Documentation

Ibero-Americans launch mass strikes against the International Monetary Fund

by Cynthia Rush

Those international bankers and Washington, D.C. monetarists who gloated last month that Mexico, Argentina, and Brazil had been "humbled" into going to the International Monetary Fund (IMF) to resolve their acute indebtedness, have had their illusions shattered. In country after country, workers, peasants, and broader political strata have begun to rebel against the policies of austerity and national disintegration demanded by the IMF as a condition for "creditworthy." status.

As *EIR* has reported, the IMF's recent deals with the continent's major debtors merely paper over the profound financial crisis facing these nations. But the continent's bankruptcy is such that the papering-over job has lasted only a few weeks.

Argentina's 'hot December'

Argentina has become unmistakably volatile. The trade-union movement and the population at large, having been subjected to violent monetarism as well as widespread repression, jailings and assassination of labor officials and political leaders, has put its foot down against any continuation of these policies.

On Dec. 6, under the leadership of the two factions of the Peronist CGT trade-union federation—the CGT-Azopardo and CGT-Brasil—between 5 and 6 million workers joined in a 24-hour general strike to demand immediate revival of the national economy, wage increases, support payments for the nation's 1.2 million unemployed—and an explanation of the quadrupling of Argentina's foreign debt under monetarist Finance Minister José Martínez de Hoz in 1976-81.

The explicit target of the strike was IMF policy: "We cannot ask our people to be patient any longer," declared a Dec. 5 statement from the CGT-Azopardo group. The statement attacked the military junta for "opting, at the instigation of supranational interests who are attempting to recolonize us, for the continuation of an economic and social model that has brought us to the brink of chaos and national disintegration."

Another statement issued by a CGT affiliate, the Federation of Commerce Workers, called on the population to "repudiate agreements signed behind our backs to pay the foreign debt by starving the population with miserable wages." There must be a "unity of all forces," the statement urged, "to halt a policy of privation and economic paralysis secretly agreed on with the International Monetary Fund."

Sources in Buenos Aires confirm the magnitude of the strike: "There has never been anything like this," one observer noted. "The entire country was shut down."

The Dec. 6 strike also had the support of the Multipartidaria, the coalition of Argentina's five major political parties which is planning its own mass demonstration in Buenos Aires to demand a return to civilian democratic rule. With an expected turnout of 100,000 people, the Dec. 16 demonstration will be the high point of what has been dubbed Argentina's "hot December."

Colombia in the vanguard

In Colombia, with support from the associates of *EIR* founder Lyndon LaRouche in the Andean Labor Party (PLAN), the leadership of the Union of Colombian Workers (UTC) has mobilized the labor movement around a program of debt renegotiations, bank nationalization, and accelerated industrialization. According to UTC Vice-President Jorge Carrillo, who is also a member of the Club of Life, that is the only appropriate response to an oligarchy that demands worker "sacrifice" to resolve a financial crisis provoked by that oligarchy's usury and speculative practices.

On Dec. 9, members of all four of Colombia's trade union federations will gather for demonstrations in Bogotá and other cities around the country in order to repudiate austerity demands and call for wage increases. Workers in Bogotá will carry large banners with slogans calling for debt renegotiations and nationalization of the banks, and "death to the IMF."

Continent-wide mobilization

During the first week of December, the Venezuelan Workers Confederation (CTV) announced a series of major strike actions against all major state companies to protest the monetarist policies of central bank president Díaz Bruzual. Every labor contract in the state companies comes up for renegotiation soon. But aside from wage and benefit demands, the CTV is focusing the strikes around the issue of *political control of credit*. CTV leaders charge that Díaz Bruzual's Nov. 29 shutdown of the Venezuelan Workers Bank (BTV), under the pretext of poor administration and irregular practices, was a "declaration of war against organized labor."

