Record of the Meeting between the Representatives of the International Monetary Fund and the International Labor Delegation

Washington, DC
February 7, 1994

The delegation was greeted by Mr. Robert Brauning (Deputy Chief of Public Affairs) and was escorted to an auditorium in the IMF Visitors Center, where we were met by Mr. Murray Seeger (Special Advisor, External Relations). Seeger led the meeting for the IMF, while Brauning played a secondary role.

Seeger began by proposing that we watch a film (28 minutes in length) about the IMF. Daniel Gluckstein intervened, saying that he had been mandated by the whole delegation to raise our questions, that we are serious people. Mr. Seeger contended that the film will answer many of our questions.

Gluckstein: *"I insist. We need time for all the questions we have been mandated to raise by people from 72 countries."*

Seeger: *"There will be plenty of time for other questions."*

Ralph Schoenman pointed out that the delegation represents millions of workers and peoples from around the world.

Seeger: *"No, you are here as individuals, as is indicated in the letter. We have read your memorandum."*

[Delegates represented labor and peasant organizations from five continents and 72 countries. The delegation evolved from a campaign that began in the autumn of 1992, at an international conference held in Moscow against the IMF and World Bank privatization plans. It then developed in the 72 countries, where hundreds of thousands workers and trade union officials of all nationalities endorsed the appeal against these plans. Delegates included (in alphabetical order):

- Ms. Terry Allen, Covert Action, Washington, DC, USA
- Mr. José Roberto Bezerra Araújo, Executive Board, National Telephone Workers Union, Ceara, Brazil
- Mr. Alan Benjamin, Labor Party Forum, San Francisco, California, USA; U.S. Sponsoring Committee for an International Delegation to the IMF
- Mr. Nat Blandon, Executive Board, Service Employees International Union, Washington, DC, USA (organization listed for identification only)
- Mr. Scott Cooper, National Writers Union/UAW Local 1981, Boston, Massachusetts, USA (organization listed for identification only); U.S. Sponsoring Committee
- Mr. Luc Deley, Public Employees Union, Geneva, Switzerland
- Ms. Diane Goldberg, Coalition to Stop Privatization and Save Our City, Detroit, Michigan, USA (organization listed for identification only)
- Mr. Daniel Gluckstein, National Secretary, Workers Party, France; International Bureau, International Liaison Committee for a Workers' International
- Mr. Dick Gregory, Political Activist, Washington, DC, USA
- Ms. Louisa Hanoune, Spokesperson, Workers Party, Algeria
- Mr. Tafazzul Hussain, President, Bangladesh National Workers Federation
- Mr. Eric Lerner, President, New Jersey Local, National Writers Union/UAW Local 1981 (organization listed for identification only)
- Mr. Lybon Mabasa, Deputy General Secretary, Azanian People's Organization/AZAPO, South Africa
- Mr. Iqbal Majumder, General Secretary, Bangladesh Jatiya Sramik Federation; Textile Workers & Employees Federation; Sub-Regional Coordinator, APWSL
- Mr. Jack Demóstenes Muñoz, PRD Deputy, Congress of the State of Chiapas, Mexico
- Ms. Millie Phillips, Vice President, San Francisco Coalition of Labor Union Women, San Francisco, California, USA (organization listed for identification only)
- Mr. Christos Roubanis, Representative, Balkan Workers Conference, Greece
- Mr. Ronald St. Jean, Coordinator, International Committee Against Repression, Haiti
- Mr. Claudio Santana, General Secretary, National Public Workers Union, Brasilia, Brazil; Representative, ELASPE III, La Paz, Bolivia
- Mr. Ralph Schoenman, Former Executive Director, Bertrand Russell Peace Foundation; U.S. Sponsoring Committee
- Mr. Dennis Serrette, Black Workers for Justice, Washington, DC, USA
- Mr. José Miguel Villa, National Bank Workers Union/UGT, Spain

- Mr. Steve Zeltzer, Labor Party Forum, San Francisco, California, USA; U.S. Sponsoring Committee]

(Organisations listed for identification only)

Gluckstein: *"Do we have a choice between presenting our questions directly or watching the movie?"*

Seeger: *"No."*

Gluckstein: *"It is clear."*

We proceeded to watch the film, highlights of which included these statements, claims, etc.:

