

IMF, eyeing Russian loot, boasts of new imperial age

by Kathy Wolfe

The entry of Russia and 14 other republics of the Community of Independent States (CIS) into the International Monetary Fund and World Bank at the IMF Interim Committee meeting in Washington April 23-28 was heralded by IMF spokesmen as the beginning of a new IMF imperial order. Actually, it is the last gasp of the Versailles System, and the international bankers' vain hopes to loot the vast natural and human resources of eastern Europe to prop up for "just one more decade" the bankrupt world dollar debt structure.

The fall of the Soviet bloc has left the U.S.-led Group of Seven to rule the world via the IMF, proclaimed BBC economics correspondent James Morgan in the April 25 London *Financial Times*. "Quite unnoticed, imperialism is back in fashion," he writes, under a "new imperialism . . . orchestrated by the Group of Seven, the IMF, the World Bank," and GATT, the General Agreement on Tariffs and Trade. The "gospel" of the "New Imperialism" is "free trade," and the "vehicle by which the free-market gospel has been transmitted" is the IMF Structural Adjustment Program.

This IMF program involves the "total integration of the IMF and World Bank into the life of target countries. They have become involved in welfare programs to minimize the instability that could wreck the new order. A host of social instruments in these countries are organized by the new imperialists." The New Imperialists are promoting the World Bank's Global Environmental Facility, whose "purpose is to bribe developing countries into building non-polluting industrial projects: in other words, to prevent others doing what the industrial countries have done."

In fact, the IMF is in some trouble. IMF shock therapy policies have already led to enough economic and human disasters to have spurred revolt and near-revolt in Russia, Poland, Venezuela, Peru, and other countries.

Russia's monetarist Deputy Prime Minister Yegor Gaidar

flew to Washington just for the IMF event, and repeatedly pledged Russia to years of harsh austerity. Russian President Boris Yeltsin, however, told Interfax in Moscow April 28: "We do not want to work under the dictate of the IMF. We are not in total agreement with the IMF about everything, and we will defend our point of view."

"The methods of the IMF are never to dictate," IMF Managing Director Michel Camdessus was forced to respond at a crowded April 28 Washington press conference.

And, while the IMF Interim Committee press release April 26 announced that George Bush's \$24 billion IMF Russia "support plan" has been agreed upon by the industrial nations, Camdessus told the press that Russia would not actually be disbursed a cent, unless the Russian people were willing to tolerate far more austerity. He also said that the IMF has no money in any case, unless Japan, the United States, and others ante up over \$60 billion for the IMF's ninth round of quota increases.

British announce new empire

The IMF's Camdessus, British Chancellor of the Exchequer Norman Lamont, and their sidekick U.S. Treasury Secretary Nicholas Brady, in speeches to the Interim Committee April 27, were loud in proclaiming IMF world rule. "Today, we witness a far-reaching turning point in the history of the IMF and the World Bank," Brady told the meeting. "With the entry of the 15 new states of the former Soviet Union, the Bretton Woods institutions can, for the first time, be described as truly global. This major achievement can only strengthen the central role played by the Fund and Bank in the global economy.

"The battle of ideas has been won. Now we must make those ideas work in practice," he proclaimed.

IMF Managing Director Camdessus called the event "the

challenge of the day . . . the most important challenge for international cooperation since the end of the war. Indeed, what is at stake is much more than economics."

British Chancellor Lamont made clear in his own Interim Committee speech, that the game is to prop up the existing bankrupt world debt structure with cheap loot from the former Soviet bloc. IMF programs in the former Soviet republics "will bring increased trading opportunities, with countries richly endowed with natural resources and with potentially vast markets," he said.

Lamont proudly took credit for Britain for the IMF's absorption (so far) of Russia and the CIS at a press conference April 28. "Today is a remarkable and historic day," he intoned. "This was a process that began only nine months ago at the London Summit, and I would like to feel that the U.K. has played a very full part. We were the first G-7 country to propose full IMF membership. We have acted for them in these membership negotiations."

