

Ibero-Americans say 'No' to usury

by Valerie Rush

As the international monetary system teeters on the brink of collapse, the real-world effects of the crisis are not reflected on the stock markets or in corporate profit figures. They show up, rather, in the rise in infant mortality rates, ballooning unemployment figures, and mass bankruptcies and foreclosures. In Ibero-America, despite the subservience of many of its governments to the British free-trade ideology that is destroying their nations, a vocal resistance is now audible which is not merely identifying problems, but proposing concrete solutions.

Although many of these proposed solutions are partial and inadequate, they reflect the unleashing of a process of policy debate which is breaking with Britain's beloved free-market taboos, and which will not be so easily contained by the ideologues of liberalism.

Exemplary is the case of Argentina, where Harvard-trained Finance Minister Domingo Cavallo has bent over backwards to enforce murderous International Monetary Fund austerity measures, and then do them one better. According to the government's own admission, unemployment—now at an official 18.6% nationwide—is the direct result of these IMF policies, which are forcing mass bankruptcies and, thus, mass layoffs. Labor Minister Armando Caro Figueroa stated on July 11, "It must be said that over the past year, the Argentine economy began to destroy jobs." In Greater Buenos Aires, where one-third of the nation's population is centered, official unemployment is 20.2%; in the industrial city of Rosario, it is 21%; and Córdoba—the second most important city after Buenos Aires and the scene of months-long protests over Cavallo's austerity dictates—was not even included in official statistics. Actual unemployment is unquestionably much higher.

Government "solutions" to the unemployment problem, ranging from drastic lowering of wages and working hours

to the proposed drafting of the unemployed into the Argentine Army, have provoked mass demonstrations, even riots, in city after city, the latest being 10,000 public sector workers in San Juan province marching in the streets against plans to cut back salaries. They had just received their wages from last November. In the middle of this ferment, San Juan Congressman Antonio Achem introduced a bill into Congress on July 20 urging a moratorium on foreign debt payments until Congress can negotiate more just repayment terms with creditors.

World financial reorganization needed

The next day, Congressman Achem was interviewed on national television, where he argued the necessity of putting the nation back on the path of production through a global reorganization of the international monetary system along the lines proposed by U.S. economist Lyndon H. LaRouche. Achem said that we must clean up the world economy by ridding it of the bankrupt International Monetary Fund and World Bank, and we must implement a development program based on great infrastructure projects and industry. The first step in this reorganization process, he argued, is to stop paying a debt "based on usury and speculation" (see *Documentation*).

Achem's proposals have produced a storm of debate inside Congress, in the media, and on the streets, a debate paralleling the one triggered by Roman Catholic priest Osvaldo Musto's proposal for a debt moratorium one month earlier. Since Musto's statements on June 19, there have been repeated church warnings on the crisis: Bishop Néstor Kirchner of Río Gallegos declared that "the market economy" was to blame for the unemployment crisis, while Bishop of Zárate Rafael Rey said that unemployment had reached "desperate limits." Bishop of Viedma (Río Negro) warned that "neo-



A demonstration against "bankers' usury" by the Permanent Forum of Rural Producers (FPPR) in Sonora, Mexico in August 1993. Today, opposition to the bankrupt economic and financial system has become more widespread, with calls for a debt moratorium from congressmen and leaders of the Catholic Church.

liberalism" (the term for British free-trade) was the "principal, fundamental, and original cause of unemployment."

In contrast, World Bank President James Wolfensohn arrived in Buenos Aires to blithely announce that, sure, "adjustment hurts. . . . There are no miracles in the economy. . . . One cannot switch horses in mid-stream."

'A question of justice'

The growing boldness of the Catholic Church in Argentina is as much a response to the widespread social crisis in the country, as it is to Pope John Paul II's recent call for pardoning the debts of developing sector nations. That call was echoed by the head of the Latin American Bishops Conference (CELAM), Oscar Rodríguez Maradiaga, during the July meeting of CELAM in Bogotá, Colombia. Rodríguez, who is also the Archbishop of Tegucigalpa, Honduras, urged that the foreign debt of the region be forgiven, and that otherwise the creditor banks should be sued by governments "for usury" at the World Court in Geneva.