- The IMF is an *"impartial organization"* that *"promotes orderly systems of currency exchange."*
- Michel Camdessus, the IMF's Managing Director, explaining that economic interdependence must be converted into *"solidarity,"* and that this is one of the key tasks of the IMF.
- The IMF helps nations to *"cooperate"* by *"promoting sound economic policies"* so nations can *"prosper."*
- The IMF's activities help promote the market economy and control inflation.
- The IMF concentrates its efforts on financing budget deficits and on settling the debt crisis.
- Before the founding of the IMF, especially during the Great Depression, all nations were reduced to beggar status. *"The Fund was started by people who remembered the Great Depression."*
- The IMF works for non-inflationary growth.
- Each country votes in the IMF according to the amount of money it has contributed — what is called its *"quota."*
- In order to be able to borrow, a country must adjust politically. The IMF *"makes suggestions,"* and it *"can't force a government, but the Fund's suggestions are taken very seriously."*

Camdessus claimed in the film that the main function of the IMF today is to propose loans conditioned by a certain number of measures. If the country concerned agrees to the conditional measures, the IMF will make the loan and take the necessary monetary measures.

The film raised the following as the IMF's "challenges":
- Resolution of the foreign debt crisis.
- Helping the countries of Eastern Europe to translate the changes that took place beginning in 1989 into the realization of their aspirations for strong market economies.

Camdessus stated that there is a "silent revolution" as governments recognize that the Structural Adjustment Plans are good policies. Further, he claims that the IMF's goal is to develop prosperity for the entire world.

At the end of the film, Seeger amplified some of the points made. He explained that 178 countries are members of the IMF; that it is a "cooperative" wherein each country buys its "share"; and announces that 1994 is the 50th anniversary of the IMF.

Seeger: *"Above all, I want to indicate that we are the IMF. We are not the ILO, not the UN, not the World Bank, not GATT — which are bodies totally different. We do not draft the plans. We have three precise functions: 1) consulting with our members and connecting our members with each other; 2) we confer with governments on such matters as budgets, statistics, tax collecting, etc.; and 3) we lend money under certain conditions."*

Seeger went on to explain the lending process.

Seeger: *"We lend money to the central governments to help in their balance of payments. We are the lenders of last resort. We negotiate with the government regarding the economic program it presents to us. In the case of very poor countries, we have a special loan they can pay back at 1/2 percent interest over 10 years."*

Gluckstein reminded Seeger that he was mandated by the entire delegation to ask a series of questions elaborated by the delegation as a whole, and told Seeger that the delegation was delivering an additional memorandum. He then went on to indicate that there is no confusion in the delegation over the various world organizations, namely the ILO, the UN, GATT, the IMF.

Gluckstein: *"We know the IMF's role very well. The film is very interesting and well done. It's a good movie that serves a bad purpose, and one thing is lacking: the social consequences of the IMF's actions. The three functions you described are clear; we understand them. But the consequences — I'm surprised, but none appear in the film."*

Seeger: *"The IMF has no responsibility for the social consequences. Our goal is to get a country into growth."*

Seeger also told Gluckstein that he was expecting questions, not a lecture.

Gluckstein insisted on the fact that the delegation had mandated him to speak on its behalf.

Gluckstein: *"What is your assessment of the social consequences, such as budget cuts we have read about in Latin America and Africa?"*

Seeger: *"Each agreement differs by country. When countries address themselves to the IMF, it is the last resort. When discussing the conditions for a loan, we ask the government if they have taken into consideration the consequences for pensions, etc."*

Mexico had been a focus of the film. According to the film, in Mexico the beginning of a solution to the debt crisis was found. How? In 1982, Mexico was on the brink of bankruptcy. In 1983-84, the IMF lent Mexico $22 billion to pay its debt, because Mexico accepted the stipulations of the IMF, which included the liberalization of the economy and the lowering of tariffs to make it possible for foreign goods to compete with local products.

Gluckstein (referring to the film): *"The Mexican example is presented as a model, a positive solution. The recent upsurge in Chiapas shows us there is a link with the deterioration of social conditions. Do you think there is any relation between the uprising in Chiapas and IMF policies?"*

Seeger (very angrily): *"There is no direct link between the IMF and the events in Chiapas!"*

At this point, Gluckstein referred to the film, which showed how in Poland, prior to the collapse of the former CP government, the state stores had no meat, but that since the IMF's intervention beginning in 1989 all that was lacking in Polish markets is now abundant. This is touted as a result of the freeing of prices and the moves toward a market economy.