Lamont bragged that he was personally responsible for flying Gaidar to the meeting from Moscow, making it clear that Gaidar and those who agree with his shock therapy plans are British agents. "I met Mr. Gaidar at breakfast yesterday and he has now asked me and Britain to continue to help Russia until the autumn. I am also looking forward very much to escorting him into the Interim Committee for the first time this afternoon."

The *Washington Post*, meanwhile, reported April 28 that the first 20 of 1,000 Russian and other CIS economists have begun to arrive in London for training stints of at least six months in banking and industry at British financial institutions.

IMF doth protest too much

At every press conference, however, IMF Managing Director Camdessus was forced to deny the obvious: that IMF shock therapy programs are causing political chaos worldwide. At his opening news conference April 23, Camdessus was asked by *El Nacional*, Venezuela's leading newspaper, about the fact that in "Latin America, recent events in Venezuela and Peru would indicate" that large masses of people are suffering from IMF austerity.

"Please, do not tell me the IMF has anything to do with recessionary policies," Camdessus protested. "Inequalities existed in those countries before the IMF programs. Whatever the political difficulties and disturbances are, our strategies are correct."

Venezuela, for example, "has taken very courageous measures and as a result the balance of payments has been reestablished, inflation was reduced," he said. The Third World must realize that "no modern economy can exist without a modern tax system, without having the people paying," Camdessus said.

At his April 28 closing press conference, the first question which hit Camdessus was about Russian President Yeltsin's statements in Moscow hours before, rejecting "IMF dictates" (see article, page 8). No sooner had Camdessus protested

that charge, than he was asked about IMF responsibility for economic disasters in Poland and Peru. "Mr. Camdessus, you said that the IMF does not dictate to countries," one reporter said, "but I'm wondering what lessons you've learned from the Polish shock therapy experience, which would lead to changes in that approach with Russia and the other republics?"

"In Poland, we have not dictated anything," Camdessus protested. "I suggest putting the Polish experience into the right perspective. We had a standby arrangement with Poland, which was a great success in stabilizing the Polish economy, which allowed Polish exports to grow brilliantly." Poland's problems, he claimed, were entirely caused by the overall "collapse of CIS trade. Poland has lost a formidable part of its external trade. This is an external shock which has indeed required major adjustments, including in our program." It was, Mr. Camdessus omitted to say, IMF-style shock therapy programs which enforced the shutdown of Russian and other CIS nations' imports from Poland.

Next, Camdessus was asked whether the IMF could still do "business as usual with Peru," where President Alberto Fujimori has conducted a government reform which threatens the IMF's control over Peru's economy. The IMF has just reviewed Peru's IMF programs and so far, "things were in order," Camdessus said, but the IMF is asking Peru to reverse the Fujimori reforms immediately. "It's clear that the members of the IMF board," he said, "were concerned about the consequences the recent events in Peru could have for the international support to Peru, which is a basic condition for the success and the continuation of the right IMF program. We have expressed this concern and a wish that a rapid return to a normal course of affairs in Peru would avoid the interruption of a program which so far has been implemented with determination."

'Weimar' Russia?

The economics of what the IMF is demanding of Russia are horrific. Michael Mussa, director of the IMF Research Department, told the press April 25 that Russia needs an inflation-deflation shock plan like that imposed in Weimar Germany, which led to the rise of Hitler.

Under Gaidar's shock therapy program, Mussa said, Russia now has 1,000% annual inflation, which will probably get worse. "We've had something like a 400% increase in the price level during the first quarter already," Mussa said. "Now there's going to be, as oil prices are liberalized and raised and so forth, there's going to be some further inflation over the remainder of this year. But another 100% on top of 400% would produce 800% inflation; 100% would be a doubling of prices beyond what was seen in the first quarter."

After this incredible inflation must come a sharp deflation, he said. "What we are really looking for in the Soviet Union [sic] is a reduction of the inflation rate on a monthly basis to the low single digits by the end of this year. That's the program objective of the Russian authorities as well."

