

# LaRouche: They Are Out to ‘Dollarize’ Peru and All of Ibero-America

*The following is the full text of the interview which Lyndon LaRouche gave Peru’s Gente magazine on June 19, a portion of which was published in their edition of June 21.*

**Q:** Mr. LaRouche, I am César Infanzon; a very good morning to you. My first question has to do with the OAS [Organization of American States] high-level mission. We understand it is on its way here and should be arriving any moment. We understand that there was also a meeting of that group in the United States either Friday or Saturday, and we would like to know your thinking in this regard.

**LaRouche:** Well, I think first of all, there’s been some slight improvement on President Clinton’s side. So, the State Department will probably try to appear at least to behave itself, but [U.S. Secretary of State Madeleine] Mrs. Albright and her friends will not, nor will [Canadian Foreign Minister Lloyd] Mr. Axworthy. They will try to do things which will avoid their having embarrassment with President Clinton, but they are fanatics, and they will try to do what they can do within those limits.

What they are trying to do is wear down Peru. The object is to get Peru into NAFTA [the North American Free Trade Agreement]. As a matter of fact, the intent is to get the entire hemisphere into NAFTA. Now, there’s some support for this idea, of course, from George Bush, his crowd; but the vice president, Mr. Al Gore, is absolutely hysterical on this issue.

You have to understand that, if you look at the history of U.S. Wall Street and London banking, with the system coming down—there’s nothing that can save the system in its present form—they will do anything possible to try to postpone the death of the system another two days. What they will try to do is create the appearance that they have certain agreements with Peru, which they can then use as a basis for announcing some new credit mechanism. They’re talking about NAFTA for Peru a few years down the line. But what they want to get immediately is the dollarization of Peru, or at least something that approximates dollarization, which they will use to create credit for themselves in the New York and other markets.

In summation, I would say that, while there is some moderation being expressed by President Clinton—as you can see by the way he intervened to affirm his support for the Korea meeting that occurred this past week—the Wall Street crowd

behind Al Gore are absolutely hysterical. This means that countries such as Canada, the United Kingdom, Australia, New Zealand, and the United States, will be absolutely hysterical on the financial side, in trying to push a capitulation of some degree for Peru now.

**Q:** I wanted to ask you about the meeting that took place Friday or Saturday, by the OAS, in Washington. What sort of meeting was it, what did it deal with?

**LaRouche:** Essentially this. This is the direction they are moving in. They are moving toward a dollarization and a NAFTA policy, to integrate the United Kingdom as well as Canada into NAFTA, and to extend NAFTA throughout the hemisphere.

And the second thing we’re picking up, is that they’re pushing very actively with this Project Democracy crowd. So, even though President Clinton has told them to be a little more moderate with respect to President Fujimori, nonetheless these fanatics are still fanatics, and will not be deterred too easily. If you look at the political situation inside the United States, I have not seen such hysteria in more than 40 years, in the highest political circles. So, that always has to be taken into account.

One thing should be added. What happened with the Koreans, which is precisely what I expected would happen when I wrote this article in *EIR* on the regional blocs emerging [“Regional Organization under a New Bretton Woods,” *EIR*, June 16], is the so-called ASEAN-Plus-Three, that is, the ASEAN [Association of Southeast Asian Nations] members plus China, Korea, and Japan, are actually moving together. It’s not a simple thing, but they’re moving. You’re having a similar development in Europe; it’s weaker, but it’s significant. The French and Germans are actually moving against what the United States and London have been trying to do to them. So you have to take into account, first of all, that there are movements around the world toward creating a new monetary system, and trying to build up regional blocs, which makes some people in London and the United States desperate.

At the same time, this financial system is cracking. No one knows the exact day, as I’ve said before, but this thing is going down. It’s going down in either a deflationary collapse or a hyperinflationary blow-out very soon. You might get a



*U.S. Secretary of State Madeleine Albright with Canadian Foreign Minister Lloyd Axworthy, on June 13 in Washington. "What they are trying to do is wear down Peru," LaRouche charges. "The object is to get Peru into NAFTA. As a matter of fact, the intent is to get the entire hemisphere into NAFTA."*

sense of that if you look at an article by a friend of mine, Richard Freeman, which will be published this week ["The World Is Now Hurling into Weimar-Style Hyperinflation," *EIR*, June 23], which follows up on my report of the nature, the similarity, of the world crisis today and the hyperinflationary crisis in Germany in the summer of 1923. So, you can assume that these people in Washington, and especially on Wall Street, are increasingly hysterical.

