

## EIR Feature

# The choice before Ibero-America: dark age or renaissance

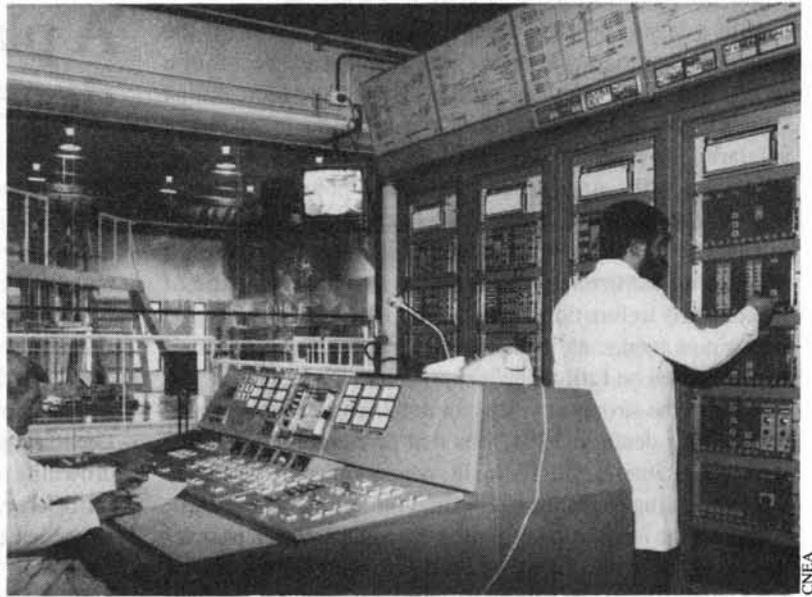
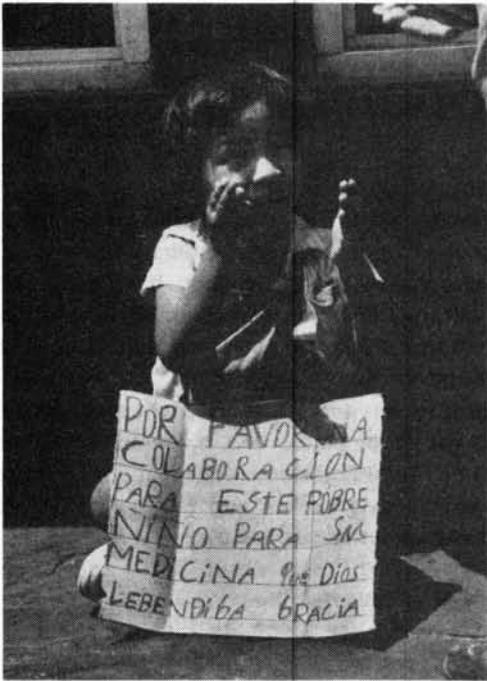
by Peter Rush

More than 400 million people—the populations of the Western Hemisphere south of the Rio Grande River—have been condemned to live, and die, under murderous conditions of poverty, social chaos, and starvation, during the decade that has just begun. The policies of past and present U.S. administrations, of the World Bank and the International Monetary Fund, and of the international banking establishment that has cut the Spanish and Portuguese-speaking portion of the Western Hemisphere off from any prospect of development, make clear that the intent is to “Africanize” the region.

The 1980s was called the “Decade of Democracy,” but the very coiners of that epithet have been instrumental in ensuring that it has been in fact the “decade of disaster.” Since 1982, the agencies mentioned above have visited on the continent eight years of savage debt collection efforts many times more severe than those that sank Weimar Germany and led to the triumph of Adolf Hitler and Nazism. Now, with living standards in most countries of the region half or less what they were when the decade of the '80s opened, abject poverty approaching the worst levels in black Africa, and social chaos on the verge of exploding in country after country, so-called “experts” and think tank analysts in the United States have begun “predicting” a “new dark age” for Ibero-America, as if it were some unavoidable consequence of natural causes. In fact, it is their policy.

