

its people, and guarantee access to decent jobs, wages, and food. Unfortunately, he said, “payment of the so-called foreign debt has been prioritized over the debt this nation owes to its own countrymen.”

But it was Rodríguez Saá’s plan to create a new currency, the “Argentino,” which he intended to make the vehicle for reviving the domestic economy, which really caused the Anglo-American oligarchs to flip their wigs. LaRouche noted that the Argentino not only might portend the creation of a sovereign, Hamiltonian credit-creation policy; it was also “implicitly conclusive evidence that the world’s present monetary-financial system will become extinct in the near future, one way or the other.” Within days of the “Argentino” announcement, Argentine friends of the IMF were already maneuvering to get rid of Rodríguez Saá. Lack of support for his proposals by most of the Peronist governors sealed his fate, and he resigned on Dec. 30.

### National Banking

“A domestic banking system which is protected from the international speculative bubble, and which generates credit to finance a million new jobs in the country, is indispensable for Argentina’s survival,” LaRouche warned in his Jan. 2 statement. “Economic depression, chaos, and ungovernability will continue to haunt the country, until such time as a national banking reorganization is carried out.”

“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 1 million new jobs in the right areas, which would start the recovery of the economy.”

Whether Eduardo Duhalde has the courage to adopt LaRouche’s proposals, remains to be seen. He came into office attacking the free-market economic model which has destroyed Argentina, and vowed that the Social Doctrine of the Catholic Church would be his guide. “We have reached the limits [of toleration],” he said. “My commitment, as of today, is to put an end to an exhausted model which has plunged the vast majority of our people into desperation,” and brought the country “to the brink of disintegration.”

Duhalde’s inaugural speech was sufficiently strong in attacking “the model,” as to raise fears on Wall Street and in IMF quarters of a return to protectionism and nationalist policies. Interviewed by the *Washington Post*, former IMF Chief Economist Michael Mussa bluntly warned that Duhalde “can make a lot of noise and do a few highly visible things to deliver on his populist rhetoric—I think the international community is prepared to discount that. But if he’s going to go back to the protectionist policies of the past, and renationalize the public utilities and go hog-wild on government spending, then he won’t meet with much cooperation here in Washington.”

But because he is a “consensus” candidate, selected as a result of a lot of back-room agreements among various Peronist and other political factions, there is tremendous pressure on Duhalde to ignore what Rodríguez Saá began, and go back to the IMF’s embrace instead.

If he does, he will be the next in line out the revolving door.

## Russians: Saved From Cavallo!

“Let us recall that after the collapse of the ruble and the default of 1998, Russia was literally one step away from applying the Argentine experience,” the prestigious Russian economics magazine *Ekspert* commented in its year-end issue. The article placed the blame for Argentina’s social and political crisis squarely on deposed Finance Minister Domingo Cavallo’s monetary policy—the peso-dollar peg, enforced by a currency board, combined with “mass privatization and deregulation.” *Ekspert* headlined, “It’s A Good Thing We Didn’t Listen To Cavallo.”

It is well known in Russian policy-making circles that Cavallo’s policy, with its disastrous results, was not an “Argentine” phenomenon. In Summer 1998, Russian radical liberals such as Boris Fyodorov, with help from international mega-speculator George Soros, attempted to bring Cavallo to Moscow to run Russian monetary policy. He

would have called the shots for a new government under Viktor Chernomyrdin, which they were attempting to install in the wake of Russia’s government bond crash. The adamant opposition of Russian Central Bank head Gerashchenko, concludes *Ekspert*, headed off the installation of a currency board in Russia.

The LaRouche movement was instrumental in stopping Cavallo’s importation to Russia. A dossier of *EIR* articles, exposing the devastation of the Argentine economy under Cavallo, circulated in Moscow at that time. LaRouche’s friend and collaborator Prof. Taras Muranivsky published a polemical article in *Ekonomicheskaya Gazeta*, exposing Cavallo’s currency board scheme as a means to loot. To this day, the authoritative profile of Cavallo in Russian is the article Muranivsky published later that year in the biography magazine *Kto Yest Kto (Who Is Who)*, entitled, “Domingo Cavallo: The True Face Of The ‘Argentine Miracle.’ ” Using material from *EIR*, Muranivsky left nothing but tatters of Cavallo’s reputation as a financial wizard.—*Rachel Douglas*