Archbishop Rodríguez denounced the creditors' calculations for Ibero-America's debt, which *EIR* has dubbed "bankers' arithmetic." Said Rodríguez, "The amount of the loans was \$86 billion; Latin America has paid \$418 billion, and despite this, the creditors are still demanding \$533 billion more. . . . This debt is a threat to life itself for millions of people. The church condemns this usury."

The denunciation of "usury"—a practice which is explicitly prohibited in the constitutions of many nations in the world, and condemned in the Bible—has not been limited to the Catholic Church, however. In Mexico, where hundreds of thousands of producer and consumer debtors are facing bankruptcy and foreclosure proceedings in the face of interest rates that are pushing 100% and are being openly described

as usurious, the demand for government action is loud, and growing.

On July 25, Mexico's Senate Finance Committee unanimously condemned the practice of capitalizing interest payments on arrearages, and described such practices as illegal. "We are living under circumstances that previously would have been deemed criminal. We have reached interest levels that are usurious, loan-sharking," the committee said. One member of the committee, former Foreign Minister Fernando Solano, urged, "It is time that we pay attention to what's going on in the countryside and the streets of Mexico, instead of on Wall Street."

Call for emergency debt legislation

Another member of the Finance Committee, PRI Senator and former Supreme Court magistrate Trinidad Lanz Cárdenas, urged that emergency legislation be drafted to deal with the problem of overdue loans and usurious interest rates. Speaking to reporters, the senator warned, "given that one can foresee a generalized suspension of payments, it is necessary for the legislature to directly confront this matter. . . . [Because] individuals, companies, and state and municipal governments are already practically unable to pay, an extraordinary action by the Congress in favor of the indebted majority is appropriate."

In particular, Lanz Cárdenas called on Mexico's Finance Ministry to come up with a new law, modeled on "internal moratorium" laws adopted by administrations earlier this century, and announced that his committee would be meeting with the Finance Ministry to discuss a three-part proposal for resolving the debt crisis, including 1) forgiving or writing off part of the debt; 2) lowering interest rates; and 3) lengthening repayment terms (see *Documentation*).

There are no "simplistic or magical formulas," Lanz Cárdenas noted, but case-by-case solutions, as the bankers are demanding, are impossible at this point. The problem lies not with any one bank, he argued, but with the entire nation.

Thus far, the government's response, issued through the Finance Ministry, has been to reaffirm the legality of capitalized interest, and to insist that either the debtors be made to pay, "or all of society will have to pay." An official document issued by the country's autonomous central bank, the Bank of Mexico, to the Senate Finance Committee, declared, "If the good name of the country is not guarded, the possibility of attracting foreign savings would be lost and, worse, there could be new flight capital." The ministry spokesmen concluded that a "case-by-case" approach to the country's swelling number of bankruptcies would be maintained.

Argentina and Mexico are by no means the only countries suffering from the perverse palpations of Adam Smith's "invisible hand." In São Paulo, the industrial heartland of Brazil, it has just been reported that business bankruptcies in July were 30% greater than the previous month, and 330% more than in the same period in 1994. Nearly 11,000 workers were laid off in São Paulo in the third week of July alone. "The medicine has begun to kill the patient," declared Laerte Setubal, a leader of the São Paulo Industrial Federation.

Thousands of farmers who had descended on the capital city of Brasilia in mid-July to protest unpayable debts, were rebuffed by President Fernando Henrique Cardoso, who called them "a minority of deadbeats." But within days of their departure from the capital, the Brazilian Textile Industry Association announced a mass meeting in Brasilia on Aug. 9, to demand an immediate increase in tariff protection for their ravaged industry. The meeting is to include trade unionists and congressmen.

