
Marivilia Carrasco

The 'Kosovo effect' in Ibero-America

Carrasco is president of the Ibero-American Solidarity Movement (MSIA) of Mexico, co-thinkers of LaRouche in Ibero-America. In the last six months, she has toured Colombia, Brazil, Venezuela, Argentina, and the United States. She has most recently been in Europe.

As someone who has been engaged in this fight for 25 years, I am very optimistic, because we have the unique conditions to change policy course. The latest news from Ibero-America, regarding the possible devaluation of the Argentine peso, represents another opportunity for forces to break with the present monetary order. Indeed, the peso devaluation has a systemic potential. It will affect directly Brazil, and through Brazil, Mexico and Venezuela, indeed, the rest of the world.

Mega-speculator George Soros, in a speech in Chicago recently, explicitly pointed to three aspects of the Argentine situation; he said that democracy had to be introduced, that the Argentine peso was "overvalued," and that wages had to be cut by 30%. Soros's statement on the peso was a signal for devaluation.

The choice will then be for the continent, to either accept the creation of currency boards like that of Argentina and the dollarization of the continent, or, a total break with that policy and the adoption of the LaRouche proposals. British imperial policy is to break national sovereignty over the currency, and to destroy the very idea of the nation-state. So, it is similar to the motive behind the Balkans war, but through financial means. The war in Kosovo is being seen as a threat to world peace, and as a test case for the new NATO doctrine.

Already, however, the threat of a devaluation of the Argentine peso has provoked a revolt in that country against the International Monetary Fund. A triple resistance has emerged against IMF demands to cut the budgets of education, of the provinces, and of social spending. As a result, the Minister of Education resigned, refusing, with popular support, to implement the cuts, and the government was forced to halt the application of the entire program.

The causes of the Ibero-American crisis must be identified in the policies announced by [then-U.S. Secretary of State] George Shultz on Sept. 30, 1982. "Economic reforms must be carried out . . . and you must put an end to protectionism," he stated, concluding that "in this regard, the IMF can provide critical help and guidance." Opposing that conception, at the



Former President of Mexico José López Portillo (left), Marivilia Carrasco, president of the Ibero-American Solidarity Movement in Mexico, and Schiller Institute founder Helga Zepp-LaRouche, in Mexico in 1998.

same time, Mexican President José López Portillo, on Oct. 1, 1982, before the UN General Assembly, established the principle, "Either a new economic order is accepted, or the world will sink into a medieval Dark Age with no hope of a renaissance."

The way the war against national economies and sovereignty has been conducted, is through manipulation of the debt. Through what we call "bankers' arithmetic," Ibero-American countries paid, between 1980 and 1996, \$488 billion in interest on debt while the overall debt increased from \$259 billion to \$657 billion (**Figure 1**). Today, the total debt of Mexico, Brazil, and Argentina alone is reaching \$950 billion.

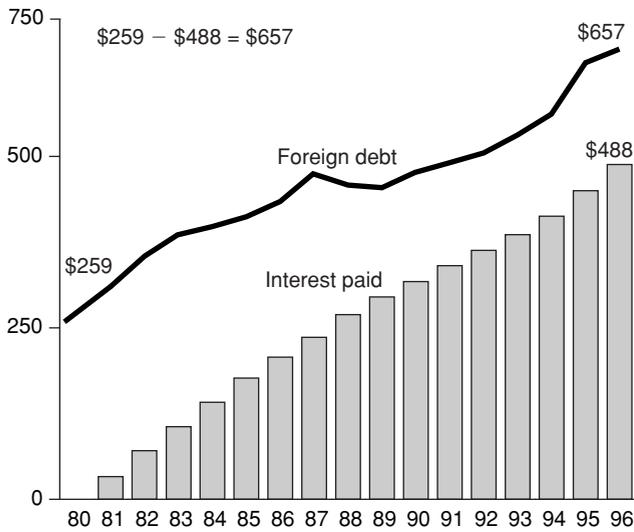
As a result of this policy of usury, the economy of the continent has been destroyed. In Mexico, the debt has increased by 192% between 1970 and 1997, while investment in consumer goods dropped 22%, and in production goods, 29% (**Figure 2**). In the same period, there has been a drop of 33% in productive jobs and of 54% in manufacturing jobs (**Figure 3**)! This is what produced the crisis of 1994-95 in that country, and the situation has worsened since. The government funneled \$65 billion to try to save the bankrupt system (**Figure 4**). That money did not flow into the production system, and today, 79% of all Mexican debt is considered bad debt.