Gluckstein: *"The film presents Poland's transition. There is a lot of meat on the stalls, but the only question the film does not answer is how many people can buy it. The more meat on the stalls, the fewer people who can buy it."*

Seeger: *"Poland is on its way back to being a prosperous country after 40 years of chaos and absence of decent living standards. People in Poland are better off. Shortages are gone; there are new enterprises and new jobs. The current president, by the way, is a trade unionist."*

Gluckstein: *"He is not. He was a trade unionist."*

Seeger: *"He is a trade unionist — and he fully supports what the IMF has recommended for Poland."*

Gluckstein: *"I repeat. He is not. It is difficult to be president and a trade unionist. By the way, do you confirm what Mr. Camdessus wrote about the trade unions becoming involved in the implementation of the IMF's policies?"*

Seeger: *"Yes, all components of society should be involved. We advise governments to listen to representatives of workers, farmers, entrepreneurs — all levels of society."*

Eric Lerner then asked a question about the Structural Adjustment Plans, citing statistics that show that countries that have implemented SAPs have experienced a permanent lowering of wages and a drastic decline in consumption.

Lerner: *"Given that the IMF advocates the lowering of real wages in the name of competitiveness, how can this be interpreted as increasing prosperity?"*

Seeger (angrily): *"I deny that anything we do results in a* 'permanent' *lowering of wages. That's not true. I won't argue with statistics I don't see. We don't say you have to lower workers' wages, but that you have to get your house in order. We simply say that one cannot continue to subsidize companies that aren't profitable."*

Lerner: *"All the countries subjected to IMF plans in the last 20 years have experienced a collapse of wages and a deterioration of living standards."*

Seeger: *"It's not true. There are other cases."*

Lerner: *"Can you point to one specific country in the last 20 years where after the IMF policies were imposed real wages went up?"*

Seeger: *"Korea. Indonesia. Chile. Our batting average is better than 50%. The problem is that countries drop out of the programs before they are completed. We try to establish the basis for sustained growth, to attract foreign and domestic investment."*

[Let us point out that the three countries cited have been or up until recently had been under dictatorships. Even in these three countries, what happened is very far off from what Mr. Seeger said. See Appendix from Eric Lerner. Let us point out further that three countries are given as examples, while 175 countries are not.]

Gluckstein then quoted Camdessus speaking before the United Nations Economic and Social Commission: *"The IMF is what I would call the macroeconomic pillar of the system of world cooperation. It is not its social pillar. When it* *projects social aims, its actions can only be pursued in association with the institutions that are the spearhead of this process — that is, the World Bank, the United Nations, and, of course, the International Labor Bureau."*

Gluckstein: *"As you can see, Camdessus, referring himself to the links between the IMF, ILO, the World Bank, and the United Nations, is not explaining this exactly as you are. By the way, he's speaking of social aims of the IMF. Could you please tell us what these social aims are."*

Seeger: *"We deal only with macroeconomics. It is not what is said in the film. The IMF has no social aims."*

Gluckstein then read the Camdessus quote again.

Gluckstein: *"You can see that it is indicated here that there are 'social aims'. Whether they are accomplished by other organizations, there are 'social aims'. We wish to clarify what these 'social aims' of the IMF are."*

Seeger: *"The IMF has no social aims. This is a misinterpretation."*

Tafazzul Hussain then intervened into the discussion and raised the question of the World Bank.

Hussain: *"Is not the World Bank a sister organization of the IMF?"*

Seeger explained that the IMF and World Bank meet together once each year, but that they are indeed separate organizations.

Hussain: *"In the name of structural adjustment and privatization, the IMF has prescribed the closure of industries. Now millions of workers are unemployed. The wages of workers in Bangladesh were $18-$20 per month. The government signed an agreement to increase wages to $23. The IMF sent a statement opposing the wage increase. One enterprise that employed 70,000 workers was cut to a pilot project that employed 3,000 people. The IMF recommended the shutdown of the pilot project. Due to the privatization of agriculture, all fertile land in the country is going barren. You have given a $300 million loan with the condition that most jute mills must be closed, and a few privatized."*

Seeger: *"The Bangladesh government realized that [the jute] industry is not viable. One cannot depend on a single production. That is why the agreement with Bangladesh said that the government should establish a social safety net to protect those who would lose their jobs. It's up to the government to do this, and it's up to the people of Bangladesh to make sure they do it. I can't speak in the name of the Bangladesh government, but I know there is no room in the jute market. Is the jute market bigger or smaller than before?"*

Hussain: *"It depends. If you are taking into the account the needs of people, it becomes bigger."*

Seeger: *"No, the jute market is smaller than before. More generally, is the world market bigger or smaller than before. This question cannot be avoided."*

Hussain then raised the issue of trade unionists who have been jailed in Bangladesh for protesting against privatizations and IMF plans, and asked whether this was a condition for rescinding a loan.

