IMF acts to break the last Ibero-American resistance

by Nancy Spannaus

"Impossible to fulfill" and "colonialist" were the words used by Colombia's President Belisario Betancur about the demands of the International Monetary Fund on Oct. 30, when he met with the head of the European Economic Community, Gaston Thorn. The Betancur government, which has been stalling on the International Monetary Fund's demand to put the country through an economic wringer that will mean chaos and the end of the republic, has run out of time and is being forced by its international creditors and their internal allies to come to terms.

On Oct. 31, Costa Rica's Planning Minister Jumán Manuel Villasuso stated that Costa Rica cannot pay its debt at current terms—the terms negotiated by the Monge government with the IMF—since that would be "a mechanism of self-destruction" for the country's economy. He said that it "would in the medium term impose such an excessive burden that it would prevent the growth of the national economy."

The same usurers who have more than doubled the debt burden on the Ibero-American economy through high interest rates, worsening terms of trade, and currency warfare over the past five years are moving systematically to break the last resistance of the Ibero-American governments to a new colonial takeover. Unless Henry Kissinger and the private circles he represents are removed from all influence in the U.S. administration, the U.S. general election on Nov. 6 will be the signal for the IMF to go in for the kill—delivering the republics of Mexico and Central and South America over to chaos and then to Soviet-allied dictatorships.

If the current policy of the IMF and international banks continues, there will be nothing to stop the outbreak of civil war or revolution in Argentina, Brazil, and Mexico within the next year or two.

An omen of what lies ahead is the case of the Dominican Republic. The week of Nov. 5, a representative of the International Monetary Fund was scheduled to arrive in the Dominican Republic to renew talks on refinancing the nation's foreign debt of $2.7 billion.

Last April, 54 Dominicans were killed and 200 injured in three days of riots protesting government decreed increases in the cost of living imposed by the IMF. In May, President Jorge Blanco broke off talks with the IMF because of demands for austerity measures as a condition for part of a $459.5 million loan package. But in August, Jorge Blanco announced he had reached a "bridge agreement" with the IMF which effectively doubled the price of oil imports, at the cost of a deadly, and potentially explosive, lowering of living standards in the island nation.

Blanco said on Nov. 2 that he is seeking the "needed extensions that are also offered to other countries, especially in the case of Mexico." The U.S. media did their best to convey the idea that the Ibero-American debt problem had "turned the corner" when a debt rescheduling agreement was made with Mexico in early September. The Mexican "reward" for stringent austerity was followed by announcements of impending agreements with the continent's largest debtor, Brazil, and with Argentina.

In fact, the IMF is just using the carrot of impending "approval" to pull all these countries into the tightening noose of austerity conditionalities. The headlined agreement between the IMF and Argentina has still not been reached, and the IMF is currently postponing the idea of a settlement with Brazil until after the presidential elections scheduled for January 1985.

Meanwhile the IMF and the bankers are doing their best to destroy the republics of Ibero-America altogether.

Traffic between Buenos Aires and Washington, D.C., is heavy this fall, with constant negotiating sessions on whether Argentina will get the "seal of approval" from the IMF. Argentina has made at least two interest payments, including one of $58 million on Oct. 23, in hopes of reopening international credit lines. But the agreement seems as far away as ever.

The IMF agreed to a $1.4 billion standby credit to Argentina "in principle" several weeks ago, but has delayed final approval. IMF spokesmen in Buenos Aires on Oct. 16 were quoted as saying that an "accord is still a long way off."

Argentina: A Pinochet on the agenda?

The IMF intransigence is occurring despite the efforts of the Alfonsín government to accelerate austerity efforts. Alfonsín is proceeding to carry out IMF demands such as the shutting down of the nuclear industry and dismantling sections of the armed forces. But he is totally unable to comply with inflation demands, for example, or to directly take on the labor movement. Argentina's inflation rate is currently running at 687.5% a year.

