

Mexicans combat IMF, Mont Pelerin Society

The London *Economist*, in its Feb. 24 issue, proudly confided that the international financial elite had managed to keep the Mexican debt explosion of December 1994 from putting an end to the International Monetary Fund system, by brutally reducing the living standard of Mexico's nearly 100 million people. "Tough as it sounds, part of Mexico's success last year was the extraordinary downward flexibility of real wages," it noted with smug satisfaction. However, the City of London mouthpiece added ominously, "the danger now is that these gains may be squandered in excessive pay rises. . . . The real test of whether last year's bailout has succeeded is still to come."

London's problem is that the battered nation of Mexico, like many others around the world, is refusing to roll over and play dead before the International Monetary Fund (IMF). A case in point was the March 8 gathering in León, Guanajuato of the Fourth National Forum "Yes, There Is Life After the Death of the IMF." There, in one of central Mexico's most productive agricultural regions, which is now sinking into deep depression, 300 leaders from several Mexican states, representing scores of farm, industry, business, professional, and consumer organizations, and many university students, met to review the world financial crisis, and to map out strategy.

They came, not to praise the IMF, but to bury it.

The most successful meeting yet

The León meeting was the most successful of the four National Forum conferences held in Mexico so far, both in numbers and in the quality of representation, since the first took place in Guadalajara on June 16-17 of last year. The second and third National Forum events were held on Aug. 18-19 in Mexico City, and on Oct. 6-7 in Monterrey, respectively.

The immediate aim of the León meeting was to force the Mexican government to jettison the IMF's neo-liberal free trade policies, which it has followed for over a decade with disastrous results. Instead, the half-dozen sponsoring organizations concurred, the government must adopt the seven-point bill for the Emergency Bankruptcy Reorganization of the Mexican Economy, proposed by the Ibero-American Solidarity Movement (MSIA) and endorsed by the dozens of other organizations participating in the National Forum movement. The MSIA draft legislation is widely known in Mexico as the "LaRouche Plan," being based on the dirigist economic policy proposals developed by U.S. Presidential candidate and former political prisoner Lyndon LaRouche. If these measures are not adopted, MSIA leader Marivilia Carrasco told the delegates and reporters from every TV station, newspaper, and nearly every radio station in the state, millions of Mexicans will suffer the same fate as the people of Somalia or Burundi, and Mexico will disintegrate under "narco-terrorist mercenaries, such as the Zapatista National Liberation Army, working for the British Crown's strategy of destroying the very concept of the sovereign nation-state."

The MSIA used the occasion of the Fourth Forum to release its new pamphlet which exposes the perverse philosophical roots of the IMF's neo-liberalism, *The Mont Pelerin Society: the Social Doctrine of Satan*, and to announce that it was launching a continent-wide campaign to politically destroy that evil organization. As MSIA executive committee member Carlos Cota Meza explained in a presentation to the León gathering, the Mont Pelerin Society is a powerful association of economists, politicians, and supposed theologians, who unabashedly promote extreme British liberalism in economics, including drug legalization. Members and associates include the Nobel Prize-winning drug pusher Milton Friedman, former U.S. Presidential candidate Steve Forbes, and others,

and their ideas are best reflected in the genocidal Gingrich-Gramm Conservative Revolution in the United States.

The eyes of the world are on Mexico

Guanajuato Gov. Vicente Fox, a member of the opposition PAN party with Presidential ambitions of his own, sent a personal representative with greetings to the León meeting.

Carlos Rojas, president of Guanajuato's El Barzón Federation of Agricultural and Industrial Producers and Debtors, which co-sponsored the meeting with the MSIA and a number of other organizations, welcomed the delegates, and noted that the last dozen years of high interest rates, farm foreclosures, and tight credit have meant disaster for family farmers. "That's why we must finish off the IMF," he said. Rojas stressed that the meeting in León was being watched internationally, and reported that messages of support had come in from Argentina, Brazil, Colombia, Peru, Germany, Australia, France, the Philippines, Armenia, and Russia, countries which themselves are fighting to rid themselves of the IMF (see *Documentation*).

The keynote speech was given by Dennis Small, the Washington-based Ibero-American affairs editor for *EIR* and "for 25 years a close collaborator of economist Lyndon LaRouche, who is contending for the Democratic Party's nomination for the Presidency of the United States," in the words of the March 9 local daily *El Herald*o.