Seeger: *"I have no response to the imprisonment of trade unionists in Bangladesh. That's between them and the Bangladesh government. We simply stop lending when the government stops following the program."*

Schoenman raised the issue of poverty in Latin America as a result of IMF policies.

Schoenman: *"Latin American debt in 1980 was $250 billion. Between 1980 and 1990, $360 billion was paid in debt servicing alone. The debt is now $450 billion. The World Health Organization estimates that one of three children in Latin America lives below the poverty level. 100 million people are on the verge of starvation."*

Seeger: *"The continent of Latin America is one of the strongest areas for growth."*

Brauning: *"Today the debt has ceased to be a constraint to growth in Latin America. Macroeconomic policies throughout the continent are being implemented. Wages are not growing only in those countries that have not implemented structural adjustment."*

Gluckstein then called on Jack Demóstenes Muñoz from Chiapas, Mexico. He refuted the use of Mexico as a model, and especially the statistics that were used. Muñoz pointed out that wealth in Mexico is concentrated in the hands of a few people, and has been expanded for these people under the Salinas government.

Muñoz: *"You say that in Latin America living conditions have improved. My statistics do not corroborate this. In Mexico, the wage level fell 60% between 1988 and 1993. In 1988, there were 44 million poor people; in 1993, after the implementation of the IMF's policies, there is not one single Mexican who has come out of poverty. On the contrary, poverty expands while wealth is concentrated in a few hands. It is not logical to say that the policies at the behest of the international institutions have nothing to do with the conditions of poverty in Latin America. Credits come with* *conditions, such as job cutbacks, etc. On a world scale, we've seen socially explosive consequences. Mexico pays $10 billion yearly in interest, and to do so requires wage cuts, lowering of the minimum wage."*

Seeger (interrupting): *"What is your question? What is your question?!"*

Muñoz: *"In Mexico, all social sectors are on the verge of disruption. The Zapatistas arose as a result. How can you say that the IMF bears no responsibility?"*

Seeger: *"You blame us for all kinds of things where we're not involved at all. All kinds of charges. You base your opposition to Bill Clinton on our activities in the United States. We have none. We have nothing to do with privatizations in France."*

Gluckstein: *"Nothing to do? But when you say that the jute market in Bangladesh is smaller ..."*

Seeger (interrupting angrily): *"Bangladesh is done! The representative has already spoken!"*

Gluckstein: *"Yes, it is not a question of Bangladesh. It is the same in France. It is the same everywhere, at a time when, through the policies of the IMF, the banks, and through speculation, there is a contraction of the world markets, when there is no more market."*

Louisa Hanoune then spoke about structural adjustment in Algeria.

Hanoune: *"Indeed, the IMF cannot impose policies if there is no government ready to implement them. You say that the IMF is not responsible for Algeria, for example. But Camdessus proposed the privatization of the public sector. Out of 1600 enterprises, according to the experts sent by Mr. Camdessus, only 22 were declared viable. These 22 were slated for privatization, while the others were slated to be shut down as not profitable. In Algeria, the whole economy is structured around this public sector. The private sector is virtually nonexistent. How in the film can you speak of prosperity when everything has been destroyed and nothing is left?"*

Seeger: *"It doesn't have to be done. People don't have to allow their government to enter into an agreement."*

Hanoune: *"But people don't want this program to be implemented."*

Seeger: *"The IMF doesn't speak with people, but speaks only with central governments."*

Hanoune: *"The government doesn't represent us."*

Hanoune then cited the annulment of the election results in Algeria.

Seeger: *"That's not our ..."* [he began to say *"problem,"* but caught himself]. *We don't engage in the internal politics."*

Seeger then indicated that it was time to conclude the meeting, under the pretext that another meeting was scheduled to take place in the room. Gluckstein then called on Lybon Mabasa, who was introduced as being from South Africa. Seeger made a remark to indicate his clear understanding that Mabasa was from "AZAPO, not COSATU."

Mabasa: *"The IMF has been approached by De Klerk and Mandela. One condition is to repay the debt. The South African people say the debt in South Africa is an apartheid debt? Why pay it?"*

Seeger (condescendingly): *"The answer is very simple. It's a matter of having credit. If you write off those debts, no one — no bank in the world — will ever lend you money again."*

As the meeting broke up, Christos Roubanis raised a question regarding the former Yugoslavia. He said that to discuss the question of the war in the Balkans would require,discussing the question of structural adjustment in the Balkans.