**Q:** What is your opinion of these two gentlemen, Lloyd Axworthy and César Gaviria, who are members of this commission?

**LaRouche:** Well, Axworthy represents what we would call the extended British-American-Canadian combination, which is the City of London, New York, Australia, New Zealand, Canada, and so forth, and their policy internationally is to push through dollarization in the hemisphere, and to push through also complete NAFTA assimilation, and to impose increasingly limited sovereignty upon states in the region. You might call it neo-colonialism.

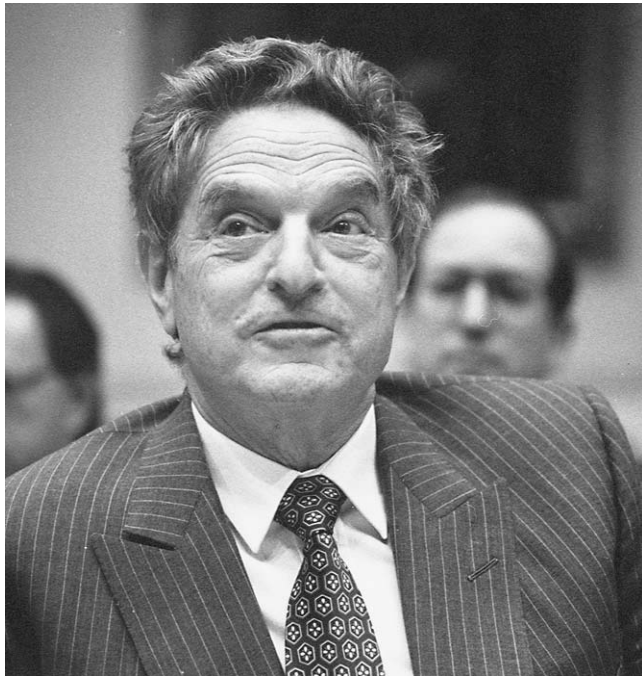
**Q:** With regard to Project Democracy, what does this mean in the Peruvian context?

**LaRouche:** Well, it's an international project which was actually set up authoritatively in 1982. Relevant legislation was pushed through in the [U.S.] Congress, after President Reagan had had a visit in London with Margaret Thatcher. Now, what Project Democracy is—the National Endowment for Democ-

racy, et al.—is what is called a QUANGO, in diplomatic language. That is, a quasi-non-governmental organization. It's actually an intelligence organization, run under a semi-private cover. It gets U.S. government funds for much of its activities. It is also a branch of the State Department, in effect. It's sponsored by the State Department; separate from the State Department, but it really isn't.

And it also contains some of the nastiest of the senior international intelligence groupings, or organizations, in the world. For example, Freedom House in New York, which is a part, or offshoot of the International Rescue Committee operation set up many years ago. It's actually a creation of the former Communist Jay Lovestone, who set up an international labor intelligence organization, and Freedom House is essentially a branch of that. For example, the AFL-CIO international department is filled with people like this, as are the International Metal Workers Federation headed up in London. Many of them are senior intelligence operatives, and they deploy as secret intelligence operations. They are quite nasty, and they don't have much in the way of morals, but they are very insistent in what they call their ethics, and what they call democracy.

The essential thing is to destroy the idea of the nation-state, and to use the slogan of "democracy" by contrasting democracy to the nation-state, which is idiotic, but that's what they do. So, if they're going to come and kill you, they're going to do it in the name of democracy. These people have tried to kill me a few times, so I'm quite familiar with them.



*Billionaire speculator George Soros, says LaRouche, is typical of the kind of financial operator who ran the Opium Wars against China during the 19th century.*

**Q:** When you talk about Project Democracy, are you also including in that Mr. George Soros?

**LaRouche:** Soros is an asset of a bankers' group, and he funds a lot of things, and is a politically pro-active supporter and funder of many projects internationally of this nature.

