Ibero-American politics focus on revolt against IMF

by Christian Curtis

Whatever anyone chooses to call it—a cartel, a debtors' club, concerted action—there is little question that the debtors of Latin America are being forced by economic reality, as well as the continuing folly of the OECD nations, to unite. There may not be an institutional name for it, but it is becoming rapidly evident—except to those who believe the *Wall Street Journal*—that every major debtor nation in the Western Hemisphere has the following situation in common with its neighbors:

1) No matter what they say, no matter how much they would love to please the continent's creditors, they simply cannot pay—and therefore are not paying.

2) They are resorting increasingly to bartering goods among themselves, leaving the U.S. dollar by the wayside as an instrument only good for paying debt.

3) Most importantly, there is a continent-wide political uproar against the International Monetary Fund.

As the heads of state of the industrialized nations of the West, plus Japan, prepared to discuss the world's economic ills at Williamsburg, anti-IMF revolts were springing up across Latin American. Particularly among the four largest debtors—Brazil, Mexico, Argentina, and Venezuela—it became clear during May that popular resistance, led by organized labor, would permit no further looting of living standards in order to satisfy IMF demands. Short of formal repudiation, every one of these nations has tried to warn the IMF-led international bankers that the debt cannot be paid without unacceptable levels of social chaos and political collapse.

The Fund, instead of heeding this message, is trying to "play hardball," as the London *Economist* put it in its May 21 editorial. "At stake is the credibility of the IMF." Like a lunatic confronting a man with a shotgun, the Fund dared Brazil to fire by announcing that is was not pleased with Brazil's austerity performance so far this year and is therefore withholding the $411 million loan disbursement it had promised for May 30. Brazil, however, sidestepped the charging lunatic, who then attacked the Bank for International Settlements: the BIS was supposed to get most of a $450 million payment owed by Brazil at the end of last month from the money the IMF was supposed to give to Brazil. (See article, page 4.)

The IMF and the BIS are flirting with world financial disaster; to make matters worse, Washington's recent actions have identified the United States with IMF's Malthusian policies. As a result, Latin America is not only up in arms against the Fund, but it is moving away from Washington at great speed.

How to win friends. . .

Treasury Secretary Donald Regan left America's southern allies agape when he told reporters in Washington on May 19 that Venezuela, which owes close to $20 billion in 1983 alone, must sign with the IMF, like it or not.

The resulting uproar was deafening. Although the government had already declared its intention to apply for a loan from the Fund, there was immediately talk in Caracas that there would be a special session of parliament to consider a resolution urging President Luis Herrera Campins to lodge a formal protest with the American ambassador over Regan's remarks. Washington quickly invited Finance Minister Arturo Sosa to Washington to try to calm things down, but the incident is not over.

"The nation sets its own conditions," Herrera Campins said bitterly before a crowd during the weekend of May 23. "And at no time can they be harmful to its own interests. There are social problems that governments must confront and solve, realities that cannot be put aside. . . ."

"In the name of the National Government and of the people of Venezuela, I reject totally the declarations of [Regan], which can only be called impertinent, contradictory and, to say the least, infantile," Sosa said in a statement released to the press May 20, before leaving for Washington.

As a result of the pressure being brought against the country, Venezuela is probably more ready now than at any previous point to consider joint policy action with other Latin American debtors. The government, the two leading parties, the largest trade union federation, the industrialists' lobby, and the nation's press have unanimously pronounced the IMF's terms—which include mass layoffs, slashes in living standards, and surrender of sovereignty over the country's oil—"unacceptable."

El Mundo, a large Caracas newspaper, urged the government to declare a moratorium in retaliation for Regan's "interventionism." The parliamentary leader for the ruling Copei party, Leonardo Ferrer, declared that the IMF terms "would aggravate the social and economic conditions" of the Venezuelan population.

