

LaRouche's Ideas Are Setting The Agenda In Argentina

by Gretchen Small

Four days after Argentina's latest President, Eduardo Duhalde, was sworn in under emergency conditions on Jan. 1, U.S. Democratic Presidential pre-candidate Lyndon LaRouche issued a statement outlining how and why Argentina, if it is to survive as a nation, must reorganize its national banking system, in order to create a system protected from the international speculative bubble. Until it does so, LaRouche warned, "economic depression, chaos and ungovernability will continue to haunt the country."

A mere ten days since he took office, President Duhalde, racing to stay one step ahead of the continuing implosion of the national economy, has run head-on into exactly the dilemma LaRouche warned of: It is impossible to continue to keep the nation's currency and financial system chained to the international system, and simultaneously defend the continued existence of the country's population and productive capabilities.

International Monetary Fund officials have announced they cannot work with the Argentine government, should it insist on price controls, trade protectionism, or its plan for a two-tier currency regime. Under the latter, the government has said essential transactions will be carried out at a fixed rate of 1.4 pesos to the U.S. dollar, with the peso allowed to float only for non-essential purposes. International financiers publicly threatened speculative assaults on the peso, in order to break the fixed rate quickly. For their part, the privatized state utility companies, owned almost entirely by foreign interests (largely Spanish), threatened to simply walk out of the country, leaving the nation's electricity, gas, water, telephone, and other vital services hanging.

A generous "act of love" by the Brazilian government, as Argentine Foreign Minister Carlos Ruckauf put it, averted one looming health catastrophe, however: The Cardoso government sent over 12 tons of insulin to Argentina, on an emergency basis, saving the lives of Argentine diabetics who were unable to get medicine. Arrangements for additional donations and Brazilian government-guaranteed sales of anti-cancer and anti-AIDS drugs are under way.

'There Is A Solution'

The most dangerous trigger for a governmental collapse, remains the banking system, however. About 90% foreign

controlled, it has been utterly looted and bankrupted. The government cannot lift the freeze on bank deposits which Fernando de la Rúa government's imposed, because the money is no longer in those banks. That leaves 1.1 million smaller depositors bereft of their savings, in many cases without the means to live. As the cost of living zooms thanks to the 30% devaluation, these desperate people constitute an explosive social force.

Thus, LaRouche's statement of what must be done, has been seized upon by thinking people. On Jan. 5, as the Congress debated the government's Economic Emergency bill, Congresswoman Elisa Carrió told her fellow Congressmen that LaRouche's national banking proposals provide the only viable solution to the country's crisis. The debate was broadcast on national TV, and seen all over the country.

Carrió read from LaRouche's Jan. 2 statement, "No Stability In Argentina Until A National Banking System Is Created To Issue Directed Credit For Job Creation."

"Of course there is a solution, Mr. President [of the Congress]. The time has come to really create a national bank which issues credit. And it is not we who say this; the man who foresaw the Russian crisis, LaRouche, currently a Democratic candidate for the United States Presidency, argues exactly the same thing in the case of Argentina: 'The current national banking system—90% of which is controlled by foreign banks—is totally bankrupt, and has ground to a halt. The only way to get it back on its feet, and to return to Argentine citizens their savings now frozen in the banks, is to create a new, reorganized national banking system. The central government would then use this system to channel directed credit, issued in an inconvertible domestic currency, to fund the creation of one million new jobs in the right areas, which would start the recovery of the economy. This, along with the debt moratorium which has already been declared, are necessary policy steps.' "

Carrió continued: "It is also interesting to read that, earlier, [LaRouche] analyzed how the international financial system began to collapse, which we're going to see in the world over the coming year. He warns the governments of all countries, that if they apply the restrictions of the international financial agencies, and fail to resolve the problem of the looting of their banks, there will be a succession of governments,

finally resulting in total national disintegration. This is not an irrational matter, but it is totally unjust, if we fail to take advantage of this crisis to find the [correct] policies. If you want to see them, they are there; the problem is, that many times, we do not want to see them.”