The uncontrolled economic collapse is creating both demoralization and seething unrest. Paramilitary squads from both the right and the left are re-emerging, in a development which portends an upheaval not unlike that of the transition from Chilean President Allende to General Pinochet.

Forces allied to Henry Kissinger are determined not to leave the destruction of Argentina to chance, of course. Kissinger used his recent visit to Buenos Aires to issue the most vile threats to the Argentine government, and has reportedly even convinced President Reagan that "Argentina must be destroyed" in punishment for its action in favor of the debtors' cartel. Close friends of Kissinger in the military have since emerged to threaten the government.

Brazil under coup threat

Brazil, with its $90 billion in debt, plans to enter negotiations with the IMF on Nov. 5. But the international bankers have no intention of coming to an agreement under the current political conditions in that country.

It is already being widely trumpeted that the official choice for the successor to President Figueiredo, Paulo Maluf, cannot possibly win the upcoming presidential elections. Although his opponent, Tancredo Neves, is no anti-IMF fighter, the country is looking to him as an alternative to the IMF regime, and there is no guarantee that he could control the process unleashed by his election.

In a desperate effort to win election, even Maluf has made some noises about the unbearable burden being imposed by the IMF. Very likely, Kissinger and his friends will activate their circles in the military to pull off a coup.

The IMF is dismantling Brazil piece by piece, turning it into a bargain basement to be picked up by foreign investors prepared to pay cash. Although Brazil is a major producer of food—from oranges to beef to soybeans—it is currently being forced to literally *starve* its own population in order to get the foreign exchange these foodstuffs will bring—*in conformity with IMF conditionalities*.

The IMF is also doing its best to ensure that Brazil's future ability to feed itself and the continent is destroyed. On Oct. 11, the Carajás agricultural project, the Amazon development area which was set to contain eight new industrial complexes and the necessary infrastructure for massive increases in agricultural productivity, was killed. The IMF had denied the use of internal Brazilian funds for the project.

The colonial nature of IMF policy, recently denounced by the head of a major industrial association in the country, is shown by what the IMF is allowing to proceed. With only foreign funds to spend, Brazil will leave standing only two parts of the Carajás project, which initially projected the development of an area as large as Italy into a populated, industrialized area—the mountain of iron ore, and the railroad and port that will allow that ore to be exported.

Starvation and coups

Throughout the rest of the continent, IMF conditions are driving the population to the edge of starvation.

Betancur denounces 'colonialist policy'

Excerpts from an article in the Colombian daily El Espectador, *Oct. 31, titled, "Credit entities impose policies which are impossible to fulfill."*

Betancur received EEC president Gaston Thorn . . . and warned that "when we iron out our differences and find common denominators to develop ourselves to be able to pay, hostile signals appear on the horizon from certain middle levels which still practice colonialist philosophies."

"Latin America has a vocation for democracy and liberty, but it needs for the free world to give it a hand and give it understanding, to emerge from this crossroads with renewed vitality."

The Colombian President recalled that . . . some multilateral credit organizations demand to impose on Latin America policies which are impossible to adopt.

He explained that "they want to maintain and perpetuate us as producers of raw materials whose prices are fixed across the board by the central countries, which also fix across the board the prices of the capital goods which we have to buy from them."

- On Oct. 10, Mexico raised the price of staples—beans, rice, eggs, and cooking oil—by 50%!
- IMF-imposed rises in the price of beef, rice, and beans in the Dominican Republic have forced most of the population to give up the national dish of rice, meat, and beans. The price of beans has gone up nearly 1,000% over the last year, while beef is out of the reach of most people. The population is increasingly shifting to pasta, which is cheaper, but much lower in protein.
- Starvation conditions are already predominant in Bolivia, the one nation of the continent which has declared a unilateral debt moratorium on the premise that it will not pay its debt when it can't feed its people. Bolivia has been under a credit cutoff since May 30, when it declared the moratorium on its $4.3 billion in debt. No agreement can be expected in the near future. Rumors are circulating that the creditor banks are preparing to block and seize Bolivian accounts—pending agreement from the Reagan administration.

