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LaRouche option weighed in Ibero-American debt crisis

by Cynthia Rush

As we reported in last week's feature on the explosion of the Mexican debt bomb, the crisis in that country has sent out financial shock waves to the rest of the Ibero-American continent. Included in this section are case studies of four countries—Argentina, Brazil, Venezuela, and Peru—which, with the exception of Venezuela, have adopted the "miraculous" Mexican economic model at the behest of the International Monetary Fund (IMF) and other foreign usurers. Peru, Brazil, and Argentina are now frantically trying to convince foreign investors that they are "different" from Mexico, even while taking desperate measures to stave off domestic banking crises and cover up the ample evidence of just how vulnerable they are to a Mexican-style blowout.

A case in point is Argentina, whose convertibility plan, which by law establishes a one-to-one parity between the peso and the dollar, is being hailed by Wall Street and neoconservative circles as the type of "currency board" or dollarized system that could stabilize Ibero-America's currencies. Yet investor confidence in the Argentine model hasn't been sufficient to prevent capital flight into the markets of neighboring Uruguay, to the tune of $2 billion, leaving the banking system bordering on insolvency.

So much for the "stability" of the vaunted currency board proposal. As Ramón Lecuona of the Latin American Monetary Studies Center in Mexico points out, a currency board is simply the revival of 19th-century British imperial policy, the real purpose of which is to eliminate sovereignty over economic and monetary policy and subordinate Mexico to the control of the IMF and the Swiss banking law which underlies it. Its board of directors would consist of five people, three chosen by the IMF and two by the country government. Thus the IMF and Swiss bankers would determine Mexico's economic policy.

In its editorial of Jan. 23, the *Wall Street Journal* recognized that the question to be answered is whether the crisis in Mexico—and by implication elsewhere in Ibero-America—is merely the result of some "discrete mistakes" or whether "it is somehow the inevitable outcome of opening an economy, privatizing, and the like."

To Wall Street's distress, some Ibero-American leaders are now weighing the analysis and policy recommendations outlined by American statesman Lyndon LaRouche and this magazine, which for over two decades have warned that continued adoption of the free-market lunacies demanded by international bankers would lead to precisely the financial meltdown now occurring. Although Mexican President Ernesto Zedillo has made dangerous concessions to foreign usurers in an effort to stabilize his nation, his remarks on Jan. 23 that Mexico's crisis was linked to a "global" financial breakdown reflects the impact of LaRouche's widely circulated "Ninth Forecast" ("The Coming Disintegration of Financial Markets," *EIR*, June 24, 1994).

On Jan. 17 in Mexico City, *EIR* Ibero-America Editor Dennis Small and Mexico City correspondent Carlos Cota presented the conclusions of a Spanish-language *Special Report*, "Mexico: The Debt Bomb Explodes; Who Will Be Next? LaRouche's Ninth Forecast," before media, professionals, businessmen, and other interested citizens. A press conference and three-hour seminar on the subject were prominently covered in the country's most respected newspaper, *Excelsior*, under the headline "EIR Analysts Say the Insolvency of the New York and London Banks Is the Cause of Latin America's Financial Crisis," while the financial daily *El Financiero* also covered the events prominently, as did local radio and television. A conference on the same topic took place in the Dominican Republic on Jan. 25, and similar presentations are scheduled to take place soon in five other Ibero-American nations.

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