Ibero-Americans warn Washington: IMF threatens U.S. security too

by Gretchen Small

"It is inevitable. We can't stop it. What we are trying to do is make it as painless as possible."

Thus responded U.S. Treasury Deputy Undersecretary for Developing Nations, James Conrow, to the description of the suffering and revolutionary turmoil occurring in Ibero-America because of the International Monetary Fund's policies, a description offered firsthand to him by two business leaders from Argentina and Mexico during a 90-minute meeting in Conrow's office Nov. 27. Alejandro Iaccarino, head of the Argentine Business Confederation, and José Antonio Ruiz, a business leader from northern Mexico, after each describing current conditions in their respective nations, asked Conrow directly: "Aren't you and the IMF *conscious* of the social explosion which will come out of the suffering and the economic stagnation, and the inflation caused by IMF policies?"

Conrow's answer was "yes"—and "it is inevitable."

A similar reply was given by a senior State Department official with responsibility for Latin America to another delegation of Ibero-American business, political and labor leaders who posed the same question at a meeting Nov. 29. The official argued that the IMF cannot be blamed for Ibero-America's problems, nor cited as their cause. Of course "growth" is necessary, but "stabilization" must be achieved first—and that is what IMF's policies attempt to accomplish.

The delegations had come to Washington to attend the Third International Conference of the Schiller Institute in Arlington, Virginia, Nov. 24 and 25, and wished to use the occasion to personally convey to Washington officials the urgency of a radical break from the debt-collection policies of the IMF, if the United States wishes to keep friends and allies alive in the region.

"Stabilization" is not the outcome of IMF policies, the delegates argued. The effect of IMF austerity prescriptions is not only to eliminate development, but the possibility of meeting debt payments by those who attempt to implement them, Iaccarino explained to the State Department official. There are 18 points in the IMF agreement with Argentina, and not one of them will foster the needed growth.

Furthermore, U.S. enforcement of IMF policies, coming on top of U.S. support for Great Britain in the Malvinas War, has made the United States a greater enemy in the eyes of many Argentines than Argentina's historical colonial master, Great Britain—a sentiment Argentine communists, in and out of government, are using to their advantage in their efforts to push Argentina into the waiting arms of Moscow.

"I don't know whether you people here in the State Department have any idea of what is happening in my country or in Latin America," a Panamanian labor leader told the State Department official. "I don't know whether you know what the workers of Latin America are thinking, or its business leaders. Your problem is not the governments of the region, it is its people."

As the trade unionist spoke, his warning was being demonstrated in the streets of Panama.

Panama's new President, Nicolas Ardita Barletta, is as favorable a man to the IMF as can be found in Spanish-speaking America. Formerly the vice president of the World Bank, a member of the Aspen Institute's Commission on Western Hemisphere Governance, and creator of Panama's off-shore banking center as the country's Planning Minister in the early 1970s, Barletta was foisted upon a reluctant Revolutionary Democratic Party (PRD) in Panama as their presidential candidate by Henry Kissinger personally. Kissinger considered Barletta "the right man" for the job of turning Panama into the model "Hong Kong" economy specified as the future for the region by the Kissinger Commission Report.

In office little over a month, Barletta moved to implement that program. Beginning with steps to secure refinancing for Panama's $5 billion in debt, Barletta sent to the national legislature a package of economic measures matching standard IMF prescriptions for killing the productive sector while fostering the cancer of the speculative economy. Measures included establishing a new 7% special service tax, raising other taxes, and freezing all salaries for two years.

Before the legislature could consider the package, two leading business organizations of the country responded with a call for two days of protests and strikes Nov. 26 and 27. The major labor unions of Panama agreed to join in.

Barletta yielded. The night before the scheduled strike, Henry Kissinger's handpicked President went on national television with a promise to recall the legislation for revisions that would lessen their impact. Barletta pleaded that the population must understand, however, that "austerity" was needed.

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"Understanding" seemed to be missing in Panama. On Nov. 27, one hundren and fifty thousand people marched against austerity in Panama City—approximately 10% of the population!