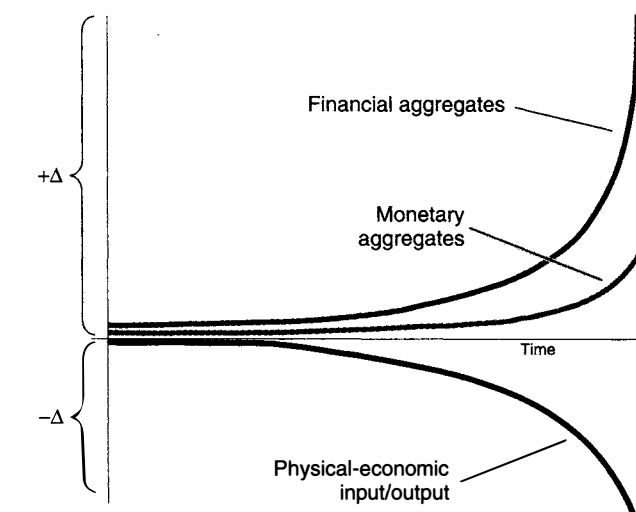
Small, who has been a speaker at three of the four National Forums, began by emphasizing the far-reaching international implications of the León proceedings. "Mexico woke up the world," he told the audience. "First, in December 1994, when the explosion of the Mexican debt bomb forced people to admit that the entire IMF system was at the edge of total disintegration. And then over the course of 1995, your National Forum movement was a stirring example to nationalist forces in dozens of countries around the world who are also resisting IMF genocide." For example, he said, the "Guadalajara Manifesto" of June 17, 1995, calling for the IMF to be tried for crimes against humanity, had been personally presented by himself and other LaRouche spokesmen, to members of the parliaments of Ukraine and Russia; to leading political forces in Argentina, Brazil, and Nigeria; to anti-IMF business groups in the Philippines, and elsewhere.

"Now, once again," Small told the participants, "the eyes of the world are upon you," noting the greetings from around the world. But, he added, the eyes of Mexicans must also be on the world. The problems that Mexico faces are caused by a collapse of the international monetary system. "Your debt crisis, the destruction of your nation's productive economy, is no different from what is also happening in Russia, Ukraine, Argentina—in fact, everywhere. All of these crises are caused by the cancerous growth of the international derivatives bubble, and by the collapse of global physical economic production."

Small then showed the audience a transparency of the

FIGURE 1

A typical collapse function



"Typical Collapse Function" graph which Lyndon LaRouche made famous when he presented it to millions of American viewers on a half-hour nationwide TV show on Jan. 27. The graph shows how the growing gap between global monetary aggregates and financial turnover, on the one hand, and physical economic output, on the other, is leading inevitably to a crash (Figure 1). The same process is evident in Russia and Ukraine, Small explained, proving his point with a set of graphics which document the collapse of the physical economies of those two nations from 1990 to the present—about the only thing that has grown is the production of vodka (Figures 2-5). The audience was shocked to learn that the average wage in Ukraine today—about \$2 per day—is even lower than that of Mexico, which has plummeted so drastically under IMF policies that, in 1995, it won the dubious distinction of being the lowest in all Ibero-America.

Small then reviewed what the IMF and its sister institution, the World Bank, are demanding of the war-torn nation of Bosnia: to assume the foreign debt of their Serbian oppressors; to establish a fully convertible currency; to privatize the economy; and, amazingly, to avoid "a bloated social assistance budget," because this would "undermine fiscal prudence." This, in a nation of 90% unemployment, massive death and dislocation of the population, and devastation of all infrastructure. "This isn't economics," Small argued. "The IMF and the World Bank are acting like buzzards picking over the corpse of a destroyed nation. Do you really think that you can sit down and negotiate better terms with buzzards, as some in Mexico propose be done with the IMF?"

