

It's Banco Santander vs. The Bank of the South

by Dennis Small

The intended late-June signing of the founding document of the new Bank of the South by the Presidents of Argentina, Bolivia, Brazil, Ecuador, Paraguay, and Venezuela, was postponed to an unspecified date later this year. Although the announced reasons for the delay were disagreements over issues such as the relationship between capital contributions and voting rights of the members, and the location of the new bank's headquarters, there is a far more fundamental issue at stake, as U.S. statesman Lyndon LaRouche explained on July 5:

"The Bank of the South is a matter of life and death for the nations of South America, as the international financial and monetary system plunges rapidly into disintegration. As I noted in a June 29 interview on Ecuadorian radio: 'It is my hope that the Bank of the South, would function as a vehicle commonly used by sovereign nation-states of South America, to maintain sovereignty, number one; but as a necessary vehicle of the type I specified back in August of 1982. It is the exchange of long-term credit among nations, for projects in common interest. You need a system of fixed-exchange-rate agreements among nations, in order to do that.'"

In that interview with Ecuador's Radio 530 AM host Patricio Pillajo, LaRouche had also explained that, "the Bank of the South could serve as the South American component of a new international monetary-financial system, to replace the presently bankrupt IMF and World Bank."

"The founding of the Bank of the South poses a problem in South America for financial interests typified by the Spanish Santander and BBVA banks, which are extensions of the British Empire's scandal-ridden BAE company," LaRouche said on July 5.

Santander Bank—Spain's largest bank, and number two in the entire Eurozone—is intimately associated with the

Royal Bank of Scotland, one of the Queen's leading personal financial institutions, and has developed widespread financial and political influence across South America. For example, high-level "former" Santander officials have managed to insinuate themselves into prominent positions, including cabinet posts, within Brazil's Lula government, and are known to be violently hostile to the idea of the Bank of the South, and President Lula's stated commitment to the new financial institution.

This, and not internal Brazilian affairs, is what is behind Brazil's foot-dragging on features of the Bank of the South.

As If It Were Yesterday

LaRouche's reference to his own proposal of August 1982, as a model for the kind of new financial architecture that is required even today, is particularly significant. In that year, LaRouche drafted his historic *Operation Juárez* proposal for global financial reorganization, in the aftermath of his policy discussions with then Mexican President José López Portillo.

Although the LaRouche proposal has been on the table, and known to political leaders around the world for 25 years, current events are bringing it back to life with renewed vigor. In South America, the combination of the unavoidable reality of the global financial collapse, and the emergence of a handful of courageous political leaders in the region, such as Argentine President Néstor Kirchner and Ecuadorian President Rafael Correa, have put that same issue center stage, again, with the drive for the anti-IMF Bank of the South.

The reality, therefore, is that Santander Bank, the BAE, and other oligarchical forces are deploying today to try to stop the implementation of an idea that was set in motion, 25 years ago, by LaRouche's *Operation Juárez*!

Nor should this dynamic process be surprising. More often than not, the actual proximate cause of the leading political and economic developments of the week, lies not in the prior week's or month's events, but in those moments—often years, decades, or even centuries earlier—where the *ideas* governing the options facing society today, were set in motion. Such was the case with the “Lobster Summit” at Kennebunkport, where LaRouche's SDI proposal of a quarter-century ago shaped the agenda and the dynamic of the Putin meeting with the Bush family.

And such is the case with LaRouche's 1982 *Operation Juárez* in South America today. As LaRouche explained in his June 29 Ecuadorian radio interview:

“Practically, the reconstruction of Ecuador from the rape by George Shultz and Co. requires that [a return to the ideas of *Operation Juárez*—ed]. The success of the Bolivian government's attempt to stabilize itself, depends upon something like that. The rebuilding of Peru, depends upon something like that: Large-scale transportation projects which are necessary, water management systems, power systems in general, these have to be subjects of international cooperation on infrastructure development. And it must be done by sovereign nation-states. Those nations require a common facility of credit in order to manage this set of relationships. Right now, I think that would work, provided that we make the necessary change in the IMF system.”