Cristóbal Hernández, an executive member of the major opposition party, Acción Democrática (AD), agreed. "Due to sovereignty and national dignity," he said, "we cannot accept the IMF's propositions." Gonzalo Barrios, considered the grand old man and consumate moderate of the AD, called for an "accord" among all parties for a unified national front on foreign debt. Earlier, before the Regan fiasco, AD economist Luis Matos Azocar had called for a "national front, with the participation of business, labor, and politicians, to strengthen our negotiating power so that the IMF realizes that they are dealing with an entire nation."

Former President Carlos Andrés Pérez, who is regarded as the powerful figure within the AD, bitterly denounced Regan's comments because, he said, IMF policies only "destroy nations." If Venezuela signs with the Fund, Pérez said, it will be destroying itself.

. . .and influence people

Perhaps an even greater disgrace to American policy was the behavior of the U.S. Ambassador to Mexico, John Gavin. In a speech before the Los Angeles World Affairs Council May 24, Gavin delivered an open threat to Mexico by defending the seditious activities of the neo-fascist PAN party, which he called a "legitimate opposition party."

The U. S. State Department had come under heavy attack for allowing U. S. embassy personnel to attend a PAN strategy meeting in the state of Sonora, after the PAN had been charged repeatedly with involvement with drugs, terrorism, and other violence in the border states. Prominent national press coverage had been devoted to a joint statement issued in Sonora by the Mexican Labor Party (PLM—a political ally of U.S. politician Lyndon LaRouche, *EIR*'s founder), the Socialist Workers Party (PST), and the Popular Socialist Party (PPS), calling for the revocation of the PAN's registration as a legal party.

"We have no intention or desire of interfering in domestic affairs," Gavin said. "We want only to make friendly relations with Mexico. But just as we would not tell the Mexican ambassador not to meet with the Democrats, we reserve the right to meet with legitimate opposition parties in Mexico. The Mexican government should understand that, when wild charges are made for domestic political gain, the Mexican people may shrug them off as more of the same old thing, but the American people are listening, and they won't shrug it off. They may question our ability to continue the use of tax dollars to finance a government which is hostile to America."

Gavin precisely identified the question that politically separates the United States from its natural southern ally—Malthusianism—only to choose the wrong side. His speech began with a warning of the overpopulation of Mexico City, praising a May 15 *New York Times* article that blamed most of Mexico's ills on its "rush to industrialize." Mexican planners must "think more about labor-intensive programs," he said. "I know there are those who say capital intensity is the best way to go, but I think not."

Gavin cited how generous the United States has been for backing up the IMF bailout packages for Mexico, but the Mexicans, he noted, have been ungrateful. Mexican "attitudes are conditioned by old hostilities and new fantasies."

Although the IMF has given its blessing to Mexico's first-quarter economic performance, Gavin could not have picked a worse moment to provoke Mexico. As *EIR* goes to press, 8 million workers are scheduled to take part in a nationwide strike May 30 called by the Confederation of Mexican Workers (CTM) in a direct challenge to the IMF's wage restrictions. The CTM being officially part of the ruling PRI party makes the strike even more remarkable.

Similar labor pressure is approaching the boiling point throughout the region. The ORIT, the Latin American-wide trade union federation affiliated with the AFL-CIO, has endorsed the idea of joint renegotiation of debt and has denounced the IMF, distributing a poster throughout Latin America detailing its program.

Washington would do well to heed the handwriting that has been on the wall for weeks. Following the summit meeting between the presidents of Mexico and Brazil last month—where it was agreed that since neither country has any dollars, they will simply swap goods—every major Ibero-American government has signaled that it is prepared to resort to barter and to stop paying debts, in order to save what is left of their economies from the BIS and IMF.

In Bogotá, Colombia on May 16, the Economic Commission for Latin America (ECLA), which includes representatives from all governments in the region, declared that although the nations of Ibero-America may be willing to pay their debts, they cannot do so under the conditionalities demanded by the creditors. "The countries of the region have expressed their firm volition to meet the debt obligations," said the ECLA communiqué, referred to as the Declaration of Bogotá. "However, even at the cost of extreme sacrifice, many of those countries are in no condition to meet the services of their foreign debt within the [contracted] terms. . . ."