Exonerate LaRouche

Small told the delegates that the United States itself was also being subjected to such "buzzard economic policies," in

FIGURE 2

Russia: a typical collapse function

(producer goods output, percent change since 1990)

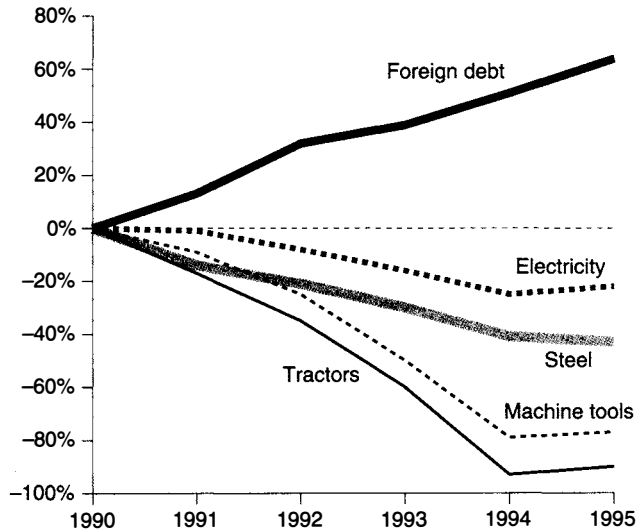


FIGURE 3

Russia: consumer goods collapse

(consumer goods output, percent change since 1990)

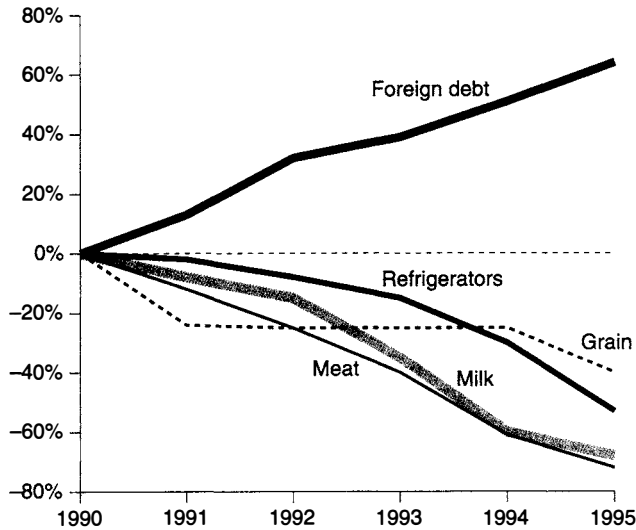


FIGURE 4

The collapse of the physical economies of Russia and Ukraine since 1990

(producer goods output, percent change)

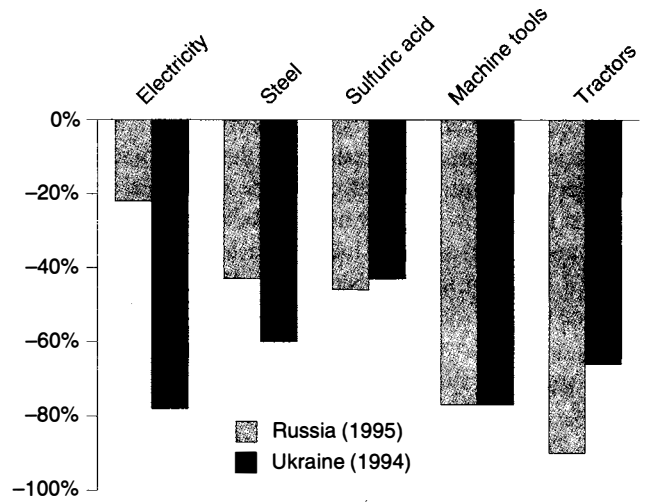
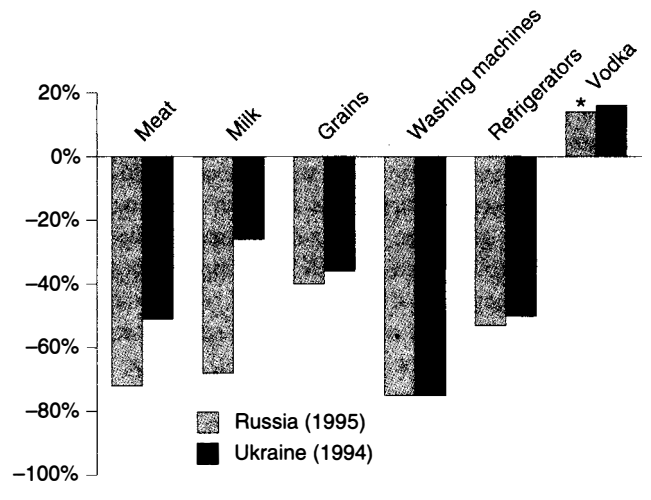


FIGURE 5

Collapse of consumer goods output in Russia and Ukraine since 1990

(percent change)



* 1993.

the form of the Mont Pelerinite Conservative Revolution of Newt Gingrich and Phil Gramm. But here, too, there is growing resistance, which the LaRouche Presidential campaign, with its early primary achievements, is spearheading (see our *National* section, p. 60).

