

tary-led government emerge, the nation would be starved to death. A State Department communiqué warned of “disastrous consequences.” U.S. Ambassador to the Organization of American States Luis Lauredo, in his address to an emergency OAS session that night, spelled out what this meant: a freeze on all bilateral and multilateral loans and cooperation programs; a boycott by private investors; and even ships would steer clear of its ports, hurting all foreign trade activity, he threatened.

British Foreign Office Minister of State John Battle threatened the rest of Ibero-American countries, that should they not ensure a restoration of “democratic order” in Ecuador, “the economic interests and stability of the whole region” would be hurt.

### Cannot be done

Although the Noboa government promised immediately to continue dollarization, it stalled on announcing exactly how it would proceed. And for good reason: No matter how many corrupt local bankers it may try to jail in order to regain assets they may have stolen, there is simply not enough money to cover the nation’s public and private debts.

One of the hottest problems, is how to pay back bank depositors whose money was seized by the Mahuad government in March 1999, in order to pay the foreign debt for a few days longer. Under dollarization, the government must replace sucres with dollars. The government, with a reported \$800-900 million in liquid reserves, has sufficient money to cover the money supply (estimated at between \$400-500 million at the current exchange rate of 25,000 to the dollar), but falls far short of having the \$1.723 billion and 8.4 billion sucres (whose dollar value depends on the rate of conversion that will be set), which it owes bank depositors. And that leaves out foreign debt payments, never mind current expenditures.

International experts running the program, say that fiscal reforms are the only way to ensure that foreign debts get paid. By “fiscal reforms,” he meant cutting the public budget and raising the costs of basic services (gas prices are projected to be raised by 100%, come next June), selling off public companies (oil, telecommunications, and electricity companies are already being eyed), and enforcing a system of slave labor, in which workers can be hired—and fired—by the hour (this, they call “labor flexibility”). No such similar concern is shown for domestic debtors, such as bank depositors and pensioners.

Cutting the prevailing wages, public and private, is a crime in itself, and it was one of the drivers of the coups. In order to make ends meet, Mahuad had ordered a 60% cut in the military budget, when the wages of the troops had already dropped to \$40 a month.

If the Noboa government sticks to the dollarization policy, it will have no more stability, than the fleeting governments had when they came and went on Jan. 21.

## LaRouche: Dollarization in Ecuador means slavery

“I know the situation in Ecuador. Ecuador is now being destroyed. It’s being destroyed by the United Nations, by the International Monetary Fund. It’s being destroyed by the State Department of the United States, under Madeleine Albright, deliberately,” said U.S. Presidential pre-candidate Lyndon H. LaRouche. He was responding to a question from a delegate participating in a telephone dialogue on Jan. 23 between LaRouche and 52 Democratic Party delegate caucuses throughout the state of California.

“These conditions which have been imposed on Ecuador, which have been the trigger for the two coups, counter-coups, and so forth, going on in Ecuador right now, are the result of the United States government supporting the imposition of slavery, so-called dollarization, upon Ecuador. . . .

“This is genocide. We’ve created chaos. We now have a dangerous situation in Ecuador as a result of it, a situation which can spread the contagion, to worsen the situation in Colombia, aggravate the situation in Venezuela, spill over into Peru, spill into parts of Brazil, particularly the Amazon region, and spread in chain-reaction effect throughout the whole subcontinent.”

The Democratic Presidential pre-candidate explained that Ecuador “is in the middle of an area—Venezuela, Colombia, Ecuador, to some degree Panama, Peru, next to Brazil, which is also in trouble; and Chile is also threatened.

“So the entire Americas are now being destroyed, as Ecuador right now, as we sit and speak, is being destroyed, by the will of the United States government, as expressed by its Secretary of State and others, and the International Monetary Fund. It’s being destroyed. . . .

“This dollarization of Ecuador, was calculated. It was *intentional*. It was an intent to destroy the nation. They were not merely out to impose conditions. The deliberate purpose, by people such as the Inter-American Dialogue involved, is *to eliminate the existence of the nation-state of Ecuador*. And if we don’t stop them, they’ll do it.”

