

'Alliance for Latin American Integration' will be founded in Lima

by Valerie Rush

Argentine Peronist party leader Juan Gabriel Labaké held an hour and a half-long meeting with President Alan García of Peru on Oct. 8, and announced afterward to the press corps that a time and place for the founding conference of his proposed "Alliance for Latin American Integration" has been set. The meeting will take place in Lima Dec. 6, 7, and 8.

Endorsed by three Presidents

Labaké, who met with President García in Lima while on the second leg of a tour organizing for the political and economic integration of Ibero-America, reported that his initiative has also received the endorsement of the President of Colombia, Belisario Betancur, and two past Presidents of Venezuela, Carlos Andres Pérez and Luis Herrera Campins. The list that Dr. Labaké gave to the press, of some of the other backers of the project, includes many of the top political, labor, business, military, and cultural leaders of Ecuador, Mexico, Peru, Colombia, and Venezuela; it has several university presidents and government ministers, and the presidents of the Chambers of Deputies of Ecuador and Venezuela.

His idea is to establish a private institution supported by multiple Ibero-American governments, and dedicated to fostering the rapid unification of the continent with the objective of guaranteeing the national sovereignties and economic development of all the nations involved, in the face of a shared economic crisis.

Before embarking on his current tour, Dr. Labaké traveled to the United States and conferred with American economist and political figure Lyndon H. LaRouche, Jr., *EIR*'s founder and contributing editor. LaRouche's 1982 "Operation Juárez" proposal outlined a plan for resistance to International Monetary Fund looting through Ibero-American economic integration, that has become famous throughout the continent.

Fight for national sovereignty

The Peruvian head of state's endorsement of Labaké's alliance for integration takes on special meaning in light of the courageous steps García has taken to rescue Peru's national sovereignty and end its long years of subjugation to the International Monetary Fund. Labaké said after his interview

with García, "I am favorably impressed by the clarity and firmness with which the President of Peru, Dr. Alan García, is aiming toward Latin American integration and the defense of the interests of our countries and of our peoples. Nobody since Perón has had such a courageous and lucid attitude as that of the Peruvian President, whose recent friendship I treasure as an Argentine and as a Peronist."

Labaké went on: "This true crusade for Latin American integration and for liberation from all foreign dependency, which today Dr. Alan García is waging, contrasts with the two other positions recently publicized in our region: that of Fidel Castro, on the one hand, which attempts to take advantage of our poverty to provide grist for the Soviet mill, which he represents; and, on the other hand, the compliant attitude toward the demands of the IMF and the creditor banks which is led, I am sorry to say, by the President of my country, Dr. Raul Alfonsín. Unfortunately, Dr. Alfonsín appears today as the best ally of the Fund and of the powers of the North.

"But the peoples of Latin America have a good political sense of smell," Labaké pointed out, "and will know how to choose among Castro's deceptions, Alfonsín's weakness, and the worthy example of Alan García. We, for our part, have already made our choice: We are on the side of the Peruvian President, whose work brings back fond memories of Oct. 17, 1945," the date Gen. Juan Perón became President of Argentina.

Labaké will be going to Rio de Janeiro, Brasilia and Sao Paulo in Brazil, and then to Panama, before returning to Argentina to pull together the preparations for the December conference in Lima.

'American System' economics

The Peruvian President's actions show that Dr. Labaké's confidence is well placed. In the tradition of the dirigistic "American System" economics of U.S. founding fathers Alexander Hamilton and Benjamin Franklin, and of Abraham Lincoln—the system of economics that was studied throughout Ibero-America in the last century—García has taken steps to take control of Peru's economy in order to foster its development, and to crack down on the organized-crime network that flourished under the previous Belaúnde regime.

These steps include:

- Imposing a ceiling of 10% of export earnings on foreign debt payments, shaking international usury to its roots;
- Waging all-out war on the drug trade which has served as a source of revenue for servicing that debt;
- Launching a ruthless anti-corruption drive within the military, police, and judicial system of Peru which heretofore provided a haven for the drug trade;
- Pledging to eradicate the Shining Path terrorists who would destroy Peru as a modern nation-state.