“Compare LaRouche’s views with those of another U.S. Presidential candidate you may have heard about, billionaire

Steve Forbes,” Small suggested. “Back in 1992, when the ‘Mexican miracle’ of President Carlos Salinas was all the rage on Wall Street, Forbes said: ‘The Mexican government is performing a miracle rivaling those of Germany, and Japan after World War II. . . . The U.S. Congress should take a crash course in economics from Salinas.’ A few months later, Lyndon LaRouche told a Mexican radio audience: ‘Mexico

is suffering the spillover of a global pattern typified by the growth of the derivatives bubble. . . . When it will pop, we can't say; but looking over the period of the next 9-12 months we must expect major financial implosions, coming out of the activities of pirates, buccaneers, thieves, such as George Soros.' Now, I don't have to tell this audience that in December 1994, the Mexican debt bomb blew apart, and with it the whole Salinas model, just as LaRouche, and LaRouche alone, had forecast. So you tell me: Who is better qualified? Who would *you* rather see in the White House: Forbes or LaRouche?" asked Small. The audience shouted, "LaRouche!"

In the closing session of the conference, with "sustained, unanimous, and enthusiastic applause," according to a conference spokesman, the delegates to the National Forum adopted a resolution "joining the international clamor for President Clinton to fully exonerate Lyndon LaRouche," a former political prisoner of George Bush, who is now free on parole. "LaRouche is the only leader in the U.S. who has steadfastly fought against the IMF, and his exoneration is an indispensable requirement for the survival of civilization and our nations," it says. Another resolution condemns the IMF and World Bank for their genocide in Bosnia.

The delegates also resolved to pressure the Mexican government for the immediate adoption of an emergency economic program to deal with expected food shortages this year, which would include the MSIA's bankruptcy reorganization bill, which calls for the nationalization of the Bank of Mexico, the central bank.

Mexico at the crossroads

This last resolution was motivated by MSIA President Marivilia Carrasco in her address to the gathering. "Just as we had forecast, the measures imposed on the country in 1995 by the IMF—high interest rates, credit strangulation, and the obstinacy of the government to save the banks rather than the country's producers—not only didn't improve the situation, but rather worsened the bankruptcy of both the public and private sectors," she said. As bad as 1995 was, Carrasco explained, 1996 will be worse, unless drastic action is taken. "Unless our draft legislation is adopted, the country's immediate future is the Africanization of millions of Mexicans, and a direct plunge into the political and territorial disintegration of the nation, at the hands of narco-terrorist mercenaries, such as the Zapatista National Liberation Army, working for the British Crown's strategy of destroying the very concept of the sovereign nation-state."

Carrasco underscored the gravity of the Mexican food crisis. "Even the secretary of agriculture has stated that 'the outlook for agricultural production is bleak.' On top of last year's 2.5 million ton drop in grain output, and the 20% collapse of area under cultivation—which are the results of a 36% contraction of credit for the countryside, and a 30% drop in public investment in the agricultural sector—this year more

than 500,000 hectares of irrigated land, which is about 10% of the total, will simply not be sown at all, because of the drought and the low levels of the dams across the country. According to the National Association of Corn Producers, corn output—a staple crop in the Mexican diet—dropped by 50% in the 1995-96 cycle, which is a loss of 2 million tons."

Carrasco concluded: "If we start from the simple fact of national and international financial bankruptcy, the only viable alternative for the country is the emergency bankruptcy reorganization of our financial system without the IMF, as we detailed in our draft legislation for national economic recovery."

As the London *Economist* nervously reported a few weeks ago: "The real test . . . is still to come."

Documentation

Widespread media coverage

The Fourth National Forum in León, Guanajuato, received extensive coverage in the media of this city of 1 million inhabitants, including TV interviews with conference speakers Marivilia Carrasco and Dennis Small. The March 9 issue of *El Heraldo* carried two articles on its front page. There was similar coverage in *El Sol* and *El Nacional*.

The most comprehensive report was published in the March 9 *A.M.*, the largest-circulation daily in Guanajuato. Apparently intended as an attack, the article ironically provided the most thorough coverage of the ideas discussed at the Forum. Following are excerpts from the article by Pablo Carrillo, entitled: "Barzonistas Indoctrinated about LaRouche; Forum Converted into a Course on 'Protectionist' Economics":

"The National Forum convened by El Barzón, turned out to be an indoctrination on the protectionist or mercantilist economic model. . . .

