

## IMF declared 'ineligible' to run the world economy

by Mark Sonnenblick

On Aug. 15, just as the International Monetary Fund's executive directors were debating in Washington how it would look for them to declare "ineligible" a country whose airforce had just bombed cocaine laboratories, Peruvian President Alan García met in the presidential Palace in Lima with a dozen labor leaders from all over Ibero-America. Within hours, the IMF declared economic war on Peru; Fund spokesmen spewed to UPI that Peru would soon be cut off from all World Bank and private lending.

The battle lines were drawn. While the IMF seeks to give the death blow to what it calls "Peru's deteriorating financial situation," García outlined his fight to replace the "liberal and monetarist economic theory which . . . has aggravated the situation of our countries over the past 10 years. . . . There will not be a just international economic order without a monetary order to sustain it," García told them, "and this is the underlying problem with the entity which today, I am informed, could declare or has declared Peru ineligible. . . ." The trade-union leaders proposed to him that labor's political muscle be flexed to bring about "a joint position of our countries and all the workers of the region against the grave problem of the foreign debt and the International Monetary Fund."

García parlayed his greetings to the labor leaders into a dramatic lesson broadcast live on Peru's radio networks and recorded for TV. "I tell you, and through you, the Peruvian people, that there is no reason to be afraid," he concluded. "The theories, threats and declarations [by the IMF] are paper fantasies." At every moment conscious of the historical import of being the first big debtor to be blackballed by the IMF, García assured his countrymen, "know then that we are not going to do anything to historically harm the country. Rather we are opening the doors to another situation and another possibility, to leave for our children a better situation and a better and more just society, without violence."

Key labor leaders from Colombia, Argentina, Chile, Brazil, Panama, and Bolivia flew to Lima to plan a continent-wide mobilization against the IMF system and for regional integration based on building great development projects. In the convocation they signed for a Latin American congress of workers, they declared, "The President of the Republic of Peru, Dr. Alan García, has had the moral integrity to decisively and responsibly confront the usurious international financial institutions which caused this crisis. But this struggle cannot be exclusively by the governments; at its head must be the trade-union movement which historically has been a factor in the great economic and social changes benefiting the population in general."

The meeting was convened by Peruvian Sen. Luis Negreiros, the veteran leader of the labor sector of García's APRA party and until recently the president of the Senate. It was organized with the assistance of the Ibero-American Trade Union Commission of the Schiller Institute. The Schiller Institute was founded in 1984 by Helga Zepp-LaRouche to save the Western alliance and to form a New World Economic Order.

The trade unionists selected Jorge Carrillo, who until hours before he left for Lima, was Colombia's labor minister, as their spokesman. Carrillo singled out Rodolfo Seguel, the Vatican-backed Chilean labor leader who was jailed for 61 days last year for his central role in the "days of protest," which were the beginning of the end for Gen. Augusto Pinochet. Carrillo told the meeting, "It would be useless, for example, for the Chilean people, who are valiantly fighting to rescue their liberty, justice, and democracy, to gain victory in the short term, if . . . the same economic policies continued to be implemented."

The four coordinators of the Trade Union Commission of the Schiller Institute, including Pedro Rubio, secretary general of the Union of Workers of Bogota and Cundinamarca,

Colombia, participated in the presidential meeting and carried out days of dialogue with Peruvian labor and political leaders.

On Aug. 14, the trade union leaders had been given an official welcome by the Peruvian Congress, which was especially excited by the presence of the best-known symbol of the fight for democracy in neighboring Chile.

In a working session together with the whole gamut of Peruvian labor leaders, plans for a general meeting of the Ibero-American labor movement had been thrashed out. Jorge Carrillo asked García for the Peruvian government to facilitate "a great encounter of Latin American workers in the middle of October." In his short, tough statement, Carrillo noted how "the majority of our countries are devoting to the service of our debt an average of about 50% of their exports. . . . The countries which have had adjustment programs imposed on them [by the IMF] have, because of them, lost nearly 10 million jobs."

