

## Soros spearheads asset grab in Ibero-America

by Peter Rush

George Soros, the billionaire speculator and scourge of both eastern and western Europe, is also infesting a growing list of countries in Ibero-America, buying up assets (generally, recently "privatized" former public-sector companies), purchasing high-priced real estate, and investing in stock markets, for the sole purpose of looting. He is joined by other billionaire jackals like Marc Rich and the Rothschilds of London in these endeavors.

Under drastic pressure from Anglo-American financial circles, nation after nation is opening itself up to the Soros raiders, and moving to set up secondary markets for futures and other New Age securities and derivatives, to create further opportunities for foreign speculative "investments." The end result is intended to keep the world financial system afloat with this new speculative binge—emphatically including the laundering of vast new flows of dollars from the drug trade through the banks—while placing the region's entire raw materials asset base under foreign financial control.

This process is furthest advanced in the countries of Peru, Bolivia, and Argentina. In Peru, President Alberto Fujimori is bending over backwards to do exactly what the International Monetary Fund (IMF) and foreign bankers want in terms of privatizing everything in sight and opening the country up to unrestricted speculative capital flows. Bolivia already adopted, in 1985, the program that Peru began implementing in 1991, and the results of that are visible today, with the impending total elimination of Bolivia's only significant industrial sector, mining, and its replacement with the drug economy. Argentina is following closely in Peru's footsteps, and Soros and company are already ensconced in the country.

On July 22, George Soros's brother Paul traveled to Peru to announce that the International Soros Group would be increasing its investments in Peru, "since I believe that the present conditions of the Peruvian economy have improved to a considerable degree in recent years, especially since the application of liberal reforms in both the economic and

institutional fields." He continued, "The important aspect of the investment that we will carry out in Peru is that our group is characterized by investing in highly profitable activities, which are found in emergent markets such as Peru." The Peruvian press indicated that Soros might invest in a brewery, in mines, and in the Pension Fund Administration.

Paul Soros's travel partner in Peru was Pedro Pablo Kuczynski, a top banker with First Boston-Crédit Suisse and a Peruvian national. Together they announced that the Soros Management Fund would also be greatly expanding its investments in Peru. In April, the fund purchased a \$400 million stake in the Newmont Mining company. Newmont, in association with the Peruvian company Buenaventura, later announced that they would be developing a gold mine in Cajamarca department of Peru.

Also "investing" in Peru is another billionaire, Marc Rich, who is angling to purchase the large Centromin copper mining company, soon to be privatized by the Peruvian government. By coincidence, the head of Peru's privatizing committee is Alberto Benavides de la Quintana, who also happens to head the Buenaventura company, which is seeking investments in the country.

President Fujimori is doing everything in his power to comply with the demands of these international financiers to open up the country, and he will shortly submit a new Constitution to a referendum. In the words of Jaime Yoshiyama, president of the Congress, the Constitution has been shaped to be "a useful tool to facilitate and increase the flow [of foreign investment] already begun." Peruvian government officials, along with representatives of oil, mining, and construction companies, as well as experts in setting up stock markets, attended a Sept. 23 forum held in the Helmsley Hotel in New York City hosted by the magazine *Latin Finance*. On Sept. 29, Peru's energy and mines minister addressed 50 international oil company officials in Houston at a gathering arranged by the U.S. secretary of energy, in the

context of forthcoming plans to privatize Peru's national oil company, Petroperu.

The Peruvian stock market has also attracted great foreign interest. The market rose 128% in dollar terms in 1992, and 70% of the value of its transactions is held by foreigners. At the Helmsley Hotel forum, a stock market official praised the stock market for its "success," justified its hyper-growth as "not a speculative bubble," and claimed this was the opinion of "emergent market specialists." On Sept. 24, Lima Stock Market Deputy Manager Américo Vidalón told *Gestión* that a futures market specializing in stock indices will start operations in early 1994, and will be Peru's first derivatives market. Such optimism in the Peruvian stock market has nothing whatsoever to do with the country's productive economy, which is being ripped to shreds by the IMF and others. Under pressure from the IMF and creditor banks, Peru's industrial base, never large, has shrunken drastically, unemployment is soaring, companies continue to go out of business, and there is no relief in sight. Government revenues from taxes are now shrinking as the tax base collapses, and the government is only managing to pay its foreign debt obligations by the sale of public companies—a short-term palliative that will soon be exhausted and which means that Peru has, in effect, given its public companies away.