[Roubanis was not given the opportunity to speak during the meeting. In his contribution to the delegation's February 7, 1994, memorandum to the IMF, Roubanis noted that the IMF officially has stated its grave concerns regarding the current situation in the former Yugoslavia, and quotes a prominent researcher who has explained that *"in the former Yugoslavia, 'ethnic cleansing' arrived only after IMF shock therapy had done its work."* (Criton Zoakaos, Polynomics Inc., Morristown, New Jersey) Further, Roubanis takes note of the massive working class strikes and mobilizations that erupted throughout the region in 1988-89 as a direct reaction against hyper-unemployment and hyper-inflation produced by this IMF shock therapy, and he asks how the IMF can pretend to bear no responsibility for having created the current situation given that it has resulted from the efforts of the nomenklaturas to pit working people against each other and impose the IMF's plans.]

Seeger (very angrily): *"We gave you plenty of time. We have read all of your documents. Your statement about the Balkan war is a libel against the IMF! We have no shock therapy in Yugoslavia."*

[As people left the meeting, Roubanis again confronted Seeger: *"We deserved more of your time. I have traveled all the from Greece to talk about the IMF's 'suggestions' and the war that resulted from the implementation of the policies."*]

[Seeger: *"I understand you are an individual. What you have said in the memorandum is a libel. There was not shock therapy in Yugoslavia."*]

[Roubanis: *"I was mandated to put a concrete question on the table on behalf of a workers conference that was held in Athens on January 8, 1994. In this conference ..."*]

[Seeger: *"Yes, who participated in this conference?"*]

[Roubanis: *"Steelworkers from Hungary. A confederation of coal miners of Romania ..."*]

[Seeger: *"They are all communists. Who else?"*]

[Roubanis: *"They are coal miners, sir."*]

Another delegate raised a question about social consequences.

Seeger: *"We always say to the government that they must pay attention to the social costs, that they must be careful, and that it is necessary in the plan to implement a social safety net. If the government doesn't take this advice, it is the government that is responsible, and not the IMF."*

[As the meeting ended, Schoenman and Terry Allen asked Seeger whether there were cases where the IMF had suspended its loans because the economic conditions — restructurings, layoffs, and so on — had not been achieved. Seeger answered: *"Yes, it has happened a lot of times."* Schoenman and Allen then asked Seeger to give one example where the IMF withdrew support from a government because no social safety net was put in place, or where one already in place was dismantled in order to implement IMF policies. Seeger would give no such example.]

Gluckstein: *"You asked Tafazzul Hussain whether the jute market is reducing. The problem is that if you look at the world now, you could say the same about steel, metal, etc. In such a situation, at the same moment the IMF implements its plans, I understand you have nothing to do with the consequences. If I took money from your pocket, and you starve, do I have no responsibility for that consequence? My question is as follows: What does the IMF propose to the people? That they must resign themselves? That they are to accept suicide? There is nothing else to do?"*

Seeger: *"I don't want to answer this kind of question. This means polemicizing. The IMF does not have to answer these kinds of questions."*

Gluckstein: *"I insist. We have to report back to workers who mandated us. What shall we say to them? I ask you to tell us what people should expect from the IMF."*

Seeger: *"The world is going through a structural adjustment. I myself worked in a steel plant. When it shut down, 1600 were out of work. Now that town is better off, because it adjusted. There is no use for steel. It can't be used in cars, even in building construction, so reconversions are necessary. Now the economic situation was declining. It will take time, but from the point of view that the SAPs open the door for other things. We do say to governments, you must be concerned about the social consequences, you must put the social safety net into your plans. And we say to the governments: you have to adjust, you have to adapt, you have to restructure. Things cannot go on as they do now."*

Gluckstein (at the conclusion of the meeting): *"Gentlemen, rest assured that workers will not let themselves be pushed to suicide or to resignation, and that they will find — through their own actions — another way, another solution which is not the one of the SAPs and of the IMF."* (*)

[Because Mr. Seeger ended the meeting hastily, many participants were unable to ask the questions they had prepared. In addition, some of those who did take the floor did not have sufficient time to put forth all of their questions. All the interventions that had been prepared are available in the memorandum of the International Liaison Committee that was delivered to the IMF on February 7, 1994. This memorandum is reprinted in the Bulletin of the International Liaison Committee.]

(*) As the delegation was leaving the IMF headquarters, Mr. Seeger accused again the delegates to be individuals representing "no one". Schoenman asked him what was his capacity in the IMF and whom did he work for before working for the IMF. Mr. Seeger answered that he was *"special counsellor of the IMF"* and had been before a journalist for the *Los Angeles Times*, and a correspondent in Asia, Africa, Europe and so on for this journal. Schoenman concluded : *"This is perfect, Mr. Seeger, we will give the account of our mandate to those who mandated us while you will make your report to your employers."*