A package of economic measures announced by García on Oct. 5 shows the seriousness with which the Peruvian leader has accepted his responsibility. For the rest of the year, declared President García, "there will be no devaluations. The price of gasoline will not increase. Public service costs will not increase."

To guarantee that production steadily grows, domestic rates of interest will be reduced for the third time since García took office. From the 280% interest on inauguration day July 28, then to 110% and then to 75%, interest rates are now to be lowered by decree to 45%. Making it clear that the measure is intended to end rampant speculation, García noted that the interest-rate reduction "will mean a relief for those who have lost credit by creating productive wealth." He added, "We are at war against immorality."

Interest rates for peasants in the most devastated areas of the country will be set at 19%. Special funds will be made available to develop the poverty-stricken state of Ayacucho, the stronghold of the Shining Path terrorists. Unoccupied urban lands will be expropriated for housing sites for the poor. "I do not agree with [land] invasions," said García, but neither "do I agree with the wealth that comes from land speculation." This was the President's answer to the scenario for chaos scripted by the left and its "human rights" lobby around a recent government decision to evict 20,000 squatters led by the pro-terrorist Peruvian Communist Party, from land the government had been planning to expropriate.

A decree has also been issued removing essential products from a general sales tax, while income tax has been eliminated for the wage-earner, signifying a real wage increase of 4%. To help solve the dramatic unemployment problem, García is encouraging factories to take on additional work shifts, while using special credits to reopen bankrupt firms.

Will Mexico follow?

The country with nothing to lose and everything to gain by following García's example is Mexico. Devastated by last month's series of killer earthquakes and beaten down by three years of unrelenting austerity, Mexico has reached the point at which a moratorium on foreign debt payments cannot be postponed. As a result, the belief that abandoning IMF austerity prescriptions and suspending debt payments is becoming increasingly generalized. Mexican President Miguel de

la Madrid has announced the holding of a "popular consultation" on the debt crisis.

For the first time in Mexico, a wide range of spokesmen—from trade unionists to businessmen, from congressmen to church figures—has agreed that national economic policy must be reoriented before it is too late.

Statements have been issued by officials of the Mexican Workers Federation demanding immediate debt moratorium. The head of the Federation, Fidel Velázquez, stated on Oct. 7 that "Mexico cannot submit to a regimen of more austerity" and that "if there is no other choice, perhaps [moratorium] is the only solution." Angel Olivo Solís, president of the umbrella Labor Congress, declared that in view of the damage caused by the earthquakes, the labor movement could no longer abide a policy of continuing to meet debt payments. Several congressmen from the ruling PRI party followed suit.

Then, the president of the National Industrialists Council, Carlos Mireles, demanded a one-year suspension of interest payments on the foreign debt, which would yield \$13 billion for meeting the reconstruction task. Mireles then took a page from García's book, urging that Mexico allot to debt payment no more than the 10% to 15% of export revenues that come from non-oil exports.

Exemplary of the explosive nature of the situation in Mexico is the Sept. 30 resolution of the state congress of Yucatán to call for an immediate suspension of interest payments on the Mexican debt, declaring that, otherwise, "the country's international financial commitments can only be paid with the hunger of the people." A similar proposal is now under discussion in the Sonora state congress, and possibly other state legislatures as well.

And on Oct. 7, Mexican Cardinal Ernesto Corripio Ahumada declared that suspension of debt payments "would help our people." Simultaneously, a spokesman for the Mexican Bishops' Conference stated, "The Mexican Episcopate called yesterday for a moratorium on payment of the foreign debt, as the only option for ending the long crisis the country faces."

While the Mexican population is letting its opinion be known in no uncertain terms, the economic cabinet of the de la Madrid government continues to whisper in the President's ear that now is the moment to win the confidence of the bankers by holding firm with the IMF's austerity dictates.

Thus, in the week of Oct. 7, the director of Mexico's central bank, Miguel Mancera, was permitted to raise agriculture's preferential interest rates from 28% to a whopping 40%. Not only will this destroy what remains of Mexican agriculture and once again favor the drug mafia waiting to recapture whole chunks of Mexican territory, but it will also generate an anti-government rebellion within farmers' ranks. Such a rebellion can serve no other interest but that of the neo-fascist National Action Party and its communist collaborators, waiting in the wings for the disintegration of the Mexican republic.