García at UN: Usury is a crime against humanity

by Gretchen Small

Peruvian President Alan García announced to the United Nations General Assembly Sept. 23 that Peru will withdraw from the International Monetary Fund, if "decisions on reform of the monetary system" are not taken during the IMF's Annual Meeting in Seoul, South Korea in October. He summed up the situation facing the developing nations quite simply: "Under current conditions, as a results of its unjust beginnings, and because of the methods by which it has been increased, the foreign debt can never be paid off by any of our countries."

García's speech has shaken the world community far beyond the floor of the United Nations. Every developing sector head of state or foreign minister who has addressed this year's General Assembly thus far, has seconded the Peruvian President, to greater or lesser degree, in declaring existing world economic policy unsustainable. But García did come to plead; he outlined to the world's representatives the legal and moral grounds upon which his nation has already limited, unilaterally, payments on its foreign debt to 10% of its export earnings, and refused discussion with the IMF on matters of domestic policy.

Each country must make its own decisions, he stated, but "we believe the objective must be the unity of debtor countries and a radical change of the situation." And while the "10% solution" may not be the answer for all countries, Peru has taken the lead "to prove that a great step can be taken, and that if many others decide to take it, we will open up the avenues to the future."

García's address to the world assembly slaughtered that sacred cow of international finance, the IMF, on the eve of that body's annual meeting. International bankers are now madly scrambling to regroup—possibly around the World Bank—before other nations join García in rebellion against the IMF's murder of their nations.

Public response by the world banking community has been muted. The International Monetary Fund refused comment. The World Bank's Public Relations Office merely informed the press that, if Peru left the IMF, it would be automatically cut off from World Bank funding, since any country which leaves the IMF is "automatically no longer a member of the World Bank," unless 75% of the

A 700-person Schiller Institute demonstration greets Alan García's arrival at the United Nations on Sept. 23, supporting his fight against the International Monetary Fund and the drug mafia. Inset: García receives a delegation from the Schiller Institute's Trade Union Commission, in Lima the week before.

NSIPS

voting stock of the Bank votes to allow it to stay. World Bank spokesman Hugh Blackman noted, only the United States could do that.

But privately, the orders have gone out for economic warfare against Peru. One British banking official warned a European business consultant Sept. 20, if García wants "to keep in the international monetary system, he's going to have to come off his high horse."

To be "outside" the world financial system, is to not receive credits, of any sort. The banking official specified that an elite Swiss-based bankers' organization called the Berne Union was prepared to cut off Peru's export financing, in a matter of 24 hours. For Peru, no credit means a cut-off of food imports; and Peru imports much of the food it consumes, including 99% of the wheat that is used for bread production.

It is the qualities of courage and command which President García has demonstrated, which most worry the bankrupt international financiers. Asked by a reporter at a press conference in New York if he was "not running the risk of staying alone," García replied, "I say I am always alone. I stated yesterday that like *One Hundred Years of Solitude* [a novel by Gabriel García-Marquez], we have 160 years of solitude. . . . Therefore I am not scared of loneliness, because I live in it."

"I know that the response to this decision may be the imposition of sanctions and amendments," García told the United Nations Assembly. It has already been announced that Peruvian debt will be declared "value-impaired" in October, he stated, but "as President of Peru, I come to say that it is not necessary to wait until October. The Peruvian debt is already value-impaired. We declare it to be so!"

On Sept. 17, García met with a delegation from the Ibero-American Labor Commission of the Schiller Institute, some 20 labor leaders from 7 Ibero-American countries. García warned the labor leaders, who came to express their support for his economic battle and war on drugs, that his country faced "a bitter siege in times soon to come," and would require international support. He thanked the Schiller Institute for the support it has provided from around the world, but left open the question of whether the Peruvian population will have the strength to continue to back him, when the hardships intensify.

García's political support

Thus far, García's daring leadership has won him unprecedented support from the Peruvian nation, proud to have taken up the lead in the international battle against usury. Tens of thousands gathered to greet him in the Plaza de Armas late at night upon his return from the United Nations. "This is the hour of solidarity, of unity," he told them. "But we cannot wait for the undecided." Speaking for an hour and half to the crowd, he presented the country's battle against "the usury which characterizes economic imperialism" as Peru's moral imperative, despite the hardships it will bring upon the nation. "If I fight for Peru, join me in the sacrifice," he told the Plaza. "Listen to me, Peruvians: all revolutions have their costs and sacrifices, and when the time comes, it is then that I also want to see your enthusiasm. I demand from each of you a dose of enthusiasm, support, will, and possibility of overcoming difficulties. Let's get to work, and no complaints."

