reagan officials have lobbied U.S. allies during numerous trips to the region since February in an effort to modify the plan, according to diplomats here.

In mid-June, following a tour of the region by the U.S. administration's roving ambas-

sador to Central America, Philip Habib, Salvadoran President Jose Napoleon Duarte suddenly requested that the presidents' conference be postponed to incorporate modifications to the peace plan. That raised a wave of accusations about U.S. pressures on El Salvador.

**Gambling for guns:** Congressional Democrats in Washington say that by postponing the conference the Reagan administration hopes to sway the congressional vote on contra aid in October. "Reagan doesn't want to kill the Arias initiative, but rather keep just enough life in it to argue for more assistance to the contras to keep pressuring the Sandinistas to negotiate," said Sen. Christopher Dodd (D-CT), head of the Senate subcommittee on Western hemisphere and Peace Corps affairs.

The conference's postponement nearly led to a total collapse of negotiations. Nicaragua accused the U.S. and El Salvador of sabotaging the Arias plan by imposing the discussion of U.S. concerns.

El Salvador proposed meetings of regional foreign ministers to revive the peace act before the presidential summit. It was a plan that did not go over well in Managua.

"The proposed pre-meetings of foreign ministers would only lead to heated discussion and polarization, weakening the peace talks and any possibility of a negotiated solution, and we won't fall into that trap," charged Nicaraguan President Daniel Ortega, who announced Nicaragua's withdrawal from the conference. But late last month, after Contadora promised to assist

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in coordinating the ministerial meetings and help plan the conference, Nicaragua suddenly reversed its position. That cleared the way for the summit to be tentatively reset for early August.

**Contadora's role:** Despite its willingness to negotiate, Nicaragua's main concern is the Arias plan's apparent isolation of Contadora. In contrast to the Arias proposal's emphasis on "democratization," the Contadora effort stresses mutual non-aggression agreements, as well as respect for self-determination and non-intervention in the affairs of sovereign states as the basis for peace.

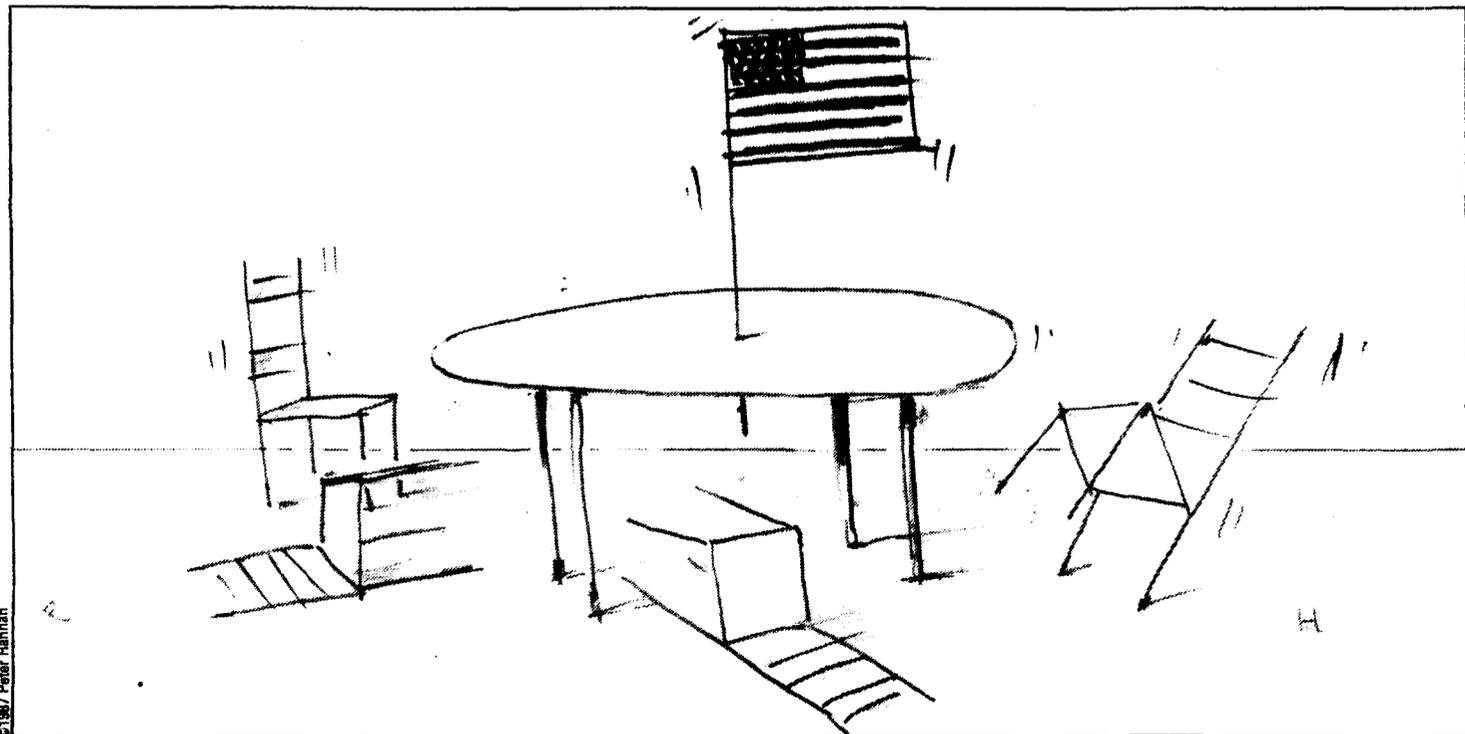
Indeed, Contadora's three-year deliberations broke down in 1986 when the Reagan administration and its regional allies charged that the Contadora peace pact provided no guarantees that Nicaragua would abide by it. They accused the group of partiality toward the Sandinistas.

Nicaragua, which supports the reactivation of Contadora negotiations alongside discussion of the Arias plan, hopes the group's participation will buffer U.S. pressures. Costa Rica also supports Contadora's assistance. Guatemala, which maintains a "neutral" policy in Central America and has resisted U.S. pressures to align against Nicaragua, may propose a fusion of the Contadora and Arias peace acts at the presidential conference, according to sources in the Guatemalan Foreign Relations Ministry.

Still, the signing of a peace pact in August is unlikely. Nicaragua will adamantly reject negotiations with the contras as proposed by El Salvador and Honduras. Likewise, the latter two countries, strapped to U.S. military and economic aid, will resist arms-limitations agreements.

"We have to be realistic," Guatemalan Deputy Foreign Minister Luis Chea told *In These Times*. "If the Reagan administration is intent on breaking the peace negotiations there is little we can do. Until the U.S. understands its dollars are better invested in Democratic processes than destabilization, anyone who expects the signing of a regional peace act is out of focus." □

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