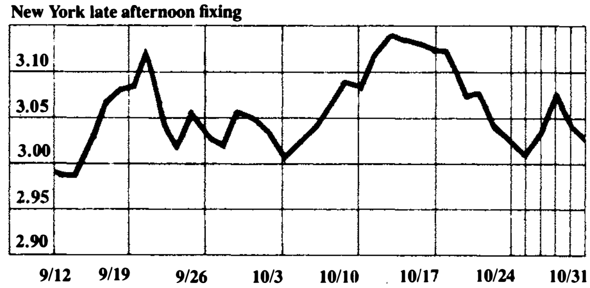
On Oct. 31, milk producers in Venezuela announced that there has been a 40% drop in milk sales since the price was increased a month or two ago. Malaria in the southern and eastern regions is now resulting in deaths. There were 200 cases last year in the state of Bolivar, and 2,279 this year—and more deaths. Eradication programs for the malaria-carrying mosquito were eliminated in 1981, *for budget reasons.*

The screws are also being tightened on Peru, already under siege from the Nazi-Communist Shining Path (Sendero Luminoso) gang. Peru has been unable to meet IMF conditions, and hasn't paid interest since July. Up until Oct. 30, the government was carrying out mini-devaluations; on that day, it reduced the currency value by 2.6%. On Nov. 2, gas prices were raised in Peru, and the desperate Belaunde government is now talking about asking the banks to be allowed to pay Peru's debt of $13 billion *in commodities.* This is precisely the colonialist demand to seize control over developing countries' raw materials to which Colombian President Betancur alluded in his Oct. 30 statements to Thorn.

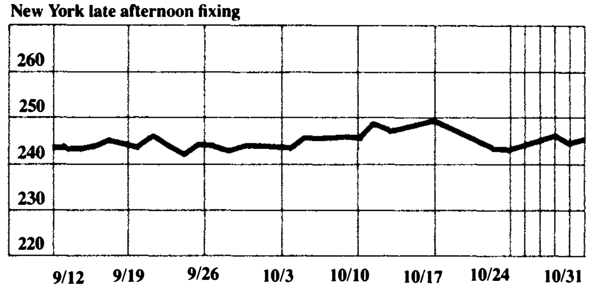
In Colombia, where informal IMF conditionalities are in place, President Betancur is under extreme pressure to adopt an emergency economic program including the IMF's conditionalities. In a memo deliberately "leaked" to the press—and then backed publicly by all of the country's dope mafia-linked "business" circles—Finance Minister Roberto Junguito stated that the country is "facing its gravest crisis of the last 50 years. There is a crisis in the state's finances, in the foreign sectors, and in the financial sector, which make it urgent that solutions be found. The principal conclusion is that it is urgent for the country to adopt measures that imply sufficiently broad adjustments in the fiscal and monetary orderings to avoid a total erosion of its international reserves by the beginning of 1985, a monetary flood and uncontrolled inflation." The International Institute of Economics, a private pro-IMF think-tank, has diagnosed Colombia's problems as stemming from the fact that the drug market is "in recession along with the real economy."

Currency Rates

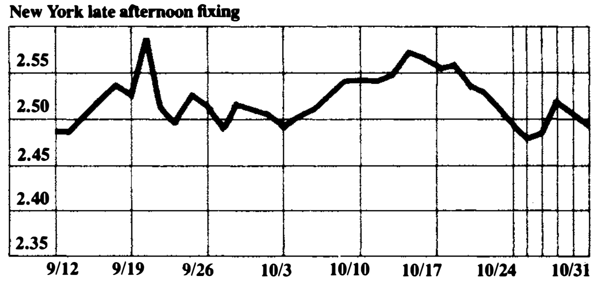
The dollar in deutschemarks
New York late afternoon fixing



The dollar in yen
New York late afternoon fixing



The dollar in Swiss francs
New York late afternoon fixing



The British pound in dollars
New York late afternoon fixing