Asked by a reporter if any country in history had ever gone from hyperinflation to "single-digit" inflation Mussa said, "Yes, a particularly dramatic instance would be the end of the great post-World War I German hyperinflation, where there was a currency reform in November of 1923 and the inflation rate was brought down really quite rapidly. . . . Yes, it is indeed possible to bring down the inflation rate quite rapidly."

All of this, Mussa said, has been decimating, and will further decimate the Russian physical economy. "Material product has been continuing to decline in Russia during the first quarter of this year at a quite rapid pace. And some further decline in output over the remainder of 1992, I would think, is more likely than not."

Third World hit the worst

The new IMF global dictatorship must also use its increased powers to completely crush national economies in the Third World, Camdessus, Lamont, and U.S. Treasury Secretary Brady said repeatedly. "You will not be able to do what you should do with the eastern European countries and the 15 CIS republics if you are allowing protectionist forces to be reinforced" in the Third World, Camdessus told the press April 25.

"Our task must be to create a global environment that supports the struggle to create market economies in the news states and in eastern Europe," Treasury Secretary Brady said in his April 27 Interim Committee speech. "We must not forget and we should continue to encourage the remarkable reforms taking place in much of the rest of the world: Latin America, Africa, and Asia. Countries which have adopted market-oriented growth strategies are now seeing better economic results," Brady lied.

The April 26 communiqué to the IMF Interim Committee by the "Group of 24" Third World nations headed by Ismaila Usman, Nigeria's finance minister, complained strongly about the IMF's new expansion. The G-24 are "angry and they are worried," one minister told reporters April 28, that the new expanded IMF empire in Russia and the CIS will mean that the Third World will be forced into last place and not be able to get a cent of credit. "They feel they have gone through a very difficult period, taken reform measures, and been pushed aside."

The G-24 communiqué "welcomed the forthcoming membership of the republics of the former Soviet Union. However . . . the transfer of resources and assistance to these countries should be additional, and not at the expense of financial and other assistance to other developing countries."

Camdessus made clear April 28 that the IMF is aware how badly the IMF-induced economic collapse in Russia and the CIS is already hurting Third World nations in Asia and Africa. "India is one of the countries in the world which has been more severely victimized by the dramatic fall of output in the former Soviet Union," he told the press.

IMF is behind the Guadalajara tragedy

by Hugo López Ochoa

All the propagandistic efforts of a decade to get Mexico to "modernize" and join the "First World" were overturned the morning of April 22, when a series of violent explosions caused by a massive gasoline leak from a facility of the state oil company *Petróleos Mexicanos* (Pemex) destroyed a 6-7-mile-long swath of Guadalajara, the capital city of Jalisco state. More than 200 people were killed, 1,800 injured, and an unknown number are missing. The explosions are the tragic result of 10 years of deterioration of Pemex's distribution infrastructure, due to lack of maintenance, a systematic disinvestment strategy, and the mass layoffs of qualified technical personnel because of the diversion of revenues into debt service.

The Anglo-American financial elite, which has been itching to get its hands on Mexico's oil for half a century, sees the Guadalajara disaster as an ideal opportunity to break through long-standing nationalist resistance on the question, and has already deployed its media mouthpieces, like vultures to a kill, to exploit Mexico's latest tragedy.

Physical and moral rot

Guadalajara not only reveals the deplorable state of collapse of Pemex's installations, but the moral rot and incredible corruption of the entire municipal, state, and federal apparatus which, with total contempt for the value of human life, refused to take proper measures for evacuation of the affected area despite warnings by the population at least five days prior to the explosions of strong gas odors. According to the report prepared by the federal attorney general's office, the gasoline spilled into the sewage system because the gasoline pipeline corroded after it had been mistakenly spliced with a water aqueduct installed by a private company five years earlier. The spilled gasoline reached depths of a meter which, for such an extensive area, had to have been leaking over several weeks. Indeed, Pemex technicians revealed to the weekly *Proceso* that they had detected the leak at least five weeks prior to the accident.

In the beginning, Pemex directors, municipal authorities, state Gov. Guillermo Cosío Vidaurri, and Urban Development and Ecology Secretary Luis Donaldo Colosio hurriedly tried to blame the accident on the cooking-oil company