García presents a new problem to the insolvent international financial establishment. Since the threat of economic warfare has not forced Peru to capitulate, they must now either back down, or carry through on their threats of total economic warfare against Peru—in a situation where every government in the world is watching how they will respond. Can the bankers, under current conditions of rebellion against the IMF in countries from Nigeria to Egypt, Tunisia to the Phillipines, and across Ibero-America, risk a head-on clash with Peru, which may trigger the very international anti-IMF alliance which they fear?

Perhaps more stung than the IMF was Cuba's Fidel Castro, whose grandstand play these past months to turn the anti-IMF fight into an instrument of Russian geopolitics, was abruptly cut short by García, when he told the United Nations, that the developing sector will not become an "instrument of another hegemony. We do not adopt spectacular positions, counseling non-payment while punctually repaying one part of the world, and repaying with strategic sovereignity" the debt to the "other side." With their "macho" hurt, Cuban delegates to the United Nations came to blows with Peruvian delegates in the delegates' lounge following García's speech, according to gossip in the U.N. Press Corps, with other delegates left laughing.

García had the same contempt for Russian "anti-imperialism." "We purchase corn from the U.S.A. to feed chickens, with which we are repaying in kind our debt to the Soviet Union. Thus, a country that is threatened by hunger has to repay its foreign debt with food. We are only a stopover for products that travel from one power to another," García stated.

Economic earthquakes

Whether or not Ibero-America supports García may prove the deciding factor in the battle. Asked in his press conference what the reaction from Ibero-American governments has been to his proposals, García responded, "So far, none—really and truly none."

"Divide and conquer" has been the creditors' policy since the outbreak of the debt crisis in 1982, and thus far, it has succeeded. Peru's $14 billion foreign debt, monstrous compared to national earnings, is small on a world scale, hardly enough, in itself, to threaten international liquidity. What the creditors fear is the possibility that one, or more, of the "Big Four"—Argentina, Brazil, Mexico and Venezuela—might join García. And that, is not yet decided.

Privately, some leaders of the Ibero-American nations express anger that García has turned the game upside down, bringing troubles for "the whole neighborhood." Twice in the last three years, Ibero-American unity has failed when, at separate moments of national crisis with the banks, the presidents of Mexico and Argentina each caucused the other big debtors for support. Told "no," the presidents backed down, and alone, signed with the IMF.

García, however, did not ask; he acted. And now, the "undecided and hesitant" must choose. Creditors confident of Ibero-American national chauvinism to date, might care to reconsider that assessment, in the light of the continent's history. One thing, is to request no action. It would be another, for Ibero-American governments to stand by and let Peru be starved by its international creditors. Contingency plans for Ibero-American integration, under conditions of crisis, have been under study by nationalist factions in each country, aided by wide circulation of *EIR* founder Lyndon H. LaRouche's *Operation Juárez* proposal following the 1982 Malvinas War, which outlines how an Ibero-American Common Market can defend the continent from economic warfare.

Whether a government which opposed García in a confrontation with its creditors could remain in power, is an open question. Support for García is growing in the trade unions and political parties of the continent, as his leadership earns him the position of "President of Ibero-America," as he was called by Colombian trade union leader Pedro Rubio in the Schiller Institute meeting the week of Sept. 16.

Other Ibero-American governments, if trying to avoid a confrontation with the creditors, have also begun to draw the line on IMF austerity, and the United Nations meeting provided an opportunity for informal caucasing between the visiting presidents of Peru, Venezuela, Brazil, and Uruguay. Brazilian President José Sarney of Brazil reiterated in his speech to the United Nations that Brazil has drawn the line at sacrificing growth for debt payments, while Venezuelan President Jaime Lusinchi, proposed a variation on García's "10% solution" at a New York press conference, with a proposal for debtors to insert "contingency clauses" into their refinancing accords, linking capacity to pay with what will be paid.

Mexico's earthquake has also changed the equation on the continent. The IMF stunned the world with its announcement that Mexico had been cut off from funding, for failing to meet austerity targets, on the same day that the country's capital city was devastated by the worst earthquake in the country's history. "The earthquake was good for Mexico. . . . If anything, its a golden opportunity to get rid of a few hundred bureacrats and a lot of dead wood," stated one European banker, cited in a Sept. 24 Reuters wire, which added the statement of a British banker that, "to say that the banks are going to somehow feel sorry for Mexico . . . is rather unrealistic." (See page 13)

But Ibero-America has rallied to Mexico's side. "The Mexican catastrophe has reaffirmed my conviction" on the need for limits on payments in times of crisis, Venezuelan President Lusinchi stated at his Sept. 24 press conference. President García informed newsmen the same day, that "one consequence of the earthquake . . . has been that several countries have requested that Mexico be given respite from the payment of its foreign debt."