In short, there is nothing to justify the stock market's optimism, nor the heavy investment in mining at a time when world metals prices are collapsing. Rather, the entire purpose is looting. As the stock market soars and draws in local sucker money, the foreigners at some point will pull out, leaving Peruvians to get wiped out. In mining, the national Mining Bank is systematically wiping out small and medium-sized mines by denying credit except at usurious rates, leaving only the large mines, which are owned by multinationals. Tens of thousands have already, or are about to, lose their jobs in the mining and ancillary industries.

The intended effect of this assault on the productive economy by these foreign parasites is the mushrooming of the drug economy, and the return of the hated Shining Path insurgency, now in retreat but capable of returning if economic conditions continue to worsen. Not only will more and more Peruvians turn to the drug trade to survive, but Soros, Rich, and other speculators and bankers intend to help launder the drug monies and reap further profits from drug trafficking. They are also politically mobilized to destroy the Armed Forces of the country as a precondition for their promised "investment" flows, which will only pave the way for a Shining Path takeover (see box).

### **Bolivia: Soros's narco-economy**

Bolivia is the view of the future for all of Ibero-America if the current destruction of every economy is not reversed. In September 1985, incoming President Víctor Paz Estenssoro hired Soros's crony and Harvard goofball economist Jeffrey Sachs to use Bolivia as a gruesome experiment for Sachs's "shock therapy" purported solution to hyperinflation. Sachs

traveled to Bolivia, where for two years he personally supervised the implementation of his program, which permanently threw tens of thousands of mining and industrial workers out of work, increased the cost of public utilities beyond the reach of most city dwellers, caused a sharp and permanent decline in domestic investment, and de facto replaced the currency, the peso, with the dollar, ending national sovereignty over internal credit generation. In just one government company, the state tin company Comibol, the work force shrank from 30,000 to 7,000 in two years. The work force of the state oil company declined 44%, and private sector mining employment declined by 20,000.

Where did these workers go? Into the cocaine "industry." Employment in the growing and processing of coca leaf jumped from an estimated 350,000 to over 700,000, more than one-third of the labor force. In his 1988 book on the subject, Sachs bragged about reducing Comibol's work force by 75%. But even he admitted: "The results are stunning, and indeed reflect a social tragedy. . . . Many of these workers are still unemployed, or only marginally employed, or have gone to the coca-growing region to find work. The mining towns themselves have been decimated."

Sachs's policy is precisely that of George Soros. Soros once bragged that he and Sachs were responsible for Poland's adopting Sachs's program four years ago. Sachs was the featured speaker at a recent gathering hosted by Soros at his Long Island, New York home.

Today, the man who was economy minister of Bolivia in 1985, Gonzalo Sánchez de Lozada, under whom Sachs implemented his policy, is now President of Bolivia. Shortly before his election he expressed his support for the legalization of coca production, the only thriving "industry" in the country. Sánchez de Lozada is also a leading light in a bankers' think-tank, the Inter-American Dialogue, which since the mid-1980s has promoted drug legalization.

Now, in the last several months, through machinations in the world commodities markets, the price of tin, Bolivia's main mining product which accounts for half of the nation's foreign exchange, has plummeted to below production costs, and the entirety of Bolivia's more than 45,000 remaining miners face unemployment. Comibol will sell off its few profitable operations to foreign investors, like Soros. Sánchez de Lozada's government has announced it will not subsidize the industry, but will let it go bankrupt, completing the conversion of Bolivia to a narco-economy. The Bolivian tin miners union has been driven to such desperation that it is now advocating the legalization of drug production.

