

Andean Report by Valerie Rush

Bolivians demand 'Peru solution'

A Bolivian political leader charges that IMF policy is nothing less than to "exterminate the people."

The release earlier this year by the Bolivian government of a national budget dictated by the International Monetary Fund, and a more recent tax reform proposal which would eliminate what vestiges of genuine production remain in Bolivia—also dictated by the Fund—have triggered a wave of protest and demands for Peru's "10% solution."

Bolivia's budget, which devotes nearly one-third of the nation's scant resources to the finance ministry and almost nothing to Bolivia's desperate social needs, has been denounced by trade unions, the political opposition, and the Church.

Perhaps the strongest criticisms have come from opposition leader Carlos Serrate Reich, director of the daily *Hoy* and a congressman from the Vanguardia Revolucionaria (MNRV) split-off from the ruling MNR party of President Paz Estenssoro. Serrate said in a document released to the Congress in April: "The budget seeks to exterminate the people by starvation. . . . The healthy policy followed by Peru of paying only 10% of the value of exports to amortize the debt owed to the multilateral financing mechanisms should be adopted. . . ."

Serrate does not stop there, but details a program of oil and gas exploration, modernization of mining techniques, railroad and highway construction, development of agro-industrial complexes, and "support for industry in general" as a way to generate jobs and pull Bolivia out from its sorry rank as "one of the most backward and

underdeveloped nations of the contemporary world."

In a lead editorial published in the May 14 issue of his newspaper *Hoy*, Serrate compared the IMF to "a Frankenstein that devours its own creators. . . ." and recommends Peru's course as the answer: "The Peruvian government has expelled the IMF from its territory and shut down their offices in Lima with the brave declaration by Alan García: 'Peru is a sovereign nation . . . and doesn't need financial spies.'"

Other reactions to the government's deal with the Fund include the entire opposition force in Congress, which labeled the new budget "a call to popular insurrection." Bolivian Labor Central leader José Justiniano said, "The budget . . . means the ratification of government submission to the interests of the IMF," while miners' leader Simón Reyes declared, "The budget allows for no investment in the productive state sector, a situation which will slowly shut down the main productive businesses of the country." The Bolivian University Confederation said the budget "deals the worst possible blow to national education."

Even the Bolivian Church has been compelled to issue a document, entitled "Invitation to Dialogue," in which it warns, "The allocation of scarce available resources must be subject to a hierarchy of values which take man and his fundamental rights as the first priority. The Church's doctrine that man has primacy over systems and

structures, is a valid principle in any aspect of political economy. . . ."

The Church statement came out on the heels of reports that 250-300 children out of every 1,000—nearly one-third!—die in Bolivia before the age of five. The government confesses that 7% of all Bolivian children under six are clinically malnourished. A spokesman for the Medical College in Santa Cruz declared, "The government is acting toward health as it has toward education, forcing privatization through total abandonment of the hospital centers" in the country.

While the Bolivian people face starvation, the Paz government willingly admits that its economic policies are dictated by the IMF. Finance Minister Juan Cariaga insisted on April 15 that passage of the tax reform was "a requisite" for reaching a deal with the IMF, and thereby renegotiation of the debt with Bolivia's foreign creditors. Besides, he added, failure to reach an accord with the IMF would mean exclusion from the Baker Plan.

Foreign Minister Bedregal, slightly more subtle, unconvincingly promised the Bolivian people that "with the approval of the new budget and tax reform, we will create an explosion of resources from abroad." The government has pointed to a swelling of foreign-exchange reserves as proof of the success of its "free-market" austerity regimen.

President Paz Estenssoro was most to the point: "The situation of Bolivian democracy is very precarious. . . . Luckily the Armed Forces have become aware of their essential function in supporting the internal democratic order. Thus, I don't think there is risk of a coup if current conditions stand. If the regular functioning of the State breaks down, however, or public order is disturbed . . . my conclusions could change."