

ing the purchase of property abroad. As a result, they became the fundamental instrument for the devaluation of our currency, worsening and taking advantage of the country's bad economic situation, directly convincing the public of the need to convert the national wealth into dollars and taking it out of the country—whether by pre-payment of bills, by the composition of their portfolios, as they did with their own companies, becoming a prestigious example for other companies.

All of this contributed to the capital flight, and to the fostering of what was called “hot” capital, which they had been encouraging before. It was the principal center of the lies which led to the dollarization of our economy. Their own multiple companies contributed to this, since they dedicated themselves primarily to lending to themselves, thereby undermining real credit. In addition, they had become the actual administrators of the national wealth, and they used a system of double-accounting in their companies: one set of books for granting loans, and another for tax evasion.

These are the reasons, among others not stated in the decree, upon which I based my decision to nationalize, given that the system established since President [Adolfo] López Mateos [1958-64], of Mexicanizing the economy, was insufficient, based as it was upon the presumption that Mexicans, because they were born here, would show solidarity with the Nation in moments of crisis, and not pull their capital out. And it did not turn out that way, because the Mexicanization expressed in the regulations—that there were activities reserved for Mexican nationals or for majority Mexican capital—became a system of privileges, with, on the one side, serious deficiencies and loopholes, through frontmen, and on the other . . . without corresponding obligations.

When Mexicanization failed on me, I had to take recourse to nationalization, since I believed that the State, not being able to betray itself, would be the best instrument to manage the savings of the nation, with the intelligence that we did not expropriate the depositors, but only the system itself, with its buildings which facilitated its operation. Naturally, the indemnization owed them by law was agreed on.

To a New Bretton Woods

My intention was not fully followed through on, because my successors, first, created a variable financing system, based on the stock market; and they later overturned the expropriation decree, chartering the banks to whomever they saw fit, after having paid more than generously for the expropriated property.

[But] I have to tell you, that the nationalized banks functioned satisfactorily well in the hands of the State.

Having thus laid out the matter, I only hope to have conveyed an experience to be taken into account, in the obvious efforts which must be undertaken, not only to modify, but to optimize the functioning of the Bretton Woods treaties, shaping them not only for the convenience of their victorious founders, but according to the needs of a globalization which

must respect the interests of nations, avoiding the formation of disguised empires.

Always keeping in mind the immediacy of the nations with the problems of the world's population, and in the belief that the best way of being universal men is to fulfill oneself within a nation. I am sorry that Mr. LaRouche is not present at this seminar to enlighten us with his expert teaching, although I am happy to send my greetings to his worthy spouse, Helga Zepp.

Lyndon H. LaRouche, Jr.

End IMF System, Or Live Through a New Dark Age

These are Lyndon LaRouche's opening remarks to the seminar "Mexico-Brazil-Argentina: Hour of Integration; March Toward a New Bretton Woods," held in Guadalajara, Mexico on Aug. 22-23.

To understand the situation in the world today, go back, in one sense, to 20 years ago, when the great crisis, the first great crisis in the relations between the United States and the other states of the Americas erupted with the Malvinas War, and the subsequent crushing of Mexico, in the period beginning August of that year.

Now, to understand the situation, then and now, to understand the significance of what happened 20 years ago, look at the relationships between the United States and the other states of the Americas, especially Mexico, over the previous two centuries, approximately: The United States was the first republic, of a modern form, established in Europe following the great period of religious wars, from 1511 to 1648. The United States was not founded by indigenous people, in a sense. It was founded by leaders from Europe, who saw in the North Americans, and especially in English-speaking North America, the opportunity—a unique opportunity—to establish a true republic, based on the principles of *agapē*, as it's called in Greek, or the principles of the “common good.”

We were successful in the United States. But then, the troubles began: With the Bastille affair in France on July 14, 1789, the hope that the great power of France would, itself, conduct a reform, consistent with the principles of the American Revolution, was lost. The defeat of the great Bailly and Lafayette, in their effort at a constitutional reform, led to the opening of a period of chaos in France, which led to the first modern fascist dictatorship: that of Napoleon Bonaparte—first as First Consul, and later as Emperor.



The Guadalajara Mexico-Brazil-Argentina conference marked the 20th anniversary of circulation of Lyndon LaRouche's famous memo to Mexico and the continent, Operation Juárez, written after meeting with then-President José López Portillo. It was the high point of a fight for debt moratorium and infrastructure development; then lost; now revived as the fight for a New Bretton Woods. (Shown is the destruction of the British destroyer HMS Sheffield during the Malvinas War.)