As the international banking community steps up its warfare against Venezuela—trying to force it to devalue its currency, the bolivar—the labor mobilization will accelerate, and the Herrera Campins government will have to choose between its own population and the foreign banks (see article page 4). Around Dec. 5, Florida banks stopped accepting bolivar deposits, reportedly fearful of a devaluation or imposition of exchange controls in the country. Such action, however, is intended to create a panic, and force the Venezuelan government to adopt either one, or both, measures.

In Peru, where the IMF is putting into place a harsh austerity program, every major rural organization joined in an early December strike to protest the government's high interest-rate policy. The country's urban trade unions are already on a full alert against the imposition of further austerity measures.

Labor in Mexico is temporarily quiet, as it sizes up the new President, Miguel de la Madrid. However, there is widespread recognition among both labor and political circles that the IMF's austerity *cannot* be implemented in Mexico. Any attempt by de la Madrid to do so will be met with immediate labor protest and popular mobilizations (see Dateline Mexico, page 14).

The politics of debt

What accounts for a mass-strike process unprecedented on the continent? As *EIR* founder Lyndon LaRouche outlined this summer in his widely distributed *Operation Juárez* document, the debt crisis in Ibero-America is not solvable by imposition of further IMF austerity and conditionalities. The continent is bankrupt; its debt is unpayable. Either the advanced sector accepts orderly reorganization of the debt along lines conducive to industrial growth, or there will be chaos, and new institutions will be created, which exclude the United States and the central banks whose policies it supported to date.

The case of Brazil's insolvency is exemplary. Behind the recent fuss over the $6 billion it expects from the IMF, plus a $1.2 billion "bridge loan" from the United States, is the reality described by Finance Minister Ernane Galvêas in a recent press briefing.

Despite the imposition of horrible austerity this year, Brazil was so close to bankruptcy by mid-October that the U.S. government was forced to make an unannounced disbursement of $470 million of the $1.2 billion bridge loan at that time. The rest was handed over a few weeks later, in mid-November, before President Reagan's visit, during which he first publicly promised the loan.

U.S. Treasury Secretary Donald Regan assured the press that Brazil would repay the money out of the first tranche of the still-undelivered IMF loan—i.e., the United States has put a first lien on an IMF credit to Brazil that still had not been negotiated. Brazil meanwhile has informed its foreign creditors that they will have to deliver on several new bridge loans, like it or not, to keep the country from going under altogether.

As for Argentina, while the first tranche of an IMF loan is expected to come through in January, a $1.1 billion bridge loan and $750 million loan from the Bank for International Settlements have not yet been wrapped up. Creditors are still nervous about the Argentine central bank's recent decision to exchange government-backed five-year bonds for $5.5 billion worth of private-sector debts to foreign banks, a move that is a de facto moratorium on a portion of its foreign debt. Another IMF "technical" mission reportedly arrived in Buenos Aires on Dec. 6.

Argentine Finance Minister Jorge Wehbe insists that his country will keep a stiff upper lip and pay its debts. But in a late November speech before Ibero-American bankers in Buenos Aires he explained that the nation's creditors would have to accept the fact that the government couldn't pay debts on time, and that maturities on payments coming due would automatically be extended. Wehbe estimated that Argentina could generate enough foreign exchange to pay its debts "in about two years." On Dec. 6, the central bank announced a second 90-day extension on short-term debt originally due in June. Sources in Argentina report that the CGT-Brasil federation issued a report last September warning of Argentina's inability to pay its foreign debt and calling for a 10-year moratorium on payments.

According to a report in the Dec. 7 edition of the Mexican daily *Excelsior,* former Colombi
trana, who visited Mexico as an emissary from President Betancur, emphasized that "Latin American countries must meet with their creditors to study adequate formulas and procedures that permit the liquidation of the region's foreign debt." Placing the blame for the continent's enormous indebtedness on international bankers, Pastrana added that it "is in the interests of both creditors and debtors to find a negotiated solution, so as to avoid a moratorium. . . . Only with understanding in negotiations will it be possible to overcome this problem which compromises the future of the Latin American nations."