### **Argentina: playground for Soros**

Argentina, with a far larger and more developed economy than Peru, is another major target of both Soros and Marc Rich, among other speculators. Since 1990, Soros has been buying into Argentina, specializing in real estate, through his stake in the IRSA real estate company, and in recently privatized companies. Rich's involvement comes via his

## Soros supports 'Comrade Gonzalo' for President

International speculator George Soros and his closest collaborators openly announced their support for the narco-terrorist gang Shining Path in Peru, in a full-page interview published as a paid advertisement in the Sept. 28 *New York Times*. Paul Soros, brother of George Soros, and Gerard Manolovici, managing director of Soros Fund Management, declared themselves in favor of the Anglo-American project to destroy the armed forces of Ibero-America. The existence of such a project was documented in the Spanish-language book *El Complot para Destruir a las Fuerzas Armadas y a las Naciones de Iberoamerica* ("The Plot to Annihilate the Armed Forces and the Nations of Ibero-America"), recently published by *EIR's Resumen Ejecutivo*.

In the interview, Paul Soros threatened that foreign investments would be cut by as much as 50% if the armed forces are not eliminated, as demanded. The disappearance of the armed forces would pave the way for the Pol Pot-like genocidalists of Shining Path, led by Abimael Guzmán, a.k.a. "president Gonzalo," to take power in Peru. Shining Path has already caused the deaths of more than 20,000 Peruvians.

After demanding that Peru and the other countries of the continent hand over their national patrimony under "privatization" schemes, and that they surrender their sovereign control over the central bank and monetary policy, Soros said:

"A final, third benchmark is an underlying, basic political factor, civilian control of the military. When you can be sure that military influence in the government is really firmly finished, the value of any investment goes up 30,

40, even 50%.

"In Latin America, whenever the army, as an institution, is part of the country's power structure, all investments are discounted because that introduces an element of instability. As an investor, one likes stability."

Those countries on the continent that go along with privatization, the opening of financial derivative markets, and other speculative schemes promoted by the Soros brothers and their collaborators in Peru and the rest of Ibero-America, are risking the same fate as the countries of eastern Europe. There, Soros, his hired-hand Jeffrey Sachs, and others, imposed a no-holds-barred liberal free-trade policy, that has destroyed the economies of those countries and has paved the way for the return of the communists to power, as recently happened in Poland.

The Anglo-Hungarian George Soros has been among the principal instigators of the campaign being pushed by the openly pro-drug legalization Inter-American Dialogue and by non-governmental organizations (NGOs) to destroy the armed forces and leave the continent defenseless, as documented in the book *El Complot*. Soros financed the creation of Human Rights Watch and remains on the board of directors of Americas Watch, one of the subsidiaries of this NGO, which has come to the defense of Shining Path on more than one occasion. In fact, Soros's name appears on the letterhead of Americas Watch along with that of its president, Peter Bell, who also heads the Inter-American Dialogue.

Also collaborating with Soros in the campaign to bring Shining Path to power in Peru is Pedro Pablo Kuczynski. A Peruvian national, Kuczynski accompanied Paul Soros to Peru in July on one of these "privatization" missions. A former official of the World Bank and of First Boston-Crédit Suisse (Crédit Suisse has a record in the United States dating from 1985 when it was caught red-handed in a money-laundering scheme involving billions of drug dollars), Kuczynski is also a leading member of Inter-American Dialogue.

involvement with the Interpetrol oil firm, owned by the Soldati family. Interpetrol's Argentine holding company Sociedad Comercial del Plata has spent close to \$500 million to buy up shares in privatized companies in the areas of oil, water, gas, engineering, and construction. Both Interpetrol and Rich also took part in the privatization of the national oil company YPF. Rich's grain trading company, Richco, has also succeeded in displacing domestic export companies to become the largest exporter of Argentine grain.

And Rothschilds of London, which is also a backer of Soros, has also come to Argentina, setting up a new company called Biceconsult, in partnership with Matte, a Chilean com-

pany, whose principal purpose is to channel foreign investment into newly privatized companies, especially in the area of raw materials. Evelyn de Rothschild, who visited Argentina in mid-September and met with Argentine central bank head Roque Fernández, among others, concerning Biceconsult, crowed that "there are enormous possibilities to exploit raw materials . . . an enormous panorama has opened up."

As with Peru, the Argentine economy is in disastrous shape, witnessing the same process of layoffs, bankruptcies of domestic companies, and sparing unemployment. The interest of these foreign investors is purely to feed off the economic carrion produced by the IMF and Jeffrey Sachs.