As long ago as the late 1970s, the New York Council on Foreign Relations' “Project 1980s” series of policy books anticipated what were called “malthusian” pressures on the populations of the region, which were forecast to lead to disasters, epidemics, and civil wars. In 1975, genocidalist author William Paddock made the specific prediction that “30 million Mexicans will have to die to bring the population into alignment with its natural resources.” When asked how, he replied, “The usual means: plague, hunger, and war.” Then-president of the World Bank, Robert McNamara, in the 1970s identified “overpopulation” in Mexico as a supposed threat to U.S. national security, while the Carter administration's *Global 2000* policy document demanded population reduction as well.

Since then, an economic collapse has been induced which is now cited as



*The think tank "experts" have consigned Ibero-America to the scrap heap; but even now, it is not too late for a successful development strategy. Shown here is a child on the streets of Lima, Peru, and the control room at a nuclear plant in Argentina.*

justifying despair for the region.

"Latin America seems to be sliding into a new dark age, and there doesn't appear to be much the U.S. can do about it," David Ronfeldt, a political scientist with the Rand Corporation, wrote in the fall 1989 issue of *Hemisphere*, the magazine of the Latin American Center of Florida University. Howard Wiarda, a political science professor at the University of Massachusetts, quoted in a Feb. 15, 1990 Reuters wire, said that "as a long-time student of Latin America, I have never seen the prospects so dismal" for development. Washington views Latin America as a "black hole. The sense is strong among high officials that Latin America has become like sub-Saharan Africa—a hopeless region that . . . is very low on our priorities and has no intrinsic worth or value." These "experts" identified Argentina, Colombia, Peru, and El Salvador as countries which have "little hope" for the future.

### Development perspective still viable

Ibero-America could have been experiencing a renaissance during the 1980s, had it followed the approach of U.S. economist and political leader Lyndon H. LaRouche, Jr. In his 1982 document *Operation Juárez*, which was written at the behest of Ibero-American patriots at the conclusion of the Malvinas War, LaRouche outlined the historic task of the nations south of the Rio Grande to unite in a Common Market in order to bring on rapid industrialization, establish sovereign banking and credit systems, construct mammoth transportation and energy infrastructure projects, and uplift their populations with the promise of economic and cultural growth.

Prior to the debt crisis of 1982, there was hope that this

course would be taken. Brazil, Mexico, and other countries were investing full throttle in large infrastructure projects. The Mexican government of José López Portillo had a vision of building four superports and industrial centers, creating a nuclear power industry, and maintaining 8% growth a year. Brazil had just started to develop the Gran Carajás iron ore project, as the centerpiece of a more than \$100 billion development project to create an enormous metallurgical and industrial pole in the north central region of the country.

Economic optimism was shared by U.S., European, and Japanese investors, excited by the prospect of hundreds of billions of dollars worth of export orders for capital goods and even entire factories.

Then, the plug was pulled.

At that point, Ibero-America's leaders chose to ignore LaRouche's advice, and the disaster now manifest is the lawful result. Country after country toed the line, dutifully trying to pay usurious levels of debt service, which wrecked their internal finances, put their governments far into debt, and led to uncontrollable inflation. Suddenly, Brazil and Mexico started exporting twice what they imported, drying up the export orders for tens of billions of dollars from the United States and other countries; half a million Americans were out of work by 1985 who would have been employed fulfilling export orders to Ibero-America, according to congressional estimates. Argentina began the devolution of its economy that has led to its present catastrophe. Mexico under President Miguel de la Madrid began devoting two-thirds of its entire government budget to servicing internal and foreign debt. Peru, which in 1985 tried briefly to "go it alone," was brutally smashed, and

is now threatened with disintegration as a nation.

But it is still possible for the continent to throw off the yoke of monetarism and revive the projects and dreams of a decade ago. The following excerpts from "The Mercantilist Manifesto for an Industrial Peru," put out by the Independent Solidarity Movement of Peru for use by its 100 congressional candidates in the April 15 election, show how this country, one of the poorest, most devastated nations of South America, could in short order halt its inflation, start a series of major infrastructure projects required to permit the rest of the economy to function, and put down the drug and terrorist threats now menacing its national existence. The program is directly based on LaRouche's approach to development.