A little more human, please

Now another major institution of the region has thrown its forces against the IMF: the Catholic Church.

"The Catholic Church does not accept the supposed recommendations of the IMF for the simple reason that they affect our peoples. If what the IMF demands is applied, the poorest and least protected sectors will be sacrificed," declared Costa Rican Archbishop Roman Arrieta Villalobos from Tegucigalpa, Honduras. Villalobos informed the press of the decision taken at their annual meeting by the Central American Bishops' Council to help organize unified Ibero-American action against the IMF.

"The regional Catholic Church is deeply worried over the policies applied by the IMF to overcome the economic crisis," Villalobos explained. The Bishops believe IMF measures must "become more human . . . therefore, the Latin American Union should now play a decisive and important role in this matter," he continued. The Church urges the governments of Ibero-America to reject "with courage and firmness the pressures carried out by the IMF in their efforts to recover loans. . . . Isolated voices are not heard, but when the entire continent protests against the impositions of the IMF, we will be listened to fully."

Over the past months, leaders of the Catholic Church in several countries have been engaged in last-ditch efforts to hold together national institutions which have shattered under the pressure of attempting to enforce IMF starvation upon their populations. Bolivia is the most dramatic example. Mediation efforts between national political parties by Bolivia's Catholic Church in October and November led to an agreement to hold early national presidential elections in June 1985, opening up the first possibility for the Siles Zuazo government to continue in office until an orderly transition to a subsequent government is effected. Until the agreement was reached, the overthrow of President Hernán Siles Zuazo by military strongmen owned by the narcotics mafia was considered a "given" by most observers.

But without immediate relief from the economic crisis, such political agreements will not hold even until June. Subjected to an international credit boycott since the government was forced to declare a unilateral debt moratorium in order to continue vital food imports in the spring of 1984, the Bolivian economy has spun out of control, with 1,000% inflation. The declaration of new price increases, some ranging as high as 300%, led to the declaration of the general strike Nov. 15 by the Bolivian Labor Federation (COB). Striking for nine days, the COB returned to work, only to go back on strike again within the week. COB leaders then broke off their participation in national reconciliation talks with the Catholic Church, charging that no satisfactory solution was offered for the country's economic problems.

Upheaval in the southern Andes

Bolivia is not alone in its crisis; institutions throughout the entire southern Andean region are shattering.

The Catholic Church of Chile took up the leadership of resistance to the dictatorship of Pinochet after the declaration of the state of siege of Nov. 6 sparked a wave of mass arrests and military terror not seen since the bloodiest initial years of the dictatorship. Under the siege law, Pinochet banned a pastoral letter which read, "The state of siege has meant a serious setback for understanding between Chileans and peace in the country." In response, the archbishop of Santiago, the capital city, declared a national day of fasting and prayer against the siege Nov. 23, to which the Pinochet government responded by a massive display of military might, and repeated roundups of all males in targeted neighborhoods of the capital.

Efforts over the last two years by Pinochet's shrewder advisers to ease conservative civilians into the government as the first step toward the kind of democratic opening allowed by other military governments in South America were buried in the efforts to impose continued austerity demanded by the IMF. The combination of Pinochet's intransigence and economic depression—unemployment is running at 45-60% in the shantytowns surrounding Santiago—has brought Chile to the first stages of civil war. A Western diplomat, cited by the *Washington Post* on Nov. 24, summarized the situation: "Chile is very close to the flashpoint; if the economy drops just a little, it could explode."

In Peru, where a brutal military insurgency of the drug-traffickers' terrorist army, Shining Path, already dominates a major portion of the countryside, a nationwide state of emergency was declared Nov. 29 across the entire nation, suspending personal liberties and lifting the right to peaceable assemble and free transit during that time. The government action followed a bombing wave in the cities of Lima, Chiclayo and Huancayo Nov. 29, the day of a national strike by workers in the Communist Party-led CGTP Labor Federation.