

EIR Feature

Democratic trade unions rally behind Peru's Alan García

by Valerie Rush

The International Monetary Fund's Aug. 15 decision to declare Peru ineligible for new credit may prove to be the biggest mistake the Fund ever made. Instead of terrifying the Alan García government and its potential allies into submission, the IMF has triggered a "financial Malvinas." Great Britain's 1982 war with Argentina over the Malvinas Islands created a continent-wide nationalist backlash and a drive toward Ibero-American unity, which now threatens to emerge with renewed vigor.

Since the Malvinas War, the IMF's austerity conditionalities have driven one country after another to accept mass unemployment, starvation, and disease, in hopes of getting a few crumbs of credit from the international banks. Now, support for Peru's courageous stand against usury has begun to snowball across the continent, and the IMF may soon find that its "tough stand" against Peru could bring down the financial house of cards it has committed genocide to maintain.

García delivered his rebuttal to the IMF at a meeting in Lima Aug. 15, with a group of democratic trade-union leaders who had come from across the continent to express their solidarity with his battle, and to pledge their efforts to mobilize labor continentally in Peru's defense (see below for the relevant speeches and documents). The meeting was convened by Peruvian Sen. Luis Negreiros, the veteran leader of the labor sector of García's APRA party and until recently the president of the Senate. It was organized with the assistance of the Ibero-American Trade Union Commission of the Schiller Institute, and the Commission's four coordinators attended the meeting.

Former Colombian Labor Minister Jorge Carrillo Rojas was chosen by the group as its spokesman. A veteran labor leader, he is known for his endorsement of the "American System" economics of Abraham Lincoln's advisers, policies based on a "harmony of interest" between labor and industrial capital, in the interests of the development of the nation. After meeting with García, Carrillo returned to his country to preside over the creation of a new unified labor federation, representing over 80% of the country's trade union organizations. In his Aug. 16 address to the new movement (see *Documentation*), Carrillo emphasized that



President García tells Ibero-American trade-union leaders: "There is nothing to fear." García (center) is shown here at the Lima meeting on Aug. 15 with Luis Negreiros (Peru), Antonio Carlos Batista (Brazil), Eduardo Rios (Panama), and Rodolfo Seguel (Chile).

NSIPS/David Ramonet

it was incumbent upon the trade unions to intervene in economic policy-making, since the lives of working people are at stake. With burning issues like the foreign debt and Latin American integration waiting to be resolved, why shouldn't the union movement "become its own great political force in the country?"

President García, in responding to the IMF financial warfare decision, emphasized that the workers' movement of the continent would have to be the vanguard of the fight for economic sovereignty and social justice. "I know that in every country it is the workers who have assumed leadership on this point, because they know that nothing would endure without economic sovereignty; because they know that 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 problem of the foreign debt unless all Latin American countries assume a common position."

A year of preparation

The Peruvians have been expecting, and preparing for, the IMF sanction for a long time, since President García came to power on July 28, 1985 and announced that he would limit foreign debt payments to 10% of the nation's foreign exchange earnings. Last September, García met with the Trade Union Commission of the Schiller Institute, including many of the same labor leaders he received on Aug. 15, and told them that he anticipated all-out war by the international creditor banks against his country to be launched in October. At the time, however, the International Monetary Fund, con-

cerned about the possibility of a Mexico-Argentina-Brazil debtors' axis, limited its strategy on Peru to efforts at "containing" the "10% solution" while attempting to pick off what it perceived as its more dangerous adversaries.

In the course of the year, Argentina and Brazil were lured, bribed, and cudgeled into what has since emerged as the IMF's dream come true: a "common market" integrating Brazil's cheap labor pool with the remnants of Argentina's production infrastructure, to facilitate the export of everything not nailed down. The Fund offered the desperate Mexican government a handful of minor concessions in exchange for a new letter of intent and another roll-over scheme, and thus succeeded—at least temporarily—in cooling out that situation as well.

That left Peru, and a President intransigent on the question of putting the needs of his people over bankers' interest payments. The IMF decided it was time to "make an example" of Peru, and so declared the credit suspension. However, the Fund badly miscalculated. As García noted, "the theories, the threats, the declarations are all paper tigers." They think they can isolate us, but "the voices begin to be heard in many countries. . . . To open the doors of history frequently requires sacrificing a reverential fear of many institutions."

Indeed, among the first voices to be heard on the continent were those of Argentines, who were taught a lesson in solidarity during the Malvinas War with Britain. In a rare alliance of Peronist and ruling Radical Party forces, the entirety of the Argentine Congress officially declared its support for García, and attacked the IMF. "In the midst of difficulties stemming from crisis, the foreign debt, terrorism, and the

drug trade, the unjust behavior of the IMF can now be added," said the Aug. 21 congressional declaration.

