

# Scrap U.S. Argentina Policy Before It Is Too Late

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The U.S. Government will bring a great disaster upon itself, unless it immediately adopts two new policies in response to the overripe situation which has just exploded in the face of the International Monetary Fund's utterly failed recipes.

1. It must acknowledge that the previous decades-long U.S.A. and IMF policies for Argentina, have now shown themselves to have been the cause of the present, globally radiating financial-monetary catastrophe erupting in the wake of this week's inevitable default.

2. It must recognize that any effort to continue the austerity policies which have caused the present collapse of the market in Argentina's foreign debt, would have no effect but to detonate a world-wide catastrophe, spreading *via* Spain throughout continental Europe, into a Poland already rotten-ripe for a similar collapse, and to threaten to set off the an explosion of that hyperinflationary Japan debt-bubble on which the U.S. financial system continues to depend at this moment.

This week's already impending, inevitable Argentina default, marks a breaking-point in the world economy. This week, the world's present financial and monetary system reached a critical point in its post-August 1971 existence, beyond which the continuation of recent monetarist policies of "fiscal discipline" would plunge the entire world, over the coming weeks, into a condition far worse than anything experienced out of the 1929-1933 world depression. The point has been reached, at which nations still gripped by the ideology of monetarist lemmings, must either give up their monetarist delusions, or go over the cliff. Whether they like it or not, the U.S. and other G-7 governments have been thrown into the water; they must accept that fact, and swim, whether swimming is in accord with their habituated ideologies, or not.

The U.S. government must confess, at last, that the international monetary-financial system, considered as a whole, has entered a set of what are, ironically, Enron-like conditions, marked chiefly by the combination of Federal Reserve Chairman Greenpan's desperately hyperinflationary growth of nominal financial assets and obligations, and an increasingly deflationary collapse in employment in the maintenance of essential infrastructure and production of essential physical goods.

This means that the U.S.A., in particular, must immediately abandon reliance on a monetarist's deluded faith in the presently dying, market-driven economy, and return to the traditional form of the American System of economy, in which markets are driven by expansion of employment in technologically progressive production of goods.

The executive branch of the U.S. government must recognize what a catastrophic failure the 2001 performance of the Congress has been to date: that Congress is now going out of session, but it had already gone out of its skull months earlier. The 2001 sessions of Congress to date, have been among the most disgraceful in the history of that institution. The President faces a world economic situation in which I, were I President, would haul the Congress back into emergency session. Certain immediate emergency economic-policy actions, consistent with the intent of our Federal Constitution, but of crucial, global implications, must be crafted and adopted immediately, if a global economic catastrophe is not to be allowed to unfold, probably even before the President has completed his first term in office.

The Presidency must also recognize, that while the Executive Branch's post-Sept. 11th trend toward making the Federal government the rescuer of a collapsing economy, is correct



*Some believe that, sooner or later, he will rebound.*

in intention, it has generally failed in design. The way in which to pull an economy, such as the U.S. today, out of a new global economic depression, is not by pouring Federal bail-out funds into the corporate financial system, but by issuing credit-funded contracts in building employment in both basic economic infrastructure and physical technology of entrepreneurship. In all successful economic recoveries from depressed conditions, it is public investment in basic economic infrastructure, combined with credit-stimulus to non-shareholder forms of technologically progressive entrepreneurship in agriculture, manufacturing, and related ventures, which has been the principal source of the improvements in productivity of even large corporations.

The folly of the programs of deregulation and privatization set into motion under the Zbigniew Brzezinski-created Carter Administration, have been the chief source of impetus for the collapse being experienced by the U.S. economy today. The immediate reestablishment of a fixed-exchange-rate international monetary system, using a gold-reserve peg for this purpose, must be combined with the protectionist and stimulus packages needed to effect a rapid expansion in employment and technologically progressive investment in both public infrastructure and private entrepreneurship in agriculture and manufacturing.

The present world monetary-financial system is not only bankrupt; it is now hopelessly bankrupt. Vast trillions of U.S. dollar-equivalents are about to be wiped from the books. You

can not save that monetary-financial system itself; but we can save the economy. We can maintain, and expand production and distribution of useful goods and services, virtually without missing a step. The time has come to vote for the future, not the dead hand of the recent past.

The time has come to scrap all the monetarist ideology of the Mont Pelerin Society and kindred imitators of early Eighteenth-Century British economist John Law. The governments, led by the U.S. government itself, must take immediate emergency action, putting the IMF and World Bank into receivership in bankruptcy, and revive the proven principles which provided the successes of the 1945-1963 Bretton Woods, fixed-exchange-rate, protectionist monetary system.

The worst fools in government today, are those babblers who insist "You can't put the toothpaste back in the tube." Any competent farmer or industrial operative knows exactly how to put the toothpaste back in the tube. Ask them; they will show you how it is done! Also, as a precaution, fire all the politicians and economists who insist that it can't be done.

My final word of advice is: Don't behave like a pack of lemmings. Don't take that next step over the monetarist's cliff. Scrap the so-called "fiscal austerity" policies which the United States and others have used, not only to drive Argentina into state bankruptcy, but to create that Argentina default-detonator which now threatens to blow out the greatest part of the world's economies as well.

Do I need to remind you, even now, that I told you so?

## LaRouche Forecast Debt Debacle A Year Ago

On Jan. 15, 2001, having opened the year by announcing his candidacy for the Presidency in 2001, Lyndon LaRouche made a forecast now dramatically underscored by the collapse of Argentina's debt and its economy. In an article for *EIR*, "The New Bretton Woods System: Framework For A New, Just World Economic Order," LaRouche wrote:

"The opening days of the year 2001, have unleashed what will quickly prove to be the worst, already long-overdue, global financial collapse in the recent centuries of history of today's globally extended form of modern European civilization. Unless certain corrective actions are taken soon, by some concert among a significant number of governments, this will quickly become, in a matter of months, not only the worst economic depression in recent world history, but also what is known in the economics literature as a global economic-breakdown crisis."

On March 21, 2001, Argentina's Radio LU5 questioned LaRouche at a Washington seminar on "The Bush

Administration: The First Sixty Days:"

"Mr. LaRouche, is Argentina really going to be able to grow by betting on the same prescription, which was presented yesterday, by the newly named Economics Minister Domingo Cavallo? . . . What are the real alternatives that Argentina has?" LaRouche answered:

"The policy, overall, is global, for the whole region. The deliberate intent of the policymakers in Washington and London is the disappearance of every existing nation-state in Central and South America, and of Sub-Saharan Africa; and other parts of Africa are also included, and some other parts of the world as well. That's the policy. And the dollarization of Ecuador is part of the policy; the dollarization of Argentina is part of the policy; Domingo Cavallo is a part of the policy, an obvious one. He's been travelling around the world as that. And the next stage is, once Brazil is broken up, then *all of the nation-states of Central and South America are doomed to be broken up into fragments*, run by various kinds of entities — no longer governments or nations — in a short period of time. . . .

So, the present system, the present situation, there's no way you can live with it. You're not intended to live with it. You're intended to die with it. The nation of Argentina is "intended to die."