

# IMF wants military cuts in Third World

by Gretchen Small

The International Monetary Fund (IMF) and the World Bank have ordered that military budgets in the developing-sector nations be cut, in order to bail out the bankrupt world monetary system. But military budgets in the Western Hemisphere, for example, are already so grossly inadequate, that financiers seeking to loot them further might just as well hand several billion dollars directly to the narco-terrorist armies.

Some \$100 billion can be freed up if governments cut their military budgets by 20%, IMF managing director Michel Camdessus told a meeting of the U.N. Economic and Social Council in Geneva on July 8. World savings at current interest rates are short by about \$100 billion, he argued, and if governments don't cut "unproductive public spending," an increase in real interest rates will be necessary, which would have a severe impact on developing countries. Elimination of government subsidies for agriculture could cough up another \$300 billion, Camdessus added.

Former U.S. Defense Secretary Robert McNamara outlined the gut-the-military policy in an address to the annual meeting of the World Bank on April 25, which the World Bank then adopted in its 1991 *World Development Report*, released in July. McNamara proposed that developing countries cut military expenditures as a percent of Gross National Product by more than half by the year 2000, to free up resources to pay for global economic "restructuring." Under the new world order, he argued, supranational forces, not national forces, would enforce world security in any case. (See *EIR*, June 21, 1991.)

All kinds of groups are now eyeing military budgets as a potential slush-fund for their projects. Environmentalists gathered at a World Resources Institute conference in Washington, D.C. in June estimated that if governments cut their military budgets by 25% over 1990 levels, \$67 billion a year could be freed up to fund "sustainable development," the term invented for the low-energy, Stone Age economy desired by the greens. Amongst those attending this conference, dedicated to "sustainable development" in Ibero-America, were Sen. Albert Gore (D-Tenn.), ex-U.S. Navy Secretary John Chafee, and the president of the Brazilian environmentalist organization Funatura.

Military budgets in South America have already been decimated. In Brazil, the military receives only 0.8% of the national budget, and its wage levels are so low that officers are forced to work second jobs driving taxi cabs in order to

make ends meet. In Argentina, budget cuts have mandated a "military restructuring" which amounts to the privatization of the armed forces through the sale of the arms industries, shutdown of major bases, etc.

## Peru: an army without boots

The wretched state of the Peruvian military provides the most graphic example of the security crisis resulting from IMF-mandated looting.

The National Defense Commission of Peru's Chamber of Deputies released a report this month on the status of Peru's military readiness, from the standpoint of budget. The armed forces spend 96% of their operating budget on salaries alone—even though those salaries are now 28% of what they were in 1988. The other 4% must cover uniforms, mattresses, etc. What that means in practice was seen at one border outpost visited by the commission, near the Ecuadorian border: Only 14 of the 31 soldiers had mattresses, and only 17 blankets. The 1990 allocation of boots for the men had yet to arrive, one year later.

The budget for military equipment was eliminated altogether earlier this year "for political-economic reasons," and has not been restored.

Only \$75 million of a requested \$290 million was allocated for an "emergency fund," which covers the costs of military operations (fuel, munitions, communications) in the Emergency Zones where the Shining Path and Tupac Amaru Revolutionary Movement (MRTA) terrorists and the narcotics traffickers have concentrated their forces. With only \$75 million—doled out at \$6.5 million a month—until last May, the armed forces, for example, could afford only enough fuel for one hour of helicopter flight, once a day, in the entire territory.

The combined forces of narco-terrorism already dominate an estimated one-third of Peru. The Shining Path, followers of Cambodia's Khmer Rouge, are systematically attacking the electrical grid and centers of learning or advancement in the countryside, in their drive to eradicate civilization from Peru.

The war has extended into Lima. Peruvian police officials called in June not for military cutbacks, but for a common front among military, police, and citizens to be formed to confront the collapse of law and order in the city. According to a report in *Expreso* of June 23, law enforcement officials fire 1,000 bullets *a day* against criminals and terrorists, while each day there are an estimated 300 armed assaults, 400 robberies, 500 house burglaries (many where entry is gained by dynamite), and at least four murders. On June 19 and 20 alone, terrorists shot a rocket into the Economics Ministry, assassinated an Army officer, kidnaped a textile factory owner, and exploded primitive bombs in five businesses, two police stations, and four residential areas—all in Lima alone.

What will happen with 20% less equipment, firepower, and mobility?