"Without realizing it, the Barzonistas yesterday listened to the philosophy of U.S. politician Lyndon LaRouche, a Democrat who seeks the Presidency of the United States and who opposes the International Monetary Fund and the international financial system because he considers them erroneous and heartless.

"'Neo-liberalism is Satanism,' 'NAFTA should be buried because it hurts all three countries,' 'Down with economic speculation,' 'President Zedillo should change economic course,' the protectionists said yesterday.

"This economic school reemerged in Mexico through the Ibero-American Solidarity Movement, whose leaders organized yesterday's Fourth 'Yes, There Is Life After the Death

of the IMF' Forum in León, with the support of Carlos Rojas's El Barzón. . . .

"An American Democrat gave a brilliant exposition about the mercantilism of Lyndon LaRouche yesterday. . . . Dennis Small, associate editor of *Executive Intelligence Review* (EIR), founded by Lyndon LaRouche to spread his philosophy throughout Latin America.

"Protectionism is an economic school founded by the German philosopher Leibniz. It is an alternative different from neo-liberal capitalism and socialism. They oppose the philosophies of Adam Smith and Karl Marx. This school is also known as dirigism or cameralism.

"Small said that NAFTA only benefitted the bankers, and that Lyndon LaRouche . . . 'has headed a fight within the United States and internationally against these destructive policies of the IMF.' He said that LaRouche was the only one

to point out in '92 and '93 that there was going to be a financial debacle in Mexico."

The article also cites Marivilia Carrasco, president of the Ibero-American Solidarity Movement, "which publishes 10,000 issues of a newspaper every fortnight. The Movement supposedly supports itself by donations from its sympathizers. . . . Carrasco explained that protectionism or cameralism consists in giving priority to the productive capacities of each nation, and only on the basis of that development, to promote international trade. . . . Mexico has never been allowed to develop its own industry. . . . In Mexico the current founded by Leibniz and developed in France by the Ecole Polytechnique, had two exponents during the 19th century: 'An industrialist from Puebla, Esteban de Antuñano, in the 1840s, and by politician Carlos de Olaguíbel, around 1860-1870, but both efforts were thwarted."

Mont Pelerin Society: Satan's social doctrine

The following is the editorial published in a pamphlet by the Ibero-American Solidarity Movement (MSIA), issued in March 1996. The headline reads: "Put an End to Narco-Liberalism! The Mont Pelerin Society: Satan's Social Doctrine." The pamphlet includes a reprint of EIR's Feb. 9 investigation of the Mont Pelerin Society and pseudo-Catholic Michael Novak, as well as the text of proposed legislation to reform the Mexican and world financial system. This draft emergency legislation was published in EIR, Oct. 20, 1995, p. 14.

"No intelligent human order can be managed on the basis of Christian precepts. A free economy cannot be a Christian economy." These are the statements found in the writings of Michael Novak, the alleged Catholic economist to whom the Mont Pelerin Society pays gushing homage. Founded in 1947 by liberal Austrian economist Friedrich von Hayek, Mont Pelerin is today the primary bulwark of so-called neo-liberal economics. According to Novak, "The only realistic possibility is to build an economy for sinners: the only moral majority."

Novak, who has gained international notoriety with his presumed "religious" justification for the British colonial doctrine of free trade, and who poses as an "adviser to Pope John Paul II," is not only far from representing the social doctrine of the Catholic Church. He is a spokesman for the satanic doctrine put forward at the beginning of the 18th century by Anglo-Dutch oligarch Bernard de Mandeville; that is, that human beings' private vices generate the

public good. All of British imperialism's philosophers and economists—Adam Smith, Jeremy Bentham, Thomas Hobbes, John Locke, Thomas Malthus, et al.—based themselves on this doctrine.

This doctrine underlies all of the neo-liberal measures that Ibero-American governments have imposed over the past decade and a half, at the behest of the International Monetary Fund. It is nothing more than an attempt to justify the financial oligarchy's unbridled greed, and the demand that "economic" practices in which such greed is manifest—drug trafficking, slavery, usury, and George Soros-style speculation—be given free rein, without "State intervention" or "obstacles of a moral nature." From the time of the Opium Wars down to the present, the usurious oligarchy and its drug bankers have always found the Friedrich von Hayeks, Milton Friedmans, and Michael



Eyes of the world on National Forum

Below are excerpts from the many messages of support from around the world received at the León Fourth National Forum.

