

## García hits IMF: 'agent of domination'

by Liliana Pazos

Peruvian President Alan García Pérez, in a speech to the First National Conference on the Foreign Debt on Aug. 21 in Lima, repudiated the International Monetary Fund and set forward his own economic program.

"The debt is unpayable," he said, "unpayable under the conditions in which it was contracted, unpayable under the conditions they want to impose on us; and with these conditions we are not going to pay. . . . We will pay when a new international economic order gives our exports their worth, the worth of the labor of Latin Americans, whose efforts are equal, humanly measured, to those of citizens of the wealthy countries."

García explained that the debt was inflated due to "unequal trade, the product of a neo-colonial order in which many have served as partners in crime.

"The foreign debt was accepted under usurious and one-sided terms; the foreign debt was accepted with interest rates that inhibit any possibility of repayment." This policy was applied across the board to every country in Latin America, and has prevented their economies from progressing, said García, who went on to condemn "the imposition of economic policies that devalued the Peruvian sol and the Argentine peso, that devalued all the Latin American currencies in order to overvalue the dollar, with which we must pay our debt. The foreign debt in itself has created new mechanisms under a new financial imperialism to continue increasing the interest payments, thanks also to the overvaluation of that currency which, like imperial coin, governs all the economies of the world."

As if that were not enough, García continued, Peru's creditors (banks, financial institutions, and governments) imposed on it "that dark and shadowy personality of the 20th century that is the International Monetary Fund, agent of domination and exploitation, which not only oversees payment commitments but seeks also to impose economic policies. . . . And then along it comes with its letter of intent, which some accept, proposing domestic interest rates, devaluation of our currency, proposing policies that only we ourselves should be proposing to our people.

"Therefore we must respond with national pride . . . telling our creditors that we know of their sins . . . and we must tell the IMF that we will not accept their letters of intent, because I was not elected by the Fund's officials, but by 20 million Peruvians, to guarantee their independence and their development."

### Continental unity

The Peruvian President called on the other countries of Ibero-America to support his proposals, to join his battle for continental integration. Peru is highly vulnerable, he said, in that it depends on a large volume of food imports, and yet despite this has taken on the job of providing an example to the other countries, running the risk of incurring a break with the International Monetary Fund.

"We believe that Latin America can give only one response; that if they continue to delay on giving this response, tomorrow it will be the people who demand of their rulers the fulfillment of their responsibilities, and if we don't yet know how to unify ourselves as the creditors have unified themselves, it is only because we have not achieved sufficient historic consciousness as a continent. We will urge from the government, and continue to urge, all that will bring Latin America into a single position.

"We hope that at some point all the governments of Latin America will have the same response. Meanwhile, weak in appearance, we will continue to give our responses, and the first of these is that we will negotiate with the IMF neither our budget, nor our exchange rate policy, nor our interest rates, nor the amount we will set aside for paying the foreign debt.

"Either we climb aboard the train of history or we remain behind in the station. I, for one, together with the Peruvian people, am certain that we will have a place on that train, and in first class; not in second with those who stay behind, but rather a place among those prepared to follow through on their convictions."

### War on drugs

The García government clearly understands that the fight against usurious banking policies and the fight against drugs are two facets of the same war, since it is generally the usurer banks which launder the drug money. "We have set a standard for what is moral, and we will not stop until we have definitively eradicated and exterminated the drug trade from our country," the President said. Since his inauguration on July 28, Alan García has initiated military operations against the cocaine mafia, notably the Aug. 13 raid on a giant cocaine-processing complex in the region of Caballococha.

The spokesmen for the financial oligarchy have responded to García's challenge with open threats. Two days after his address to the debt conference, the daily *Expreso* published on page one: "Take care that they don't kill you, Alan

García is told!" The appearance of this warning in *Expresso* is no coincidence, given that the paper's owner, Manuel Ulloa Elías, agent of the international financial oligarchy and twice prime minister and finance minister, is the leading figure responsible for the flourishing of the drug trade in Peru.

The "man from the Bahamas," as Ulloa is known in financial circles, is also being investigated for his ties to the dope pushers, exposed during President García's "Villa Coca" drug bust at the beginning of August, according to the daily *El Popular*.

### Worthless paper?

Prime Minister and Finance Minister Luis Alva Castro, in the closing address to the Lima debt conference, considered what the international bankers are likely to do next to retaliate against Peru: classify its foreign debt as worthless. "On Oct. 15," he said, "the banks may well declare these [debt] documents deteriorated in value, and nothing will have happened . . . just as nothing will have happened if they don't do that; the situation will remain exactly the same, because it is impossible to pay the debt under current conditions."

Alva Castro described the government's economic program for restoring the Peruvian economy to health: "The government has established eight rules for regulating the national economy. The first of these is that production, and not financial speculation, will be profitable. The second is that selectivity will be exercised concerning what to reactivate and make profitable, attending to the necessities of food, clothing, housing, and transport."

The fourth rule, Alva Castro continued, is to give encouragement to activities which generate foreign reserves: import substitution and non-traditional exports. The fifth is the productive use of available liquidity, and the seventh is the selective assignment of foreign exchange for the most productive and priority needs. The eighth rule, he concluded, would be that of combined austerity and productivity in public expenditures.

### Neither Kissinger nor Castro

While President García was addressing the debt conference in Lima, television Channel Nine was reporting that outside the meeting, the Andean Labor Party was carrying out "a peculiar demonstration in support of García and against the IMF." The demonstrators, ridiculing both Henry Kissinger and Fidel Castro, explained to the press the strange coincidence of these two individuals' programs in defense of the IMF and the drug trade. "Kissinger" appeared with a sign pinned to his chest, saying in English, "My man is Fidel."

It was rumored in Lima that this demonstration put a stop to persistent rumors that Kissinger was planning to visit Peru, to pull in the reins on President García.

Luis Vásquez, economic adviser to the National Work-

ers' Union (CNT) and secretary general of the Andean Labor Party, explained to the crowd that the economic proposals of Kissinger and Castro are similar, "because they both leave the usurious system of the international banks intact, while refusing to touch the IMF." Both endorse the "Russian model"—applied by Peru's previous Belaúnde government—of renegotiating the debt through payment in foodstuffs. Vásquez added, "These banks which now seek to collect the debt under the Russian model are the same ones under investigation for laundering drug money."

President García has distanced himself from Fidel Castro's debt proposals by insisting that he is not proposing a unilateral moratorium. "It is not a question of saying we won't pay," he told the Lima conference. "This can be said by other protagonists of Latin American history. . . . We need certain types of capital which would be beneficial. . . . We need government-to-government loans at 3% interest payable in 30 years. . . . We could contract these loans and pay them much later."

President García insisted that the banks have no moral authority to demand payment on the debt, since "any judge of the democratic United States would rule in our favor, if we were to say that they had violated anti-trust laws by forming banking syndicates."

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