

Latin America Takes Aim At The IMF

Over 1,000 eminent Mexican economists, in Mexico City April 26-28 for the second annual congress of the College of Economists, launched a broadside attack on the International Monetary Fund and its monetarist doctrines.

"Economic stagnation, promoted by stabilizing monetarist criteria, and in particular by the IMF, is an unacceptable option," the final resolution of the conference stated. The resolution, presented personally to Mexico's President Jose Lopez Portillo, called instead for "a mobilization of the population...behind a national plan for development" based on "the expansion of production, the creation of productive and justly paid jobs, and the strengthening of economic and social infrastructure."

The economists' congress highlights a growing resistance to monetarist dictates throughout those areas of Latin America not yet under total IMF control. This fight was carried by Mexico directly to IMF deliberations in Washington and is currently at the center of discussion at the annual ministerial conference of the UN Economic Commission on Latin America.

Mayday rallies in various points of the continent immediately demonstrated that there is a mass base prepared to take up the program outlined by the Mexican economists.

In Mexico itself, one million workers took to the streets

of Mexico City May 1 to demand higher wages if inflation is not curbed. Under Mexico's current agreement with the IMF, wages are to be kept to 10 percent increases; inflation is running close to 30 percent. Napoleon Gomez Sada, head of the giant trade union confederation, the Congreso de Trabajo, declared in his keynote address that workers were "the definitive force to move the Mexican Revolution ahead." President Lopez Portillo responded that indeed the worker sector has done its part to revive the economy and expand production, "now it is the turn of the business interests."

Equally impressive — and even more explicitly aimed at the IMF — was the Mayday Rally in Peru. Thirty thousand workers demonstrated, the largest popular rally held in the country in nine years. Peru's forced march toward a Chileanized economy was shaken up in mid-March by revelations that the IMF had demanded wage increases be held 35 percent below the inflation rate and that Peru submit to a virtual cut-off of vital imports. Rage over these measures fueled the workers' protest.

Eduardo Castillo, leader of the Communist Party-backed CGTP trade union federation, told the demonstration that "the government has decided to face the crisis by making concessions to the reaction and (to) the pressures of the IMF."

The anti-IMF labor ferment is significantly matched in

Monetarists Proposing 'Euthanasia For The Businessman'

The following are excerpts from the opening address at the Second National Congress of Economists, held in Mexico City, April 25-28. The address was delivered by the prominent Mexican economist Horacio de la Peña.

Modern monetarists...are considered defenders of the free enterprise system, of stability and order, which frequently is confused with social welfare...A common characteristic of all of them (monetarists), regardless of their origin, is that they think and act in German. Possibly this is due to the fact that it was Dr. Schacht who best applied their principles in Nazi Germany. Also he was the first monetarist whose success was rewarded by imprisonment. Others have received Nobel prizes....

The goal of the individual capitalist is expressed in monetary terms, the accumulation of financial wealth; on the other hand, the goals of society are expressed through real commodities and (society's) capacity to produce them...An investment can be good for the individual because of

the profits it generates, but this doesn't necessarily make it good for the society.

(The policy of austerity) leads to stability, but with a high level of unemployment and a zero or negative (rate of) growth...These results are incompatible with economic and social policy and confronts governments with an increasingly more serious problem of popular support, especially when reality demonstrates that austerity doesn't combat inflation or external instability but does reduce employment and real wages, and leads to immobility in the public sector. This has occurred in the United States, England, France, Italy, Switzerland, etc. In the case of Latin America the examples are tragic; from Argentina...to Chile...to Brazil. These countries have been loyal to the orthodoxy of stability (and) have obtained a greater instability without growth; and they have paid an additional cost: the loss of liberty and the democratic way of life.

In point of fact (the monetarists) are proposing euthanasia for the businessman...With defenders like these, the private sector hardly needs enemies.