If you want to understand this, you have to go back to late-18th-century England, when, in 1782, the modern British Foreign Office was first set up. The head of the Foreign Office at that time was Jeremy Bentham, a very notorious character in the history of Latin America. Lord Palmerston was essentially a protégé of Jeremy Bentham. Look at the fact that the modern British form of international drug trafficking, such as the China opium traffic, was set up by Jeremy Bentham. His protégé Lord Palmerston, of course, became the author of the infamous Opium War policy against China. This was a complex operation involving financial personalities, dirty political characters, military operations, everything.

If you want to see exactly how the drug war was run against the states of Central and South America, go back to the Bentham-Palmerston policy of the late 18th century and the 19th century, and it had exactly the same purpose. The objectives are about the same; the methods are about the same. And George Soros is typical of this kind of financial operator, and persons of the same type were doing the same kind of thing during the days of the Opium Wars against China.

**Q:** What effect will this dollarization, if applied, have on Peru?

**LaRouche:** It will absolutely destroy the nation and its people. You see what's happened to Argentina, which was once a very powerful economy. What this amounts to is a straight looting of the people and the country, by means of manipulating a currency the people don't control. It actually is a method of mass murder, in effect, if you look at what the inevitable consequences are. And the people behind it are either so greedy that they don't see that they are committing a crime of that sort, or, if they see it, they say they have to do it anyway.

**Q:** This dollarization that you are referring to: Is this something that Axworthy and Gaviria will be bringing with them as part of their mission?

**LaRouche:** Well, it will be in their bag. How much they will push it up front, in that form, is not certain. But what will occur is emphasis in the conversation on the "Ecuador model," and also in emphasis on the great "peace" in Colombia. They'll make it very clear. Whether they'll say it outright or not, they intend to dollarize the Peruvian economy.

**Q:** Who, then, would be the people, specifically, who would come to work on our country and say, "Look, you must dollarize!"?

**LaRouche:** You have some of them already there. They are people associated with the Inter-American Dialogue, the Andean Commission of Jurists, and similar kinds of organizations—Project Democracy offshoots, in general. There will be pressure from some people in Europe, which we've already seen, from the people who are "concerned" about the terrorists in Peru.

I would say that what you could guarantee is an insidious continuation of the pressure. They know where they're going, and they're going to push in that direction. They will adjust tactically, in verbiage and in motions, the way they think they can get by with it; but their objectives are clear.

**Q:** Speaking of the Andean Commission of Jurists, one of its most high-level representatives, Mr. Diego García Sayán, had some very nasty things to say about you in an interview with Channel N television, which belongs to the newspaper *Comercio*. We want to know what you think.

**LaRouche:** I've heard about him before. This is not the first time; he's just gotten a little wilder and crazier this time, making wild exaggerations, false charges, that sort of thing. Such statements as were on the television in Peru suggest a man who has become rather desperate. Maybe somebody who backs him is not pleased with his performance right now. I find these types generally do that. They become totally wild, absolutely silly, crazy, with these absolutely false accusations. When you hear that kind of thing from such sources, you know they're losing their nerve.

**Q:** Besides attacking you, Mr. LaRouche, he's also attacked us at *Gente* magazine, and that has led us to bring legal charges

against him. And the same thing with Mr. [Gustavo] Gorriti, when he was interviewed by Channel N.

**LaRouche:** Well, obviously they're frightened. They're not frightened by what we're going to do, but frightened by what their masters are going to do if they think they're failures.

**Q:** Mr. LaRouche, allow me to go back to this question of dollarization. You have mentioned that Mr. Diego García Sayán is one of those pushing for this. He's a member of Inter-American Dialogue here in Peru. But who else, both inside and outside Peru, is pushing this proposal?

**LaRouche:** It's actually coming from the foreign Wall Street and London powers. If you see what is happening on Wall Street itself, you see a financial bubble, a hyperinflationary financial bubble that is about to explode—if you study Richard Freeman's article, in light of the previous article that I wrote, comparing the present situation to the 1923 German hyperinflation.

Since 1971, the states of the Americas have been looted and swindled by the floating-exchange-rate system. As a group, the nations of Central and South America have paid much more debt than they ever incurred. What they would do, is that when they would devalue the currencies of these countries—forced devaluation of a currency—they would increase the amount of the debt assigned to the country, in order to protect the foreign creditors. So, they've turned the currencies of the hemisphere into trash.