LaRouche went on to address what he considers his specific role in this situation:

“My actual concern now, in terms of where I am now, what powers I have, what influence I have, is to attempt to persuade the President of the United States *to stop this nonsense*. Do not try to impose slavery upon Ecuador, in the name of ‘democracy.’

“What kind of a thing is that? Because if you would lift these conditions, and simply say, ‘We are prepared to assist Ecuador in enabling them to *suspend* the present debt, which is probably unjust in many cases anyway, in order for the

currency to be restored to a functioning condition, and to provide the protectionist conditions with U.S. protection, under which Ecuador can rebuild itself.’

“I think the problem of the recent coup and so forth, were all the result of what I’ve seen as an ongoing, deliberate direction of policy. And I have a frightened President Bill Clinton on my hands, who does not have the guts, even though I’m sure he knows better, and doesn’t feel he has the position, to take this on. . . .

“In not making that decision, the President of the United States is making a very serious mistake, worse than a mistake.”

### **The LaRouche solution**

In response to a question as to what he would do as President of the United States regarding the crisis in Ecuador and similar crises, LaRouche responded:

“I would pick up something I published in early August of 1982, something that got me into a good deal of trouble, but also got me some friends in Ecuador at the time, among other countries.

“It’s called ‘Operation Juárez.’ My policy for the Americas is essentially summarized in that paper, in ‘Operation Juárez.’ . . . I wrote that as a cooperative effort—it was all my writing and my responsibility—but as a cooperative effort with the government of Mexico, the President of Mexico [José] López Portillo, and other leaders of Ibero-America, during that period.

“And I think people, by looking at that, and looking at today’s situation, will recognize exactly where I stand, and what that means implicitly, in terms of countries such as Ecuador.

“If I were President of the United States, I would act immediately; say, the United States, as under the policy of John Quincy Adams, under the policy of Blaine, under the policy of Franklin Roosevelt, the policy enunciated by John Kennedy—I would enunciate that policy.”

LaRouche added: “The function of the United States, is to protect the independent states of the Americas from that kind of rapacity by international powers. And this is a case where the foreign policy of the United States, under a President who knows what his business is, would be to step in and say, ‘No, you don’t do that to Ecuador.’

“And that would give the Ecuadoreans the room to begin putting their own affairs into good order.”

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## The Indian Subcontinent

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# Fernandes assures West of ‘limited war’

by Ramtanu Maitra

India’s mercurial Defense Minister George Fernandes has assured Western observers that any war with Pakistan would be limited. At the same time, he warned Islamabad that the belief in Pakistan that “India would be deterred in any war imposed on it, and will not fight back,” is a serious error of judgment.

Speaking at an international seminar on “Asian Security in the 21st Century,” in New Delhi, the Indian Defense Minister, referring to Pakistan Chief Executive Pervez Musharraf’s recent statement that Pakistan would use nuclear weapons as the last resort, said that Islamabad has not understood the “real meaning of nuclearization” on the subcontinent. According to Fernandes, an atomic arsenal “can deter only the use of nuclear weapons, but not all and any war.” He added that under the nuclear shadow, a “conventional war remained feasible, though with definite limitations if escalation across the nuclear threshold was to be avoided.”

### **Continuing hostilities**

Fernandes’s statement came in the wake of continuing skirmishes along the disputed Kashmir borders. Pakistan has recently accused the Indian Army of crossing the Line of Control, the de facto border between the two countries in Kashmir. India has denied the charge. But both sides admit that shelling across the borders has intensified, and that there is little hope that either side will soon return to the negotiating table to resolve the Kashmir dispute.

In a discussion with reporters outside of the conference hall, Fernandes warned that if Pakistan remains in the grip of the “Kargil syndrome,” India is ready to give a “Kargil-like” response. Last summer, India successfully drove out a horde of infiltrators from Pakistan who had entered the Indian part of Kashmir and entrenched themselves in the high hills of Kargil, with the purpose of carrying out widespread terrorism within Kashmir.

Referring to General Musharraf’s recent threat “to teach India a lesson” if India crosses the Line of Control, Fernandes said that he would like to see Pakistan get over the humilia-