'Moratoria On Foreign Debt And Petroleum For Development'

The following is a summary of a report delivered to the Second National Congress of Economists by Marivila Carrasco, member of the National Executive of the Mexican Labor Party (PLM). The report was summarized in the Mexican daily El Sol, April 26 under the above heading.

Marivila Carrasco led off her address with a denunciation of the genocidal policies of the International Monetary Fund which calls for reductions in public spending, wage freezes, financial autarchy, and the looting of natural resources for debt payment. Carrasco emphasized the dangers of such policies, using as an example the state of economic and political disaster in Chile, Argentina and Brazil, all victims of the same Friedmanite recipes intended for use on Mexico.

Regarding the much-touted phenomena known as "external instability" acting on the Mexican

economy, the PLM leader explained that this is "only the most obvious expression of a profound break-down crisis of the world economy, caused by the bankruptcy of the financial structures that have dominated the capitalist world since the Second World War." Carrasco then developed the concept of the law of capitalism known as the "tendency of the falling rate of profit," that gives rise on the one hand to a tendency toward monetary explosion and uncontrollable hyperinflation, and on the other, a paralysis of the expansion of real production. Carrasco explained that when these results occur "The centers of world financial power begin to demand and impose negative rates of growth on the indebted economies."

The spokeswoman stated that only debt moratoria and the exchange of oil for technology can put an end to these IMF measures which when implemented, invariably result in the destruction of economies and democracies.

parts of the Peruvian business sector. The National Commerce Confederation (CONACO) declared on the eve of the Mayday rally that "accepting the program proposed by the IMF would cause an economic, social, and political convulsion of unforeseeable consequences, and endanger the integral security of the State." The business group warned that "the IMF is pushing Peru against her will into a debt moratorium..."

In Colombia, 60,000 workers defied conditions approaching martial law to protest the devastation of the country's economy under World Bank "development" plans. The march, sponsored by the Communist Party-led CSTC trade union confederation, took place peacefully despite efforts by pro-World Bank factions to provoke violent outbreaks as a justification for an anti-communist pogrom.

"We Would All Be Dead"

Directing the attack on the IMF at the Mexican economists' congress was Horacio Flores de la Pena, Minister of National Patrimony under former President Luis Echeverria. In his keynote address, Flores de la Pena traced the historical roots of the IMF's modern monetarism "whose principles were best applied by Dr. Schacht in Nazi Germany." "Schacht," the economist assiduously noted, "was the first monetarist whose success was rewarded with jail. Others (Milton Friedman) have received Nobel prizes." The monetarist prescriptions for austerity in public spending "kill the sick man instead of curing him... We must not believe in present sacrifices for benefits in the long run, because in the long run we will all be dead," said Flores.

Congressman Armando Labra followed with a warning that IMF attempts to lower the federal budget below the amount approved by Mexico's Congress "would constitute a flagrant violation of Mexico's sovereignty." Labra and others demanded that the letter of intent

signed by Mexico and the IMF in January be made public.

Mexican Labor Party executive committee member Marivila Carrasco, an official participant in the conference, presented a detailed strategy on how to wage a successful war against the IMF. Mexico's \$30 billion debt is "the main instrument of blackmail," Carrasco said, and she called for Mexico to fight back with a "general moratoria on foreign debt payments." Carrasco's speech was featured prominently in the Mexican press.

IMF Interim Committee Meeting

The economists' congress was organized with a keen eye on the concurrent IMF Interim Committee meetings in Washington. Although President Lopez Portillo has not openly endorsed the anti-IMF mobilization, many in his cabinet are known to agree with it and he himself has shown an increasingly clear anti-monetarist commitment.

With the force of the economists' drive behind him, Lopez Portillo ordered an astonishing about-face in Mexico's position in the middle of the IMF committee's deliberations. The statements of Finance Minister and IMF apologist Rodolfo Moctezuma Cid at the beginning of the week amounted to a servile "What's good for the IMF is good for Mexico."

