

García addresses Ibero-American trade union leaders

Peruvian President Alan García delivered the following address to the meeting of Ibero-American trade unionists in Lima, Peru on Aug. 15, the day that the International Monetary Fund (IMF) declared Peru ineligible for further credit:

Fellow Latin American citizens and trade unionists:

Peru's house of government is ennobled by receiving the representatives of the workers of the continent. And its President thanks you in the name of the Peruvian people for this unforgettable gesture of Latin American solidarity with a country which can only express the voice of Latin America, and be a part of the job of opening the path of the future, which is the independence and the economic sovereignty of our continent.

Brother Carrillo, minister and trade-unionist, Panamanian and Argentine brothers, and brother Rodolfo Seguel, from Chile, your presence has profound meaning to me. The presence of all of you is the voice of solidarity and popular understanding of the path that our countries must follow.

For several days now, in anticipation of what would happen to Peru in its relationship with the IMF, which is the great guardian and keeper of the imperialist economy and international capitalism, many press and news services have insinuated that Peru is isolating itself and that this is its greatest mistake. And I answer, before you and with you, that we are going to isolate ourselves from domination, that we are going to isolate ourselves from imperialism and from exploitation, that we are going to isolate ourselves from a system of injustice and unjust distribution of the world's wealth. But we will always be on the side of the Latin American people, and we will always be on the side of the Latin American workers, who are the ones who must open the broad pathways to the future.

You know that Peru's position is rooted in ideological principles: There can be no democracy without economic independence, if there is no national sovereignty. There can be no popular sovereignty without economic sovereignty. But there cannot be democracy in any single country, without an anti-imperialist concept that links and unites all the other countries of Latin America in a single position and on a single path. The history of Latin America is the history of the constant deprecation of 20, 21 or 22 countries which export raw materials, for which we are paid low prices; of countries which buy machines and technologies for which we pay

excessive prices; of countries indebted by these means, each one now negotiating in isolation, in a weak position in regard to the great power of the world creditors.

Our history is the history of a continent which has not achieved its consciousness, which has not attained the historic unity of a consciousness for action. So, the issue of the foreign debt was not chosen at random for political action; the foreign debt summarizes the history of Latin America, is the current summary expression of the low prices of Latin America, of the high-cost urban industrialization which Latin America has undergone in the past 30 years. The foreign debt also reflects the high interest rates imposed on us in order to maintain an unjust distribution of world finances.

García's '10% solution'

It is for this reason that the country which I rule has decided to take a position which does not fall into the extreme of stopping payment, but takes a realistic and revolutionary position, which warns that a country cannot sacrifice its people, nor its destiny, to benefit the appetite of the international banks, whose interest rates are leonine and usurious. And that a country cannot solve these problems by resorting to new loans to pay old debts; much less can a country renounce its economic sovereignty, allowing itself to be governed not by an elected government, but by letters of intent from an economic philosophy and theory already rejected by the people.

Thus the country announced one year ago, and at great pains and amidst much incomprehension has continued to uphold, its decision to limit payment of the foreign debt to 10% of the value of its exports, because in this way we relate what is paid us for our labor, what is considered our money, with the payment they demand from us abroad.

Thus, fundamentally, we demand that our labor be better valued. Why should we accept the low 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 underestimate the right to life of our workers? Why should we conclude that their sweat has no historic meaning?

We defend the fundamental right of Latin America to make its own history. Without anyone calling upon us to do so, but rather due to the obligation of being Latin Americans, we have raised our voice to say that neither the banks, nor the IMF, nor the political design of some other countries shall determine the destiny of our continent.

Someone must begin, then, and I know that voices begin to be heard in many countries. Political will and initiatives begin to come together, and, something fundamental and refreshing: I know that in every country, it is the workers who have assumed leadership on this point, because they know that nothing will endure without economic sovereignty; because they know that any democracy will be a mere anecdote without Latin American integration; because they know

that no country on its own can negotiate, renegotiate, or escape the serious problem of the foreign debt unless *all* Latin American countries define a common position.

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 for all of Latin America does not make us impatient nor intimidate us. Better times shall arrive; history makes its way through the greatest incomprehension. To open the doors of history, frequently requires sacrificing a reverential fear of many institutions.

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The IMF's move against Peru

I know that your presence in Peru is no coincidence, and stems from a generous decision to be here, when for the first time a country of Latin America is on the verge of a situation from which their appears to be no return. Today is the 15th, and the directors of an institution well known throughout Latin America would decide Peru's internal situation. The International Monetary Fund, as an institution created 40 years ago, had some purpose in the reconstruction of the world economy after the bloody war. But in those years, it established that a world currency would be used which was not the currency of a country, but a currency linked to a world metal, gold. When that currency was released from its gold denomination 30 years later, the IMF lost all purpose, because using a world currency from that point on obliged one to use the currency of a single country, and therefore tied the economies of the poor countries of the Earth to the fate of that single country.

This is the central point: If we want a more just economic order in the world, we need a more just monetary order in the world. We need world liquidity to be an expression of our people, too, and not doom us to obsequiously use a single liquidity which is the property of a single issuing country. And this does not mean enmity toward a country, but rather the demand for other countries of the Earth and of Latin

America to have conditions of equality. There will not be a just international economic order without a monetary order to sustain it. . . .

Peru has chosen the Latin American path, the path of economic sovereignty. Because throughout these all these years of permanent pressure to pay off old debts, we have handed ourselves over many times to the will of the IMF, which is the champion of an economic theory already rejected as unacceptable and inapplicable to the poor countries of Latin America and the world. Throughout these years, we have accepted the imposition of a liberal theory of economic policy that has reduced the expenditures of the State, that has reduced the wages of the workers, that has limited the social participation of the poorest, that has reduced the productive capacity of countries.