Argentina: Former Cong. Antonio Achem: “We must commit ourselves to put forward and to explain that there is a real alternative to the neo-liberal model, which is leading us to confrontation and destruction. . . . You are an example for all of us Ibero-Americans who share this fight.”

Novaks to serve as apologists for their evil.

The survival of the nations of Ibero-America demands the immediate eradication of economic neo-liberalism, Satan’s social doctrine. Not only must the neo-liberal measures imposed by [former Mexican President] Carlos Salinas de Gortari and his emulators be eliminated, but the philosophical roots of these policies as well. The fact is that while the postwar financial and monetary system disintegrates, and the nations which neo-liberalism claimed as its greatest successes sink into unprecedented crisis—e.g., Mexico—the majority of our governments insist on continuing to swallow the same poison which already has them with one foot in the grave.

In opposition to Novak and friends, the only viable economic alternative is that which coheres with the laws of physical economy and which, therefore, is congruent with the precepts of Christian morality. As you will read in the pages which follow, it is precisely for this reason that American physical economist Lyndon H. LaRouche has characterized as “Christian economy,” those scientific principles which must be adopted in order to rebuild our nations, beginning with the principle that *man is created in the image and likeness of God*. As LaRouche warns, either society organizes its economic activity in accordance with this principle, or it will die, as is occurring right now. This organizing function is the responsibility of the State and its laws, and failure to assume it has paved the way for the gravest financial and economic crisis in history.

As for which practical measures can be immediately implemented, we refer the reader to the bill to reactivate the national economy which appears in this pamphlet. This bill, already known in many places as “the LaRouche plan,” is the antidote needed to stop neo-liberalism and return to sanity.

Former Cong. Orlando Luis Gallo: “It is necessary that the work of research and information that you are doing multiply in all our countries, because the plans imposed by the IMF for the looting and impoverishment of our countries are accompanied by brainwashing, to attempt to convince us that there is no other alternative. . . . Your Forum is a banner behind which we should all march. There is indeed life after the death of the IMF.”

Luis Alcides Rossi, of the Federation of Agricultural Cooperatives of Corrientes: “May your deliberations reach the entire continent so that Ibero-American solidarity against the International Monetary Fund be increasingly stronger. . . . [to] bring about the defeat, once and for all, of the neo-liberal perversity that is destroying the essence of our nations.”

Armenia: Former Member of Parliament Hrant Khachatrian, president of the Union for Constitutional Rights: “The power of the IMF and its allies is not the big money nor the poor ideas of severe liberalism, [but] the weakness of their opponents.”

Australia: Citizens Electoral Council national secretary Craig Isherwood: “The evil being done by the IMF can be defeated by a wise, brave, and courageous citizenry. It does not take many people, just courage.”

Brazil: Cong. Valdir Colatto: “Brazil’s agriculture, like Mexico’s, because of scandalously high interest rates and the vested interests of the food cartels, is in the gravest crisis in its history. . . . The importance of our mission as farmers—the great and noble one of putting food on the tables of the hungry—might one day be recognized. We pray that it will not be too late.”

Mayor Luís Carlos Heinze, of São Borja, Rio Grande do Sul, Brazil, who led a protest tractorcade through Brasilia in July 1995: “I have the conviction and the certainty that your meeting is important for agriculture in all of Ibero-America. The problems that afflict you and that keep you vigilant and united, are the same ones that afflict and concern the producers in my municipality and in all of Brazil. . . . Brazilian producers believe, as you do, that growing food is a patriotic activity and an issue of national sovereignty. If we don’t produce what we consume, we will always be a dependent people. Governments cannot promise abundant and cheap food to the people, if production is not increased, and production cannot be increased if the producers are not protected.”

Colombia: National Agrarian Federation (FANAL) president Orlando Jiménez Barrios, and secretary general Apolinar García Caraballo: “The national economy is a matter of national security.”

Rito Ariel Martínez, vice president of the National Peasant Association of Colombia (ANUC): “We are pleased to be in contact with organizations that are seeking to advance and coordinate actions of continental interest, that are seeking alternatives to overcome problems that are common to us all . . . since they stem from the same global policies.”