The move toward dollarization has the same kind of purpose. The difference is that, today, dollarization—if applied—would lead very quickly, in a matter of months, to hyperinflationary explosions and death of the currencies, including the dollar. Any country that is forced to accept a currency board under dollarization, is a country which is financially, economically, and socially doomed. These currencies are worthless.

For example, look at the figures on the United States. The current account deficit of the United States is over \$450-500 billion a year. That means the United States is not paying for what it consumes. In addition, there is a vast amount—probably at a rate of \$2-3 trillion a year—of financial funds flowing in from Japan and from other parts of Asia, and from Europe. So, 20-30% of the U.S. dollar is bankrupt. Look at the rate of increase of the current account deficit, and see the increase in the inflows of financial funds from Japan and Europe into the U.S. market. And then look at warning signs that we already have a hyperinflation in some commodities already occurring, as in the case of petroleum prices.

Dollarization is just another way of trying to print fictitious currency, which they can put in the banks of the bankers, so the bankers can pretend not to be bankrupt for one more day. Otherwise, you can compare it to a John Law bubble from the 18th century, or the Tulip Bubble from the 17th century. It's the same principle as is involved in dollarization.

One of the problems, of course, is that many of the

younger people who are now in top positions in finance and U.S. government, simply because they have not been educated, have no understanding of the ABCs of economics. They not only cannot see, but they refuse to see, what fools they are. It's like Hitler in the bunker: They keep fighting on, because they cannot quit. That's why they're dangerous.

**Q:** Thank you very much, Mr. LaRouche. Any final comments?

**LaRouche:** Well, I'm just hoping for the best. I think that there are some good signs. I wouldn't want to exaggerate the significance of them, but consider the fact of the Chiang Mai meeting in Thailand, where the group of the ASEAN nations, plus China, both Koreas, and Japan, met to boost the launching of the Asian Monetary Fund, which [Japanese] ex-Deputy Finance Minister [Eisuke] Sakakibara had launched in 1997 over the objection of [U.S. Treasury Secretary] Larry Summers.

What I have from the inside of the past days' reports in those parts of the world, is that Japan and China are going into a new kind of partnership in that region, which means that there's going to be a sudden change in Japan in the direction of going back to an industrial economy, rather than a Plaza Accords economy. The fact is that Japan cannot survive, except by exporting high technology to countries such as those in South and Southeast Asia.

What I've seen in the recent period is more and more clarity on this idea among many and increasing numbers of leaders in Japan and in the ASEAN countries, and in China. These kinds of developments are positive, and make me cautiously optimistic. I would hope that Peru would benefit from this.

## Peru's Diego García Sayán: Drug Legalization and Limited Sovereignty

Diego García Sayán is currently the most visible adviser to defeated Peruvian Presidential candidate Alejandro Toledo, and is Executive Director of the **Andean Commission of Jurists** (CAJ). His entire career has been dedicated to the international promotion of drug legalization and limited sovereignty, currently deploying in close coordination with the financial and political apparatus of the world's most prominent drug legalization advocate, George Soros. García Sayán and the CAJ emerged as a direct project and political creation of Russellite British intelligence networks in the early 1980s, according to his own written account in his book *Parallel Lives, Andean Region: Challenges and Answers*, published

in 1998 by the CAJ.

What follows is a brief fact sheet summarizing some of the highlights of London's García Sayán project.

Diego García Sayán's father, Aurelio García Sayán, was a member of the **International Commission of Jurists (ICJ)**, headquartered in Geneva, Switzerland. The ICJ had among its prominent members Sean MacBride, a top member of the British intelligence-run human rights group, Amnesty International; Lord Gardiner, former Lord Chancellor of the Queen of England; and Eli Whitney Debevoise, the head of the U.S. branch of the ICJ and former deputy to U.S. High Commissioner for Germany John J. McCloy.

García Sayán studied law at Catholic University in Lima, where he was a leftist activist, and after graduation in 1979 travelled to Europe to participate in the **Russell Tribunal** in Holland. While in Europe, he travelled to Geneva to meet with ICJ Secretary General **Niall MacDermot**. In his book, García Sayán describes MacDermot as a former member of British intelligence, parliamentarian, and labor secretary, who had to leave Great Britain when he married a Russian. MacDermot went to Geneva to work with the ICJ, which he headed until his death in 1996.