This liberal and monetarist theory is what has ultimately aggravated the situation of our countries over the last 10 years. And so the problem is not solely a matter of credit or of money needed to pay previous debts; it is essentially a problem of economic conception. We cannot accept, for the sake of eligibility or of playing by the rules of the Fund, letters of intent which tell us we must devalue the currency as they wish, and destroy and devalue the labor and effort of our fellow citizens. . . .

The survival of the nation

We cannot tolerate that the national economy be strangled to satisfy foreign demands, which might have a legal title, but lack a moral foundation in historical terms. And because we have chosen a different economy, an economy of social sense, a nationalist economy, it has been this year, in spite of terrorism—a grave adversity we suffer—and in spite of the incomprehension of some political layers, we have succeeded in significantly reducing inflation, increasing our population's consumption capacity, thereby reactivating the industrial and agricultural economy. . . .

I thank you all very much for being with us today, on this Aug. 15. We have presented the IMF with our proposal, with our legitimate claim; as a country we are unable to pay what they demand, either to the private banks, to the IMF, or to the governments of the world. We will pay, but according to our conditions, as the country grows and develops and we solve the problems of inequality and misery that exist.

But it must be understood that a country cannot sacrifice its people to benefit interest rates set in New York or in London. It must be understood that our workers, our dark-skinned Latin American people, are worth more to us than the interest rates of a few investors who have plenty of right, but to whom this decision will not mean tuberculosis, or crime, or subversion, or hunger. Thus we've told the IMF—which is also a lender bank—we will send what we can. If they accept, well and good; if they don't, a pity. But we will adhere to this position. . . .

And we have demanded, I repeat before you here, that

just as a single currency is used and a single precious metal, gold, so has another precious metal, silver, been stripped of its right to be considered a reserve currency for our countries. . . . So, despite having our Andes in Mexico and in Peru, with a womb full of silver, we are not rich. We are poor by a decision of the IMF, because silver is not a precious metal. And if we had gold, I am certain that another type of metal would be sought, so that the minerals of the poor countries of the earth could be declared not precious metals. Therefore, we can say to the Fund, you want us to pay you? We will pay in our precious metal, which is silver. . . .

All of these demands boil down to a nationalist, decisive attitude. If the price of that nationalist attitude is, as they say, isolation, I know that it is an isolation 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 some don't understand or watch passively what is happening in Peru now, well they should know that tomorrow it will be the peoples who will unite, not with Peru, but with the historic will of the entire continent, to make true what our heroes and founding fathers, from the Rio Grande to the tip of Chile, left us as a mandate: independence made through unity; independence made through integration.

'There is nothing to fear'

I greet you and thank you for this gesture of solidarity, which is the principle of democracy. Solidarity is the proof of democracy, because while speeches and successes can be applauded over and over again, what is important to me is to see in my Peruvian people and in the continent not applause, but solidarity in difficult moments. That's when one knows one's friends; that's when one finds if the votes were truly cast, not merely as another option, without putting one's responsibility and life on the line.

And now, today, Aug. 15, as Peru surely suffers already the consequences of its decision, it is very important that you are here. And I tell you, and through you the Peruvian people, that there is nothing to fear. The theories, the threats, the declarations, are all paper tigers. 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 expecting everything in a single day, then the economy of Peru and of other countries will be saved.

There is nothing to fear, and if the President of Peru, in the name of the Peruvians, makes a decision and sticks to it in spite of any declaration, you should know that nothing can be done historically to harm the country. Rather, we are opening the doors to another situation and another possibility, to leave a better situation and a better society, without violence and with greater justice, for our children.

I thank you all for your presence and your words, and I want you to know that this house and all of Peru are Latin American territory at your service.

Colombia needs a new labor federation

On Aug. 16, former Colombian labor minister Jorge Carrillo addressed representatives of 400 Colombian unions at a Bogota meeting to organize a new unified labor federation. Excerpts follow:

. . . Yesterday, the usurious international banks represented by the International Monetary Fund declared the sister republic of Peru ineligible for future loans. In other words, they said that Peru would remain isolated from the international financial sector.

Having just returned from Lima yesterday, I am witness to the fact that the Peruvian people received the bankers' decision with delight, because it allows them to continue a policy of defense of their national sovereignty, of frontal battle against imperialism and for improvement of the living standards of the Peruvian people.

The President of the Republic had declared: "It's fine that no more loans are coming, if the loans are conditioned such that they go to paying the bankers their debts, if the loans condition the national sovereignty such that it be the bankers who decide what kinds of wage increases the workers should get, such that it be the bankers who decide what rate of devaluation the national currency should have, such that it be the bankers who say which areas of production should be reactivated, and which not.

"The decision of the bankers is welcome, because it allows Peru to use its own resources, its own foreign exchange—which is the soul and blood of nations—so that there be health, education, and food for the Peruvian people instead of handing dollars over to the international banks. . . ."

As the Peruvian President said, we don't deny that we have a debt, but we are going to pay solely in accord with our possibilities. What is Colombia going to do in allocating more than 40% of its exports to payment of the debt? It is going to cut back expenditures to meet this obligation? Is the rate of cutbacks going to increase? . . .

It has been said that public investment will be spent on the poorest, the neediest, and this is good, that there be state-financed health for indigents. . . . But it must be stated where the money is going to come from for these expenditures. It's