Two million person rally rebuts Volcker, IMF

by Salvador Lozano

"No to the IMF: National sovereignty comes first," was emblazoned on the enormous banner at the head of the march of 2 million workers which took place in Mexico City on Labor Day, the First of May. The slogan was signed by the Congress of Labor, which comprises all the major trade union centers of the country.

The May Day rallies, not only in Mexico but in Argentina, Colombia, Peru, and elsewhere, marked a milestone in the political fight against the International Monetary Fund which was initiated by the Schiller Institute with its worldwide mobilization the weekend of April 13. The May Day show of force means that the labor movement of the Americas is getting ready to turn the smoldering resentment against the IMF's "loan conditionalities," which are killing whole populations, into political power to end the IMF dictatorship over all sovereign nations—including the United States.

- The three main labor organizations of Colombia made the battle against the IMF the central feature of their demonstration.
- The leaders of the main labor groups in Peru supported the Schiller Institute's appeal to make May Day a continent-wide mobilization against the IMF and drug-trafficking.
- In Argentina, the General Confederation of Workers began on April 30, in Rosario, with a rally of 25,000 trade unionists, the series of mobilizations which were planned to combat the submission of Raúl Alfonsín's government to the International Monetary Fund. Saúl Ubaldini, one of the four general secretaries of the CGT, called for defense of the sources of work, production and wages, to fight the "financial fatherland," and "the always untouchables," and to probe "the illicit [parts] of the foreign debt."

Moreover, Colombian labor, speaking through Jorge Carrillo, president of the Union of Workers of Bogota and Cundinamarca, pulled the rug from under "Third Worldists" who justify the IMF's conditions only as long as they are also applied to the United States.

"It is not a question today of saying, 'since the International Monetary Fund is destroying the economy of our nations in Latin America, then let's go demand that the Fund's conditions be applied too to the United States,' as some people here have proposed. The Fund's conditions would cause the workers of the United States the grave problems we are suffering from. What we must demand is that the United States withdraw its backing from the International Monetary Fund," he stated to the crowd of 20,000 people that gathered on May Day in the square in front of the Interior Ministry in Cundinamarca.

Four days earlier, the drug-linked ex-President Alfonso López Michelsen, proposed that some countries band together to force the United States to accept IMF conditions (something such figures as James Baker III and Paul Adolph Volcker are already taking care of).

Paul Volcker, enforcer

Federal Reserve chairman Volcker himself flew to Mexico on April 26 to inform the United States' hemispheric allies that they would receive no reprieve from International Monetary Fund death sentences against their economies, as long as he had any say in U.S. policy. "Frankly, I would be a bit shocked by a political dialogue" seeking to ameliorate the debt burden in the continent, he told a Mexico City press conference. "I think that there is already a process which has produced favorable and reasonable results not only in Mexico, but also in other countries." If any nations do move toward new debt talks, it would be "disturbing to the private financial markets where decisions regarding creditworthiness must be made daily," he threatened.

Volcker's insolent statements, coming after a private meeting with Mexican President Miguel de la Madrid, set off a wave of outrage. Volcker's statements were "blind and irresponsible," wrote Iván Molina Ochoa in the Mexican government-owned daily *El Nacional* on April 28. To Volcker's insistence that no new lending to the region be forthcoming from international banks, Molina responded, "This is nothing less than the core of the U.S. plan to induce recessions [in Ibero-America] from abroad and with it prepare the path for economic occupation, as partners, of the most important debtor nations."

Molina charged that Volcker wants to force Ibero-America to "accept foreign investments." Our alternative is to establish "a common productive region with a common market and perhaps even a common currency," he concluded.

Volcker was trying to crush any possibility of resurgence of Ibero-American joint action against the IMF and for debt relief. As he arrived in Mexico City, the Presidents and foreign ministers of the eleven major debtor countries of the continent, grouped in the loose confederation of the Cartagena Consensus, called on the ambassadors of the "Big 7" OECD nations, to deliver an appeal for new debt talks to the Bonn economic summit.