'Great projects' are a crucial step

While the battle lines are being drawn within each nation, there are those who have come to recognize that broader solutions are required if there is to be life after the death of the International Monetary Fund. Argentina's Congressmen Achem acknowledged as much when he appealed for implementation of Lyndon LaRouche's program for a reorganization of the world monetary system. In a different way, Venezuela's President Rafael Caldera is also thinking internationally, as reflected in his July 29 press conference during his visit to Lima, Peru for that country's presidential inauguration. Caldera explained that the launching of a series of "great projects" on the continent was a crucial first step in the economic integration of Ibero-America:

"There are many possibilities which will be the material for the 21st century, but inter-communication between the countries of this continent is indispensable, whether it be through riverways—the noble idea of an Orinoco-Amazon-Plata navigation canal, which goes from Venezuela to Argentina, or the idea of a trans-Andean railway, which would be the most secure, advantageous, and cheapest for trade

relations between our countries. These, even though they will be an objective whose realization cannot be immediate, are projects which must begin to be taken up, studied, and channeled, from now, so that they can effectively serve future generations."

Documentation

The following excerpts are from a July 21 television interview with Argentine Congressman Antonio Achem, in which he defends his proposal for debt moratorium and argues in favor of a national development policy linked to global reorganization of the world monetary system. Also included are excerpts from his resolution for debt moratorium, submitted to the Argentine Congress on July 20.

In his nationally televised interview, Argentine Congressman Antonio Achem urged that Argentina return to the development policies of former President Arturo Frondizi, who "developed the country by promoting heavy industry . . . petrochemicals, steel, the modernization of farming. . . . This Argentina, which was self-sufficient in oil, which had technically developed industry, which had not a penny of foreign debt in the 1960s—just imagine what Argentina would be like today if this development plan had not been cut short by the pseudo-liberalism which we philosophically oppose today. . . . We are proposing a world development plan different from that proposed by the World Bank and the International Monetary Fund."

Asked how he proposed for Argentina to return to that type of development policy without the support of the foreign banks, Achem replied: "There is a man in North America whose name is Lyndon LaRouche. Three times, he has been a candidate for the Presidency of the United States. . . . [LaRouche] is proposing the following: a global development program for the world, starting by cleaning up the economy, by admitting that the system of the World Bank, the International Monetary Fund, and the Federal Reserve Bank of the United States, are bankrupt . . . because of derivatives, of foreign debt bond-holdings. So they are practically bankrupt. They must admit this bankruptcy, and use the capital they have to promote a three-pronged development approach. . . .

"First, transportation development. For example, the construction of a bullet train from Ushuaia [in Cape Horn] to Caracas, capable of covering the distance in 12 hours, with linkages to that railway by land or other routes. Second, economic development through modernization of agriculture and agro-industry, so that the countries can defend their production."

Achem is interrupted by the interviewer, to explain where the money for this development will come from. Achem says the money exists, but has been drained off by "the economy of speculation, for the past 25 years. But now we aren't able

to pay, neither interest nor capital. . . . History is going to change our economy from usury to solidarity, from speculation to development," he concludes.

Resolution to Congress

Mr. Chairman:

I want to stress the central area of our crisis: the foreign debt. If we don't adjust our relations with our creditors, we will not have available genuine resources to allow for the comprehensive development of the nation, [nor] take care of the internal debt, which has turned the country into an immense volcano on the verge of eruption. This project addresses that; to retain during the initial years part of the drain of resources and invest them with strict controlled justice. . . .

No one is unaware that we find ourselves immersed in the worst social crisis of our history, with the highest levels of unemployment of the century, absolute record levels of bankruptcy of commercial and industrial establishments, and, what is worse, an unprecedented increase of infant mortality. . . . To speak of meager wages, of miserable pensions, of school dropouts with the consequent increase of the levels of illiteracy, of hospitals that don't function, and of nonexistent safety, is no longer news.

The serious incidents in Jujuy, Santiago del Estero, Río Negro, Tierra del Fuego and, more recently, the very grave occurrences in Córdoba which led to the fall of the governor of that province, are perhaps the final warnings that the gov-

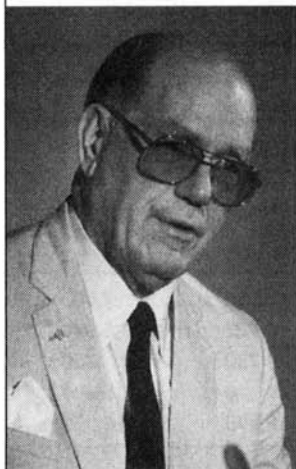
ernment will receive to mend its ways and avoid a social explosion with unforeseeable characteristics. . . .