One of the strongest voices for nationalist economic policy, until his death in 1983, was that of the great Argentine patriot Gen. Juan E. Guglielmelli, whose views are discussed in the following pages. In 1977, Guglielmelli stood steadfastly against the imposition of British liberal economic policies on the Argentine economy by then-Finance Minister Martínez de Hoz, whose measures set into motion the crisis confronting the country today. He upheld in opposition the mercantilist position derived from the founder of German economic unity Friedrich List and from Abraham Lincoln's economic adviser Henry C. Carey, based on protection for infant industries and a commitment to use the state to direct private enterprise toward the tasks of developing the nation.

### **The present triumph of liberalism**

The liberal, monetarist economist policies being imposed from Argentina to Mexico are intended to maintain the region as a provider of raw materials and agricultural exports, inhibiting industrial development. Tariff protection for domestic industries has been strongly attacked, permitting floods of foreign imports which are wiping out domestic industry, while sovereignty over national currencies and banking systems is being eroded.

The latest attack has come in the form of so-called "shock programs," such as that designed for Bolivia four years ago by the fanatical economist from Harvard, Jeffrey Sachs. Bolivia suffered calamitous declines in real wages, supposedly to kill inflation, but even four years later, it hasn't begun to regain pre-"shock treatment" levels of economic activity, the manufacturing sector has been destroyed, and the only booming sector of the economy is coca growing. Poland, which has adopted a similar program, is suffering equally disastrous consequences.

One part of the liberal project is to rope Ibero-America into a "common market" with the United States which would facilitate the looting. Vice President Dan Quayle has recently called for creating "America '92," based on neo-liberal principles, in which tariff barriers between Ibero-American nations and the United States and Canada would come down. This would open the nations south of the Rio Grande to a flood of U.S. exports and the final destruction of national industry.

## **A plan for industrial development of Peru**

"The Mercantilist Manifesto for an Industrial Peru," excerpted below, is the program of 100 Peruvian civic leaders, businessmen, retired military officers, and ordinary citizens running for Congress in the April 15 elections. It was presented on Oct. 19, 1989, by Luis Ernesto Vásquez, who heads the slate for Senate from Lima, as the program of the Independent Solidarity Movement.

The Solidarity list has injected its perspective for national Great Projects for development into a country otherwise drowning in despair from a cancerous combination of cocaine trafficking, communist terrorism, and economic collapse worsened by harsh austerity, and the cynicism of the politicians. On March 15, the Federation of Miners and Metalworkers, Peru's most powerful non-communist labor union, declared its support for the Solidarity candidates and the principles of their program. Peru's poverty-stricken voting population is offended by the multimillion-dollar campaign of the "conservative" Fredemo coalition, whose candidate, economic libertarian Mario Vargas Llosa, offers nothing but a "shock" program to be administered by the International Monetary Fund. The ruling APRA party and other assorted leftist grouplets aren't much better.

The "Mercantilist Manifesto" starts from Peru's strategic geopolitical position, not from magical nostrums for lowering inflation: "Peru is the keystone of the intersection between the Pacific Basin and South America, and that circumstance, fortunately, should be the starting point for designing the Peru we must build this coming decade." By comparing Peru to other rapidly developing countries, such as South Korea, which has 30 times Peru's population density, it shows that Peru is underpopulated. Peru's productivity is atrocious, with only 26% of the economically active population productively employed, and most of them working without modern technology.

Most of the population is so grossly underfed as to be below minimal subsistence levels. The program presents a \$20.5 billion package of great projects for the transport grids, water management, and energy infrastructure with which Peru could easily feed well double the number of people it is now feeding badly.

The fertile but isolated valleys now overrun by the cocaine traffickers would be transformed into a breadbasket with the building of efficient transport corridors linking them to Peru's coast. As the Manifesto states, "We have 12.7% of the economically active population, that is, nearly 900,000 people who directly or indirectly are working in narcotics, including growing, trafficking, or processing. Apart from being a moral problem, because it is a crime against humanity, in economic