In his prologue to García Sayán's book, former Colombian President **Belisario Betancur** describes MacDermot as "the absolute symbol of the argument for abolishing the principle of absolute sovereignty."

García Sayán didn't meet MacDermot on his 1979 trip to Europe, but was visited in Lima months later by MacDermot's special envoy, British anthropologist Roger Plant. They discussed a joint seminar, which occurred in September 1979 in Bogotá, Colombia, entitled "Human Rights in the Rural Zones of the Andean Regions." This was the ICJ's fourth seminar held in the Third World—earlier ones were in Tanzania, Barbados, and Senegal. MacDermot attended the conference, as did García Sayán, and out of it came the proposal to set up an Andean Commission of Jurists throughout the Andean region.

In 1980, MacDermot invited six Andean jurists to Geneva to be the founding members of the CAJ. He named Colombia's Alberto Donadio as its first executive secretary, and set up the headquarters of the CAJ in Bogotá. When Donadio resigned, MacDermot selected García Sayán to become its new executive secretary. MacDermot authored an article in Bulletin #1 of the CAJ (February 1983), reporting on the Bogotá founding conference.

### **Imposing Limited Sovereignty**

García Sayán was a member of the globalist **United Nations Organization in El Salvador**, which brokered a peace deal between the Salvadoran government and narco-terrorists in the 1980s. He there met Belisario Betancur, who was head of the Truth Commission of that UN operation. García Sayán proclaims proudly that the UN Salvador mis-

sion was the first practical application of the concept of limited sovereignty.

*EIR* has documented García Sayán's extensive links to the **George Soros** machine (see "George Soros Finances Narco-Terrorism, Too," *EIR*, Jan. 31, 1997). Among the more politically significant of these connections is the fact that Soros finances the non-governmental organization **Human Rights Watch (HRW)**, and the CAJ functions as a de facto branch of HRW/Americas, publishing HRW reports in Spanish under its own logo. García Sayán wrote the introduction to the 1992 HRW book *Peru Under Fire*, which is a violent diatribe against the military for violating human rights, and proposes that the military be forced to wear name tags when going into battle.

García Sayán works closely with **Ethan Nadelmann**, president of Soros's **Lindesmith Center**. In July 1993, Nadelmann was a featured speaker at a CAJ forum in Lima on drug legalization. In Lima, CAJ seminars are famous for having, instead of "coffee breaks," "coca breaks," where they serve coca tea and even coca leaves for chewing. In February 1996, García Sayán met with Nadelmann in New York City, where they discussed, according to Nadelmann's account, an international campaign to remove coca from the UN Schedule I list of prohibited substances. On March 13, 1996, in Lima, the CAJ sponsored an "International Meeting on Current Scientific Studies on the Effects of Coca Consumption on Humans." The featured speaker was British anthropologist **Anthony Henman**, head of Great Britain's drug-legalization lobby, **Drug Reform**, and identified by Nadelmann as his top European contact.

The CAJ is extensively interlinked with the **Andean Commission of Coca Leaf Producers (CAPHC)**, with overlapping personnel and projects. The CAPHC's Bolivian leader, **Evo Morales**, publicly promoted drug legalization at a recent São Paulo Forum meeting in Argentina, and in 1996 he travelled to Colombia where he met with and publicly supported the FARC's *cocalero* movement in that country.

García Sayán was a member, during 1995-97, of the **Inter-American Dialogue's** Multilateral Governance Task Force, which issued a report calling for limited sovereignty, the effective transformation of the Organization of American States into a supranational government, and so on. In a recent TV interview, García Sayán, asked who finances his current international travel, responded that the funding comes from the Inter-American Dialogue.

García Sayán was one of 23 Peruvian signators of an international open letter to UN Secretary General Kofi Annan, published as a two-page advertisement in the June 8, 1998 *New York Times*, which promoted the cause of drug legalization by arguing that "the global war on drugs is now causing more harm than drug abuse itself." According to a *New York Times* article, the originators and principal promoters of the call were Ethan Nadelmann and his mentor, George Soros.