The recent financial collapse, forecast by Lyndon H. LaRouche and his associates, has plunged the continent into

FIGURE 1

Ibero-America, bankers' arithmetic

(billions \$)



Source: World Bank.

FIGURE 2

Mexico: typical collapse function 1

(index 1981=0)



Sources: FAO; ECLAC; UN; World Bank; INEGI; BdM, Conapo, SEMIP, SARH, SHCP, and SECOFI (Mexico); *EIR*.

a worse situation. For example, take the disastrous effect upon Brazil of the 40% devaluation of its currency, the real, in early 1999, which provoked the skyrocketing of debt measured in the national currency from R\$481 billion (which was almost one real to one dollar) to R\$933 billion (Figure 5). In order to pay for this debt, Brazil, like many other countries, have been forced to privatize their national assets. Since 1990, essentially, Brazil has privatized nearly \$100 billion of national goods (Figure 6). As a result of the recent financial crisis as well, foreign financial interests have been able to buy up cheaply, the banking interests of Ibero-America. Today the HSBC, Banco Santander, Bank of Montreal, Bradesco, Bank of Nova Scotia, BBV, BCH—many of which are under British control (Figure 7)—are among the most powerful on the continent. Foreign control over the banking sectors of Ibero-America has reached record levels: “only” 14% for Brazil, but 53% in Argentina, 55% in Chile, 42% in Venezuela, 51% in Colombia, and so on (Figure 8).

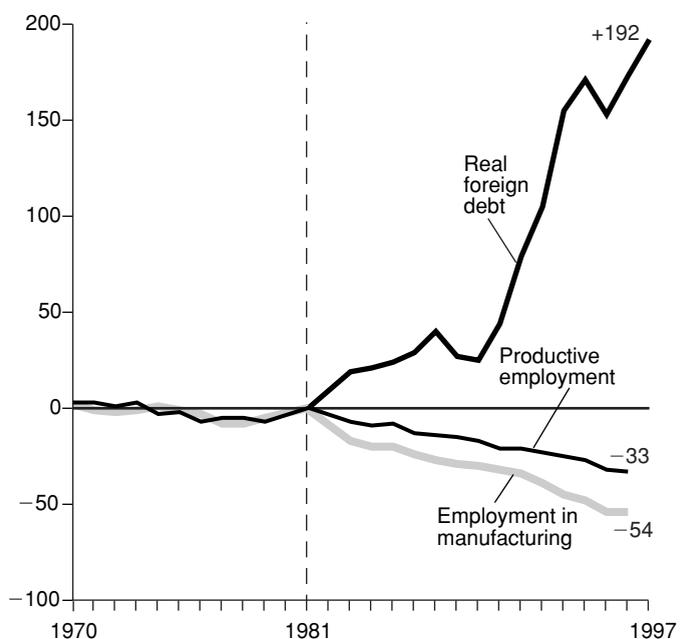
Against this background and an increased radicalization provoked by the Kosovo war, newspapers like *Folha de São Paulo* have published articles denouncing the current NATO strategy as the mailed fist of the financial oligarchy. People began to ask themselves, won't it be said in the future, that we are not taking care of the Amazon forest adequately, and that therefore they will have to come with military means to discipline us? Similar articles have appeared throughout the Ibero-American press.

The former President of Mexico, José López Portillo, saw clearly what was at stake, back in 1982, when he spoke

FIGURE 3

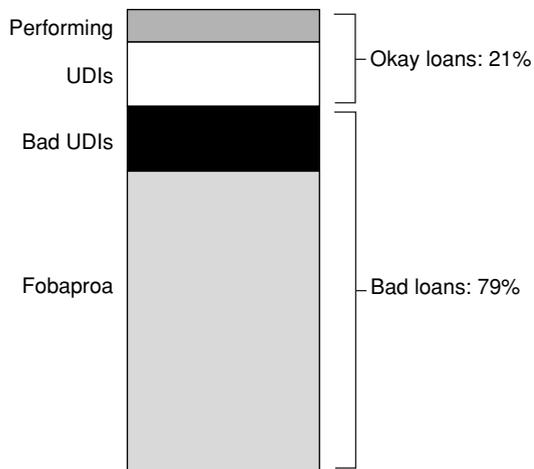
Mexico: typical collapse function 2

(index 1981=0)



Sources: FAO; ECLAC; UN; World Bank; INEGI; BdM, Conapo, SEMIP, SARH, SHCP, and SECOFI (Mexico); *EIR*.

