

Andean Report by Valerie Rush

Business mobilizes against IMF

Faced with disaster, the region's industrialists are exploring an alliance with labor.

The private sector producers of the Andean region have watched while IMF-induced currency devaluations, inflated interest rates, and deflated markets both at home and abroad have bankrupted their factories and businesses by the hundreds. Backs to the wall, these businessmen are beginning to organize a resistance, even to the point of seeking common cause with the region's labor movements, themselves in the process of uniting against the murderous conditionalities of the Fund.

Peru is exemplary. In recent years it has become a laboratory experiment for IMF debt enforcement. Gross national product this year has fallen 5 percent by official admission. Other observers estimate a collapse of at least 9 percent.

Over the past 12 months, Peru's industrial production has declined 15.2 percent while operating at less than 50 percent of installed capacity. Last month the country's single steel plant, SiderPeru, shut down. The rest of the country's industry is in a state of "deep freeze."

Speaking to a gathering of professional, military, and government leaders last May, Carlos Verme Katz, president of the Society of National Industries, declared, "Latin America's private businessmen should unite in a common front against the creditors of the foreign debt and thus give weight to the power of the debtors."

Several weeks earlier, the outgoing president of the society, Ernesto Lanata Piaggio, had warned that "the foreign debt is the principal pitfall for

Peru and in general for all the Latin American countries." He urged that a consensus be reached for a joint formula for resolving the debt crisis. If such an agreement is not made, Lanata warned, "the very size of the debt will compromise the stability of the creditor banks and their governments as well."

Verme and Lanata were voices in the wilderness last May, but no longer. At the presidential summit of the Andean Pact held July 24 in Caracas to address the region's severe economic crisis, a plea for unity was issued in the form of a powerful "Manifesto to the Peoples of Latin America." That manifesto called for the formulation of "common, global strategies" to address matters of economics, foreign policy, technology, and science and to deal with common threats against their nations.

Days before the summit, the president of the Peruvian Exporters Association, Gonzalo Garland Itugalde, declared that individual renegotiation of the debt only served to "postpone the problem for the next year." He urged the formation of "a single Latin American market" and to facilitate this, called for "new financial institutions . . . to operate on the level of central banks."

In anticipation of the presidential summit, the Pact's newly created Labor Council met in mid-July in La Paz, Bolivia to formulate a joint protest against the destruction of their nations under IMF diktat and to resolve to prepare a continent-wide one-hour labor protest against the IMF.

Their call was not missed by other sector leaders. In Peru, efforts are reportedly underway to forge a unified Business-Labor council around shared concerns for defending the economy. In Venezuela, elements within that country's businessmen's association, Fedecamaras, have asked Venezuelan labor leaders to present them with draft programs for joint action. Similar feelers are being put out by business and labor sectors in Colombia and elsewhere.

In response, forces allied to the banks and the International Monetary Fund in these countries have played on chauvinist tendencies within both business and labor to split them along national lines.

For example, in Venezuela, elements in the private sector have blamed the weakened state of the economy on high wages given to Venezuelan labor, which the businessmen claim is responsible for the flood of cheap goods from other Andean countries.

In turn, the Venezuelan longshoremen's union has threatened not to unload imports from other Andean Pact nations that might undersell domestic goods.

In Colombia, the National Industrialists Association (ANDI) has repeatedly attacked Venezuela for "discriminatory practices" against fellow Andean Pact members and are urging a Colombian withdrawal from the 14-year-old pact. Their counterparts in Venezuela have followed suit.

The economic crisis will worsen, and national business sectors will increasingly discover that, as one Venezuelan industrialist declared recently, "now is not the time for class warfare." It remains to be seen whether the "integrationist" campaign of the July Andean Pact meeting will defeat the divide-and-conquer strategems of the IMF while there is still time.