Peronist deputy Antonio Cafiero also introduced a resolution to Congress, signed by numerous other Peronists, which urged President Alfonsín to seek ways of "supporting the brother country in this difficult moment" and which noted that García's "10% solution" was "the only choice, if one tries to safeguard present standards of living."

Argentine labor, represented by trade union leader Saul Ubaldini, expressed its solidarity with Peru as well, delivering a message of "support for the Peruvian people" to that country's ambassador to Argentina. On the other end of the spectrum, even Argentine central banker Alfredo Concepción confessed that "all of us are or will be ineligible [for new loans] like our brothers in Peru" because debtor nations are forced "to make commitments that are impossible to fulfill."

In Mexico, which García is rumored to be visiting imminently, a faction of the ruling PRI party is attempting to revive the Peruvian-style debt initiative first formulated by PRI president Lugo Verduzco before the de la Madrid government signed with the IMF. In a speech to a Mexico City forum on the foreign debt Aug. 19, former U.N. Ambassador Muñoz Ledo urged that a ceiling be imposed on Mexican debt service payments, based on a rational percentage of export income. He noted that such a decision would signify no more than what the government had already agreed upon, together with the rest of the continent, in last year's Cartagena Consensus.

Brazil has issued no formal statement regarding Peru, but Rio de Janeiro publisher Helio Fernandes has urged that Brazil leap to Peru's defense: "The victim is now Peru, a country which the IMF considers to be weaker. . . . But, if we lost the chance to fight in the same trench with Mexico, we must not lose the new opportunity offered by Peru. Through the integration between Argentina, Uruguay and Brazil, we have to aid that country, with the certainty that we will be marching towards the liberation of all."

The Latin American Parliament, through its president Luis Leon, has also declared its support for Peru. In a telegram sent to President García, Leon declared that "I send you in the name of the Latin American Parliament our solidarity and decision to accompany our brothers in Peru in the efforts and sacrifices imposed by their fight for dignity and sovereignty." The Andean Reserve Fund has already pledged \$100 million in aid to Peru for next year, and the ministerial-level meeting of the Latin American Economic System (SELA), to be hosted in Peru in September, is expected to produce some show of support for Peru's fight with the IMF.

That the IMF may have overplayed its hand in its treatment of Peru can perhaps best be seen in the reactions of Britain's leading private bankers. As one senior London banking official told *EIR*, "In a perverse sort of way, the IMF move opens the way for the private banks to start talking with Peru in a meaningful way. My own feeling is that the banks

will have to come to some sort of personal deal with Peru. Of course, we have to consider if this is an unwise precedent for other debtors to deal outside the IMF, but Brazil has already set a far larger precedent."

Labor mobilizes for integration

Colombia, under the 1978-82 government of Turbay Ayala, earned the unenviable title of "Cain of the Americas," by joining with Britain and the United States against Argentina during the Malvinas War. Although the Barco government today has not yet taken a public stand in solidarity with Peru, the Colombian labor movement is attempting to bring that about as quickly as possible.

When former Labor Minister Carrillo returned Aug. 16 from his Lima meeting with García, he told the press awaiting him at the Bogota airport that he carried a message from the Peruvian President. That same day, speaking to representatives of 400 Colombian trade unions, Carrillo declared, "Yesterday, the usurious international banks represented by the IMF declared the brother republic of Peru ineligible for future loans. . . . I, returned only yesterday from Lima, am witness to the fact that the Peruvian people have received the bankers' decision with delight, because it will allow them to continue a policy in defense of national sovereignty, the fight against imperialism and for improvement of the living standards of the Peruvian people."

Carrillo urged the Colombian labor movement to take up the banner of Peru's struggle, and make it their own as well. At the conclusion of Carrillo's statement, the trade union leaders present unanimously formulated an organizing document, which states in part:

"We salute the brave measures of those nations which not only question dependency on international finance capital, but have taken concrete measures to limit debt payments to a fixed percentage of exports, that will not harm our development.

"Thus, we support the brother nation of Peru and its President in the face of blackmail by the International Monetary Fund, which yesterday declared [Peru] a country ineligible to receive credits from the international banks.

"We know that Peru will not alter its sovereign decisions because of this assault of the IMF, and we commit ourselves to mobilize in defense of the people so that Colombia adopts similar measures for its national sovereignty.

"In fighting for trade union unity centered around a single organization, we seek thereby to recapture the role of the working class as a determining factor in an economic dynamic and social movement subject to independent and sovereign development, in substitution for the oligarchic structure of power."

In September, 80% of Colombia's organized labor movement will participate in the founding congress of the new Central Unitaria de Trabajadores (CUT). It is expected to set a historic precedent for the continent.