Carrió is a former Radical Party leader, who today leads the Alternative for a Republic of Equals party (ARI). She is well known as an expert in Argentine financial matters, because of the ground-breaking investigation into money-laundering and other illegalities of the banks in Argentina, which she and a fellow Congressman began in the early 1990s, an investigation in which they had the later collaboration of the U.S. Senate Permanent Subcommittee on Investigations. In 2001, she and another ARI Congressman, Mario Cafiero, joined a lawsuit against the outrageous \$30 billion “me-gaswap” of Argentine bonds worked out by then-Economics Minister Domingo Cavallo, from which his foreign banking buddies collected \$200 million in “fees.”

In the Congressional debate, Carrió put the blame for the current banking deposit freeze squarely on the De la Rúa-Cavallo-private banks combination, which, she charged “stripped” the country of its resources. She described how the game worked: The top 10-15 debtors of the bankrupt banks are companies linked to the bank itself. These front companies then transferred the money out of the country to shell companies held in Uruguay, and from there, the money was transferred to the United States. Our billions can be found outside the country, in the foreign parent banks which own the “Argentine” banks, she charged. The money thus looted from Argentina, comprised of the deposits of decent people, who believed in the banking system and in the country, were then seized to save the banks from collapse. “Impoverished banks, rich bankers,” she noted.

The Politics Of The Common Good

There may be powerful international pressures being brought to bear upon the Duhalde government, but broad social forces in Argentina are determined to defend the nation, and understand that for the country to survive, it must break with the usurious system. Indicative are the comments on the foreign debt issued Dec. 20 by the Archbishop of La Plata, Mons. Héctor Aguer, which follow this article.

Nor is Aguer a lone voice. Argentina played an active role in Pope John Paul II’s global Jubilee 2000 initiative to reduce or forgive the Third World’s debts, and Deputy Mario Cafiero headed the Argentine Jubilee 2000 committee. Dramatic 12-hour-long hearings on the debt were held by Argentina’s Bicameral Jubilee 2000 Commission in August 2000, at which numerous people (including then-Senator Duhalde) testified before an audience of 500. Monsignor Aguer’s testimony there, which he references at the opening of his Dec. 20 statement, was met with a standing ovation and the singing of the national anthem, one of several instances during the day when

the audience spontaneously sang the anthem, with its opening line, “Hear, O Mortals, the sacred cry: freedom, freedom, freedom.”

President Duhalde is acutely aware of the dangers his country faces. “If we take even one step backward, Argentina risks a bloodbath,” he told a group of business and trade union leaders on Jan. 4. The productive community must run the country, he told them. “We must put an end to the alliance that ruined the country, the alliance between the political power and the financial sector, and replace it with an alliance with the productive community. . . . Just because the world is globalized, there cannot exist only one economic model, but many, according to the necessities of the countries. Argentina, at this moment, needs the absolute defense of its national interests.”

Monsignor Héctor Aguer

The Debt Explosion

This Open Letter on the Argentine foreign debt was released on Dec. 20, 2001 by Msgr. Héctor Aguer of La Plata, Argentina.

There is little gratification in being proven right in forecasting calamities which end up turning into sad and harsh reality. Such is the case with those of us who warned in timely fashion of the dangers of a foreign debt which was permanently expanding, and which, worse still, was viewed as harmless and even healthy by influential layers among our economic and political leadership. A year and a half ago, we declared in the Senate: “A heavy gravestone threatens to fall on us and bury our purpose and our duty to effectively forge a free, just and sovereign Nation. One can guess the epitaph: ‘Here lies the Argentine Republic: It lived paying and died owing.’ ”

That the funereal metaphor is appropriate, is proven by the death throes in which we still find ourselves. To use another metaphor, we could say that we are now witnessing the explosion of the debt, since there is no other valid explanation for the great upheaval which has left us Argentines unable to access our money, and perhaps stripped of our full rights to our wages and property.

It proved impossible, from any standpoint, to coexist with a debt unjustly inflated to a size that astronomically exceeded our country’s ability to pay. The question should have been brought before the international courts. We should have negotiated with the creditors, firmly basing ourselves on legitimate arguments of national interest; the people should have been