Pedro Rubio, of the United Federation of Workers of Bo-

gotá and Cundinamarca (Futraboc-CUT): "You, as we Colombians, are struggling for a life of dignity and justice. . . . But we must confront the most corrupt elements who are in the highest spheres of government, and who are ruining the lives of millions of Colombians."

France: Former Presidential candidate Jacques Chirac: "It is the tempests that . . . open opportunities for a better future. Our efforts are united across the Atlantic."

Germany: Farmers Association (VDL) president Helmut Eichinger: "The current trade and financial system based on usury and looting, has not only hit Mexico and the countries of the Third World and eastern Europe, but it has also created a precarious situation for industrialized nations such as the United States, Japan, and western Europe. Germany and the nations of the European Union are now witnessing the death of their farms, the bankruptcy of their companies, growing unemployment, and the increasing indebtedness of family households, corporations, cities, and states. . . . The Maastricht Treaty seeks to impose on the European Union, a financial policy similar to that which the IMF has been imposing on the rest of the world. . . . Let us hope that we succeed, as we seek a peaceful transition to a new, just, international economic order, following the economic and financial proposals of Lyndon LaRouche and the initiatives of the Schiller Institute, which are the only alternatives that are currently available. May your Forum bring us closer to that goal."

Peru: National Federation of Port Workers (Fentenapu) secretary general Adolfo Granados Farías: "We salute the courageous initiative you are leading in this crusade for the sovereignty and for the very life of our nations. The workers of the continent are looking, I am sure, with renewed spirit, at the the courage with which you, by defending your fatherland, defend the entire continent."

Philippines: Antonio Valdes, member, steering committee of the Katapat movement: "Greetings to our friends in Mexico. To you goes our heartfelt congratulations and sincerest hope for a successful conference. It is gratifying to know that the National Forum of Mexico has called for a worldwide movement of solidarity to denounce the regressive policies of the IMF as imposed over many countries like ours. We in the Philippines through our movement, Katapat, join you in this noble effort and endeavor to build a new nation through a sound and Christian economy."

Russia: Viktor Kuzin, head of the Russian Bureau for Human Rights Defense Without Borders: "Your meeting must develop alternatives compatible with national statehood, patriotic feelings and real justice, instead of the political corruption, influence and support of criminal money, which prevail currently."

Prof. Taras Muranivsky, president of the Moscow Schiller Institute of Science and Culture: "Greetings on behalf of the groups of parliamentarians and scholars of Russia and our Ukrainian colleagues who spoke out against the IMF policy intervention into the economy of our countries."

Investigation of Soros shifts mood in Italy

by Claudio Celani

The criminal investigation of speculator George Soros by several Italian state prosecutors, prompted by a legal brief presented by Paolo Raimondi, president of the International Civil Rights-Solidarity Movement, to state prosecutors in Milan, Rome, Naples, and Florence in October 1995, has provoked a political shift in the country and prompted one of Italy's best-known investigators, Milan State Prosecutor Francesco Greco, to open a third and most spectacular investigation.

Greco has been part of the powerful "Clean Hands" team, which has turned the Italian political system upside down in recent years. Greco's decision to enter the game has several implications, not excluding the possibility that it is an attempt at controlling the damage on the part of Soros's Italian friends. However, the opening of his investigation has dramatically shifted so-called "public opinion" against Soros, at the very moment that he is undertaking major penetration of the Italian economy on behalf of the British Empire. As a result, even from quarters where nobody would expect it, voices are being raised, to beware of Soros's "investment" operations.

An example is an article in the largest circulation weekly, the ultra-liberal *L'Espresso* magazine, on March 15. "For his debut in Italy," *L'Espresso* wrote, "Soros has chosen the least opportune moment. Just when he decided to invest his millions in an all-Italian operation," he "found himself in the center of a criminal investigation by the Milan prosecution. State Prosecutor Francesco Greco, in fact, is investigating alleged crimes which Soros is charged with having committed in September 1992, during his spectacular speculation against the pound-sterling which knocked down the Bank of England and gave him in one blow more than \$1 billion in profits. Soros not only speculated against the pound-sterling, but intervened heavily against the lira, during a monetary storm that ended up with us leaving the European Monetary System. Nobody dared to protest, nobody dared to attack Soros. Instead, many said and wrote that the Hungarian-born American businessman was a financial genius. [*L'Espresso* apparently forgot that it was one of the first to label Soros as such.] Only three years later, the International Civil Rights-Solidarity Movement led by Paolo Raimondi, presented a legal brief in court."