In other words, Latin America has rejected IMF conditionalities. ECLA economists told journalists that the agreement in Bogotá was that any loan terms of less than 20 years, with 3 to 4 years of grace, are "not viable." Interest rates must be reduced, they added.

The Declaration of Bogotá also specified that the debtors of Latin America should use "coordinated action" toward the creditors—though not forming a debtors' cartel—in order to "obtain more favorable conditions."

One week before, in Quito, Ecuador, ECLA and the Latin American Economic System (SELA) met with representatives of 22 governments to call for political coordination among debtors and a dramatic increase in barter trade.

There can be no doubt that these issues—coordination on debt and resort to barter—define the agenda of relations with the industrialized North. As a result of the meetings in Quito and Bogotá, Colombian President Belisario Betancur and Ecuadoran President Oswaldo Hurtado were designated as the Latin American representatives in all matters pertaining to the Williamsburg summit.

'The scourge of monetarism'

On May 1, ORIT, the Regional Inter-American Workers Organization, which represents the trade-union federations of all of Ibero-America, issued a proclamation calling for an end to economic and political oppression within the Americas through the creation of a New World Economic Order.

The proclamation, which was posted in Mexico and elsewhere throughout Ibero-America, attacks "the scourge of monetarism imposed by the International Monetary Fund which subjugates our economies."

"ORIT," it states, "ratifies its inevitable commitment with the glorious destiny of the Indoamerican working class and maintains:

- its struggle against dictatorships, be they right or left wing groups;
- its vigorous unity for the complete installation of union freedom and respect for human rights;
- its rejection of the manipulative policies of monetarism which reduce the purchasing power of salaries and impose unjust forms of austerity on Indoamerican nations;
- its identification with the demand for the collective negotiation of our foreign debt;
- its support for the creation of a new international economic order.

"These positions constitute an argument sufficient to unify the forces of the Indoamerican Union Movement and orient its struggle for an authentic, free and sovereign America," the proclamation concludes.

The document is signed by ORIT Secretary General Tulio Cuevas Romero, the former head of the largest Colombian trade-union confederation, the UTC.

ORIT is officially supported by Lane Kirkland's AFL-CIO. The union federation was set up with the aid of the AFL-CIO, and the AFL-CIO has printed favorable reports in its newspaper of its actions on behalf of unionism. Cuevas, when he headed the UTC, had cordial relations with the AFL-CIO.

Two issues of the official AFL-CIO newspaper, where action by ORIT is routinely reported, contain no mention of the proclamation. Official but "nonpublic" AFL-CIO policy, as stated by an economist at the AFL-CIO's headquarters, is that the New World Economic Order—which would reorganize the world monetary system for the purposes of global industrialization—is a "cheap trick" against American workers. The Latin Americans, he said, simply want American workers to pay the bill for their "poorly managed" economies. He also said that he hoped no U.S. unions would bring up the plan, because "that would be embarrassing."

'IMF creates devastation'

The following are excerpts from an article published May 21, 1983 in the Confederation of Mexican Workers' (CTM) magazine, Ceteme, *by CTM leader Porfirio Camarena, adviser to the confederation's chief, Fidel Velásquez.*

. . .The interests of the great powers, represented by the International Monetary Fund, seek to impose on the countries of the Third World—including our own—economic policy measures which have nothing to do with the interests of the workers and the majority; very much to the contrary, they endanger any democratic and nationalist devleopment program.

However, the organized labor movement is convinced that in the agreements which our country must make with the International Monetary Fund, agreements necessary in the sense that they serve as a guarantee before the international financial community, there can be no regression to the detriment of the workers nor endangering the national sovereignty.

Countries like Bolivia, Chile, and Argentina have had to accept economic policy measures imposed by the International Monetary Fund such as: reduction of public expenditures, elimination of trade controls with other countries, free exchange, containment of salary demands, among others. The consequences have been devastating...