The IMF and the transnational banks have maintained their balance sheets at the cost of "a drastic contraction of living standards of our people," said the letter, over the signature of Uruguayan President Julio Sanguinetti. "It would be a grave error to believe the debt problem has been solved." The mid-April meetings of the IMF and World Bank in Washington made "no significant progress" in dealing with the problem, the statement added. Continuing high real interest rates, declining commodity prices, and net transfer of resources out of the continent, must be corrected. "We must grow our way out of debt problems," by reactivating the economies rather than implementing further austerity.

The case of Argentina is illustrative. Monthly inflation is at 30%, and monthly interest has also just gone up to 30%. But after a meeting of the cabinet held on April 13, a presidential spokesman announced that another ratchet of "severe" austerity is "imminent." Businessmen must prepare to accept new "fiscal oppression," the spokesman said, and workers should "renounce in part their wage aspirations." The announcement came at a moment when the minimum monthly wage is enough to allow a working class family, with luck, to live through one week.

One business leader put it, "The government promised to wipe out the profits of what was called during the military trial 'the financial fatherland,' but this concept of the country continues, because while the speculators are making money, the real businessmen cannot make profits, the workers only get low wages and mass layoffs, and high inflation is a symptom of the breakdown."

Labor declares war on IMF

Volcker's choice of Mexico for his debtor-bashing excursion was calculated. Mexico City was the site, April 17-19, of the XI Continental Convention of the Organización Regional Interamericana del Trabajo (ORIT), representing more than 32 million workers, which declared war on the IMF and warned that "generalized moratorium may be the only way out for our countries," if the choice is between "saving the creditor banks or rescuing the population of Latin America."

The declaration came after April 13 rallies across the continent against the IMF inspired by the Schiller Institute, which involved many of the same labor union leaders, and set the stage for the outpouring of anti-IMF sentiment at May Day rallies. Concluding the ORIT meeting, Fidel Velázquez, leader of the Confederation of Labor of Mexico, ratified the call and added that "we need a meeting of debtor nations which will allow us to counter the influences which the creditors and international economic organizations have over them."

Volcker's insults tend toward transforming the anti-IMF ferment now exploding in Ibero-America, into an anti-Americanism which benefits only the Soviet Union.

Peru: no colonialist prescriptions

Concerted anti-IMF action by Ibero-American governments has been stalled: The Argentine government has made a deal with the International Monetary Fund to impose the austerity policy followed by the former military regime, under the aegis of the "always untouchables," such as the perverted ex-minister of finance, José Martínez de Hoz, which can only produce the same devastating results. Brazil is in limbo, in the wake of the death of its President-elect, Tancredo Neves, and Mexico is paralyzed.

But, as a result of elections two weeks ago, Peru may be able to catalyze anti-IMF motion. "Peru will pay its foreign debt without the IMF," Peruvian president-elect Alan García told the Chilean daily *La Tercera de la Hora* April 26. "We can't apply colonialist prescriptions in our economies." García was elected April 14 in a vote in which only 4% of the population backed the pro-IMF policies of Peru's existing government. García said the choice facing Peru was to pay or to eat. "We will not follow the IMF's demands," he said, because "Peru needs to consume food. A Peruvian eats 20 kilos of fish per year, when he should eat 60-70 kilos like the Japanese. He consumes 29 kilos of rice, when he could eat 50, or the 150 kilos of a Chinese. Our agriculture is underutilized, therefore we will not follow the IMF demands."

García has mooted that his first choice for foreign minister is Carlos Alzamora, the career diplomat who presided over the Latin American Economic System (SELA) in 1982-1984, when SELA spearheaded a continental drive for debt moratorium and renewed economic growth. Picking up one of the central efforts of SELA, and a recommendation of Lyndon LaRouche's influential *Operation Juárez* economic-strategic proposal, García said Ibero-America needs a common market to withstand trade-war pressures from international creditor institutions.