Santander Strikes Back

The nation of Brazil—South America's largest, both geographically and economically—is decisive to the success or failure of the Bank of the South project. And the international financial oligarchy, who have the most to lose from the Bank and LaRouche's broader proposals, know it.

Santander has placed a full-court press on Brazil on behalf of that oligarchy. In early 2007, the bank's Brazil branch managed to get its vice president for Human Relations, Miguel Jorge, named as the country's Minister of Development, Industry and Foreign Trade, and later got another vice president, Mario Toros, designated as Director of Monetary Policy at Brazil's Central Bank. They failed, however, in an April attempt to have a third Santander official put in charge of the crucial National Economic and Social Development Bank (BNDES), the country's leading development-financing institution.

But Santander has not let up. At a conference that the bank held in Spain on July 4-5 to discuss the future of Ibero-America, the bank's Americas Division general director Francisco Luzón laid out the bank's strategy for the continent, and Brazil in particular. As of 2006, Santander was the third-largest private bank in Brazil, and fifth-largest overall (the two largest banks are both still state-owned, much to the oligarchy's chagrin), with \$46 billion in assets—6.6% of the total assets of the country's banking system. Luzón bragged that Santander intends minimally to double its presence in

Brazil over the next four to five years.

In addition, Santander has joined with its longtime ally and controller, the Royal Bank of Scotland (RBS) and Fortis bank of Holland, in a gigantic \$97 billion takeover bid for ABN Amro, the largest Dutch bank. What Santander is particularly salivating over, is ABN Amro's Brazilian holding, the former Banco Real, currently the fifth-largest private bank in that country. If Santander is able to gobble up ABN Amro/Real, it will control \$70 billion in assets in Brazil, more than 10% of the country's total.

Luzón also announced Santander's intention to use \$1 billion of its own money as the seed crystal of a new \$20 billion private equity fund that it intends to launch next month. The fund, Luzón reported, would invest in infrastructure projects in Ibero-America, principally, if not entirely, in Brazil. This is a transparent effort to sucker the Brazilians with the promise of vulture funds, *for exactly the kind of infrastructure project that the Bank of the South is designed to finance.*

Luzón also used the occasion of the conference to rip into Argentina's President Kirchner, who is playing a leading role in the creation of the Bank of the South; Kirchner had won a showdown with the IMF and the international vulture funds back in 2004, forcing them to accept a 65% write-down of the face value of the Argentine bonds they were holding, and which they had bought at ten cents on the dollar on the secondary market just months earlier.

Luzón threatened that it is high time that Argentina return to “normality,” now that it is no longer in an emergency. “Normal,” he specified, means that the state must return to its non-interventionist role in the economy. Furthermore, the financial “industry” is waiting to know how much money the Argentine government is willing to let them make. “Is a 20% profit acceptable, or are they going to stick their hand in our pocket when we make that much?” the self-righteous usurer pronounced.

Santander's threats are part of a broader *Get Argentina* campaign that has been revved up as the Bank of the South comes closer to becoming a reality. For example, a front group for the very vulture funds that Argentina stymied in 2004, the American Task Force Argentina, took out a full page-ad on July 11 in the Capitol Hill daily, *Roll Call*, demanding that action be taken against not only Argentina, but now also Ecuador, for following “Argentine-Style Economics.”

Commenting on the attempts of these vulture funds to crush Argentina in 2003, then-Democratic Presidential candidate LaRouche stated bluntly: “Now you're looking at fascism in the face. And if you want to characterize it, you would say about the vulture funds' reaction, this gives you the mentality of the same kind of fascists who sacrificed the human race, including all those who died eventually in Auschwitz. This is why people died in Auschwitz: because these vulture funds had to have a government which would do the kind of job they demand.”