Carrillo contrasted that with García's "valor and moral integrity in telling the entire world that Peru will . . . only allocate, as it has done, 10% of exports to the payment of the debt, that life comes before debt." Colombia's most respected labor leader observed, "I find no difference between the voice of Mr. President of Peru Alan García and the voice of His Holiness John Paul II, when during his recent visit to Colombia, he said: First comes Man; first comes the dignity of the human person; first comes the development of the peoples; before the payment of a debt which has been increased by the unilateral decision of our money-lenders."

### **Open the doors of history**

In his response, García demonstrated that Peru's decision to make a stand on the debt was neither arbitrary nor "xenophobic demagoguery." He made an analogy with going on strike for decent wages: "We demand before the Fund that our labor be better valued. Because why should we accept the vile prices they pay for our raw materials? Why should we remain silent, while they pay us less and demand more interest payments from us? Why should we undermine the right to life of our workers? Why should we conclude that their sweat has no historic purpose?" He proclaimed, "We cannot tolerate the national economy being strangled to satisfy foreign demands, which might be legal, but are not moral, which have no historic reason.

"It must be understood that our workers, our Latin American people, are worth more to us than the interest rates of a few investors who have much right, but for whom this decision is not going to mean tuberculosis, nor crime, nor subversion, nor hunger. Thus we have said to the IMF . . . we will send what we can, if you accept it promptly. If you don't accept it, that's too bad." Peru did make a good faith payment of \$35 million to the IMF Aug. 13, but the Fund rejected Peru's offers to pay the other \$160 million arrears in silver or Peruvian *intis*.

García continued, "A country cannot sacrifice its people,

nor its destiny, to benefit the appetite of the international banks, whose interest rates are ferocious and usurious. And a country cannot solve these problems by resorting to new loans to pay old debts; much less can a country renounce its economic sovereignty, letting letters of intent of an economic philosophy and a theory already rejected by the people govern instead of the elected government."

García repeatedly expressed his optimism that the labor movement of Latin America would steer other debtor countries to the path Peru has chosen. "We are always going to be at the side of the Latin American workers, who are the ones who must open the broad pathways to the future. . . . What is fundamental and refreshing is that I know that in all the countries it is the workers who are in the forefront on this question, because they know that all will be short-lived without economic sovereignty; because they know that no one country alone can negotiate, renegotiate, or escape the serious problem of the foreign debt without holding a position defined by all the countries of Latin America.

"I want to tell you who come from across Latin America that the fact that we have not yet achieved a joint and unified position in all of America does not make us impatient nor are we intimidated," he stated. "Better times will come. . . . To open the doors of history frequently requires sacrificing reverential fear of many institutions."

García reversed the dire warnings that Peru would be "isolated" by bucking the IMF. He held it would be isolated "with respect to the world centers of power. . . . But I also know that there is not isolation but close identification with the countries of Latin America, and if now some don't understand or watch passively what is happening in Peru, well, they should know that tomorrow it will be their people who will unite, and not with Peru, but with the historic will of the entire continent. To fulfill the mandate left us by our old heroes and founding fathers, from the Rio Grande to the tip of Chile: independence through unity; independence through integration."

### **Not applause, but solidarity**

García ended by telling the labor leaders, "It is very important that you are here. . . . Solidarity is the proof of democracy because while speeches can be applauded over and over again, while successes can be applauded over and over again, what for me is important is to see in my Peruvian people and in the continent not applause but, yes, solidarity at the difficult moments. Here is when one finds one's friends, when one finds if the votes were truly cast, not merely as one more option without putting one's responsibility and life on the line.

"When a people understands and knows its destiny, when a people has no fear, when a people knows that so much wealth has left here and that more wealth can be generated by its efforts, by its solidarity, without wanting it all in a single day, then the economy of Peru and of other countries will be saved."