According to Mexico City press accounts, Moctezuma was called back from Washington early. The remaining Mexican delegation in Washington released a communique strongly reminiscent of the international posture of former President Echeverria. As reported in the Mexican daily *Excelsior* April 30, Mexico will reserve its vote on IMF missions of "technical supervision" until assured that "national objectives and sovereign decisions of member countries are respected," taking into account "the interests not only of other member countries but of the world economy as a whole."

The Mexican statement also demanded that any new funding schemes must represent additional funds for real development beyond "recycling" (refinancing) of old debts.

IMF Controversy At ECLA

The swelling anti-IMF sentiment in sections of the continent has factionalized this week's ministerial level meeting of the UN Economic Commission on Latin America (ECLA) in Guatemala City.

The IMF representative at the conclave was hit May 1 with charges that his institution was serving as a "financial policeman" against Mexico. His "rebuttal" took the form of a recitation of IMF interference in Mexico that fully supported the charge! Among other revelations, Julio Gonzalez admitted that the IMF "recommended" as early as 1974 that Mexico devalue its peso because ambitious government expenditures for development projects were creating "disorder" in the public accounts. Gonzales then warned that the current IMF program for Mexico would mean "at least four years... of austerity policies."

The draft document to be considered by the ministers as a petition addressed to the ongoing North-South dialogue in Paris calls on the U.S. (to be represented at the forum by U.S. Ambassador to the UN Andrew Young) to "accept the fact that present international relations are unjust and that a New World Economic Order is essential." Mexico and Peru have insisted that ECLA's technocrats go beyond monetarist statistical indices to include "social indicators." These countries are reportedly concerned that ECLA's statistics fail to reflect the devastating effects on the labor force of the IMF-sponsored "shock treatment" in Chile.

In counterpoint to the defensive postures of the IMF and its defenders at Guatemala City, the representative of the Comecon told the assembled delegates that no economic crisis or debt problem stood in the way of increased trade and cooperation with the socialist bloc.

'IMF's Economic Stagnation Unacceptable'

The following are excerpts from the principal conclusions of the Second National Congress of Economists:

National development is a task that is everyone's responsibility, which can only be achieved through a mobilization of the population for the interests of the majority.

National and popular interest demand — as the only option — socially shared development based upon democratic participation...and an intransigent defense of independence and national sovereignty....

This is not a rhetorical statement on social justice. Salaried workers and the millions of unemployed and underemployed cannot continue to carry the weight of inflationary stagnation which only helps a minority.

In the words of our Constitution, the increasing participation of the State in the economy is imperative and unquestionable....

Economic stagnation favored by monetarist-stabilization criteria, sponsored in particular by the International Monetary Fund, is an unacceptable option....

Lev Lukin added that Comecon was pleased by "the way in which Latin America is becoming aware of the importance of increased trade with the socialist countries," and stressed Comecon's support for the demands of a new world economic order. During the week he met privately with delegations from most of the 32 countries that are participating in the sessions.

Energy And Industrial Policy For Venezuela And The Caribbean

The following is the complete text of a draft economic program for Venezuela and the Caribbean Region released by the Latin American Labor Committees (CLLA) last month.

Introduction

Developments surrounding the Current Mideast tour of Venezuelan President Carlos Andres Perez have made it clear that Venezuela has assumed a leadership role in the Third World for establishing a new world trade and monetary system, admirably continuing the momentum generated by the administration of former Mexican President Luis Echeverria. Perez's diplomatic efforts

and public pronouncements during the past six months have consistently defended the developing sector's right to industrial development and access to the most advanced technology, in the face of the most malicious onslaught of a Carter Administration intent on destroying every trace of scientific progress worldwide, in a futile effort to save the dying IMF monetary structure. As Perez has insisted, the task is clear: without the New World Economic Order, "there is no possibility for the development of our countries, not for the large countries of the region nor for the rich of the region."

Perez and his allies within the government and among pro-progress industrialists have gone further: they have indicated in outline the appropriate policies required for attaining this objective. Spokesmen for this tendency,