In 1980, Ibero-America owed \$257 billion. By 1993, it had paid \$372 billion just on the interest of that debt, and currently it owes more than \$513 billion. In our country, in 1983, the public foreign debt was \$23 billion and the private foreign debt was \$22 billion. In 1989, we owed \$50 billion and it was all public debt; in 1994, we owed \$68 billion, and it now stands at \$84 billion in 1995, increasing 10% per year. . . .

The time has come to say enough. We propose a new form of payment that allows us to live with dignity, as well as comply as a nation. . . . It is for that reason that we propose, following the precepts of the social doctrine of the church, which we should never have abandoned, to request an immediate moratorium of the foreign debt; the opening, also immediate, of new negotiations to set the payment of the aforementioned debt on the basis of a percentage of the total of our export earnings, and the establishment, with equal urgency, of a Joint Congressional Committee, to manage and control the negotiations on that foreign debt, a project which was already presented by myself and other members last year, when we foresaw this grave outcome of social upheavals. The moratorium. . . would permit the immediate inflow of a significant amount of money to the circulating capital of our country, with the consequent improvement of the factors of production, and the immediate relief of the explosion we referred to above. . . .

LISTEN TO LAROUCHE ON RADIO

*Frequent Interviews with
Lyndon LaRouche on the
Weekly Broadcast "EIR Talks"*



ON SATELLITE
Thursdays, 1800 Hours
(6 p.m.) ET
C-1, 137 Degrees West
Reverse Polarity
Audio Mono, Narrow Band
7.56 MHz Audio
Transponder 15

SHORTWAVE RADIO
Sundays, 1700 Hrs
(5 p.m. ET)
WWCR 12.160 MHz

**Cassettes Available to
Radio Stations**

**Transcripts Available to
Print Media**

Local Times for "EIR Talks" Sunday Shortwave Broadcast on WWCR 12.160 MHz

Adis Ababa	0100*	Little Rock	1600
Amsterdam	2300	London	2200
Anchorage	1300	Los Angeles	1400
Athens	2400	Madrid	2300
Atlanta	1700	Manila	0600*
Auckland	1000*	Mecca	0100*
Baghdad	0100*	Melbourne	0800*
Baltimore	1700	Mexico City	1600
Bangkok	0500*	Milag	2300
Beijing	0600*	Minneapolis	1600
Belfast	2200	Montreal	1700
Berlin	2300	Moscow	0100*
Bohemian Grove	1400	New Delhi	0330*
Bogota	1700	New York	1700
Bonn	2300	Nogales	1500
Bombay	0330*	Norfolk	1700
Boston	1700	Oslo	2300
Bretton Woods	1700	Paris	2300
Bucharest	2400	Philadelphia	1700
Buenos Aires	1900	Pittsburgh	1700
Buffalo	1700	Prague	2300
Cairo	2400	Rangoon	0430*
Calcutta	0330*	Richmond	1700
Caracas	1800	Rio de Janeiro	1900
Casablanca	2200	Rome	2300
Chattanooga	1700	St. Louis	1600
Chicago	1600	St. Petersburg	0100*
Copenhagen	2300	San Francisco	1400
Denver	1500	Santiago	1800
Detroit	1700	Sarajevo	2300
Dublin	2200	Seattle	1400
Gdansk	2300	Seoul	0700*
Guadalajara	1600	Shanghai	0600*
Havana	1700	Singapore	0530*
Helsinki	2400	Stockholm	2300
Ho Chi Minh City	0600*	Sydney	0800*
Honolulu	1200	Teheran	0130*
Hong Kong	0600*	Tel Aviv	2400
Houston	1600	Tokyo	0700*
Istanbul	2400	Toronto	1700
Jakarta	0500*	Vancouver	1400
Jerusalem	2400	Vladivostok	0800*
Johannesburg	2400	Venice	2300
Karachi	0300*	Warsaw	2300
Kennebunkport	1700	Washington	1700
Kiev	2400	Wellington	1000*
Khartoum	2400	Wiesbaden	2300
Lagos	2300	Winnipeg	1700
Lima	1700	Yokohama	0700*
Lincoln	1600	Yorktown	1700
Lisbon	2300		*Mondays