FIGURE 4
Mexican bank loans, 1994
 (total = \$100 billion)



Sources: SCHK and CNBV (Mexico); EIR.

FIGURE 5
Brazil: devaluation effect on real foreign debt
 (billions \$ and reals)

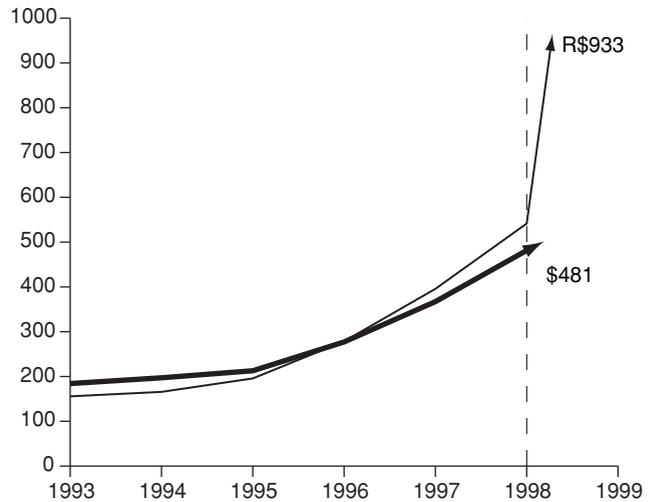
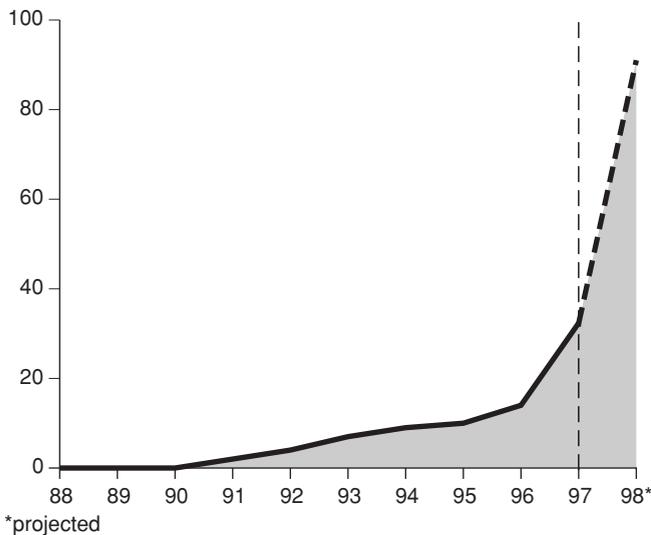
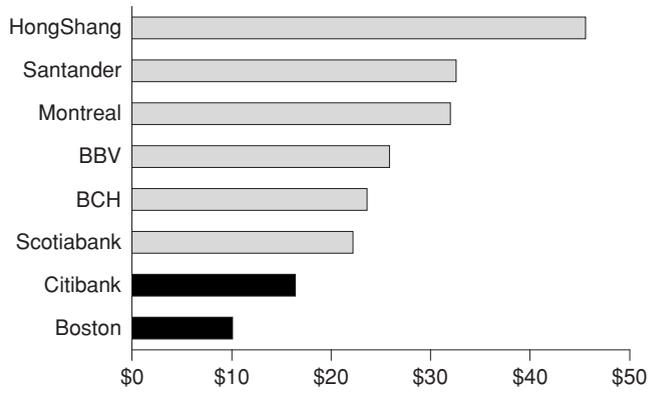


FIGURE 6
Brazil: cumulative revenue from privatization
 (billions \$)



Sources: BNDES (Brazil); EIR.

FIGURE 7
British groups dominate foreign bank presence in Ibero-America
 (assets controlled, billions \$)



of the alternatives of a new, just world economic order, or a descent into a new Dark Age, if the IMF order were to continue. It was in coherence with LaRouche's program that López Portillo declared a debt moratorium, and sought to nationalize the banking system, back in 1982. At that time, he was, however, not given the necessary political support

from other countries. Helga Zepp-LaRouche travelled to Mexico twice over the recent period, and on her last trip, in late November-early December 1998, appeared at a public conference together with López Portillo. At that time, he said, as he recalled in his message to this conference, that it is time to listen to the wise words of LaRouche. Now, the press in Ibero-America is reporting virtually daily on LaRouche's analyses and proposals, and there has been massive support for the call for a New Bretton Woods system. So, there is reason to be optimistic.

FIGURE 8

Foreign banks with control of Top 10 banks, by country