The United States and the Americas

At the conclusion of the Napoleonic Wars, the aspirations of Europeans, such as the German reformers, the Prussian reformers, for establishing republics in Europe, were lost. All of Europe was dominated by a pair of rival, but allied powers: the British monarchy and the Hapsburgs. They both hated each other; they both used each other. And both were determined to destroy the United States, and prevent the eruption of anything in the Americas, or even in Europe, itself, which would reflect the success of the American republic.

Over the period since that time, the fate of all of the states of the Americas has depended upon their relationship with the big brother in the Americas—the United States—or what became the big brother. Unfortunately, following the Napoleonic Wars, with the British puppet, the Bourbon Restoration monarchy in France, with the Holy Alliance under Metternich's leadership, and with the British monarchy, under the leadership of people like Jeremy Bentham, and later, Lord Palmerston, the United States was isolated in the world, and

threatened with extinction. A similar fate befell the states of Central and South America, in their aspirations for true republics in those parts of the world.

That changed, with the victory of Abraham Lincoln, Abraham Lincoln's government, in the Civil War within the United States. During this period, prior to the Civil War, the European powers, the Spanish monarchy, which was a slave-trading British puppet, the Hapsburgs' interests in general throughout Europe, the British and a fascist ruler, Napoleon III, the Emperor of France, combined forces to invade and crush Mexico, crushing the legitimate President of Mexico, Benito Juárez. At the close of that period, after the fascist tyranny of Maximilian, the Emperor Maximilian, who was essentially a Hapsburg puppet, a British puppet, or abandoned at that time by the British who had given up the cause; the French who were kicked out of the Americas by the United States at the end of the U.S. Civil War; and the Spanish, who were no longer significant, the United States expelled the British, and Juárez, after a series of events, reestablished the Republic of Mexico.

Since that time, the ebb and flow within the United States, has determined U.S. relations with Mexico. They were better under Franklin Roosevelt; terrible under his predecessor, Theodore Roosevelt; in the post-Roosevelt period, immediately, up through the middle of the 1950s, it was better, as the Rio Treaty suggested. But then came 1982: A new monetary system had been put into place, in 1971. Actually, a literally fascist tendency in the United States, of sympathizers of the former Confederacy, around the Nixon Administration, was in power. They were determined to eliminate all traces of, not only the Franklin Roosevelt legacy, but the legacy of Lincoln and all other great founding figures of the United States.

The Malvinas War and 'Operation Juárez'

Mexico began to feel the pressure. In 1982, at the point that the Brzezinski Administration—the Brzezinski who actually controlled the Carter Administration, who dictated most of his policies, including those toward Mexico—Mexico came under tremendous pressure, as did Argentina, and Brazil, and other states. The determination was, then, to destroy the independence of all of the states of Central and South America. That was the intention; I knew it.

I was involved, at the point, in mobilizing a defense of Argentina, against British imperialism, in the case of the so-called "Malvinas War." Unfortunately, even though many people in the Reagan Administration, who were friendly to me, were sympathetic to my defense of the Rio Treaty, defense of Argentina under the title of the Rio Treaty, Caspar Weinberger and others in the administration managed to push full U.S. support of the British toward the crushing of Argentina in the Malvinas War.

In that period, I met briefly with President López Portillo, in his office, and we discussed the matter. And he asked me:

What is the fate of Mexico, in this situation? And I said, “Well, the intention in Washington and New York, is to crush you, with a blow to come down no later than September of this year.” And from that discussion, and discussion with others in the Americas, there came my determination to set forth a policy, as an economist, which would be adequate to deal with the crisis, which was then, at that time, coming down on all of the states of the Americas: Mexico, Brazil, and Argentina, foremost.

For a brief period of time, my proposal, which was called *Operation Juárez*, seemed to hold the line, for a while. But then, under tremendous pressure from U.S. and other forces, the President of Brazil and the government of Argentina abandoned Mexico and President López Portillo to their own fate. Under these circumstances, Mexico was forced to capitulate, in large degree. However, in the meantime, President López Portillo had taken measures, together with his supporters in Mexico, to try to make reforms, which would have worked. My proposal, *Operation Juárez*, would have provided the framework, in which a united group of the states of Central and South America, would have been able to defend themselves, and also to win the United States government to cooperation with them.

Unfortunately, that did not occur. Henry Kissinger went to Mexico in October, for example; other pressures came down; U.S. State Department officials, from that point on, said, “This guy LaRouche will never be allowed in Mexico, again.” I was considered too dangerous to be turned loose. So, that’s what it was.

Now, look at the situation from that vantage point, today. We are now in the tail-end of a 1966-2002 international monetary system. This started about the period of the U.S. war in Indochina. It was consolidated in the first level, by Nixon’s destruction of the old Bretton Woods system on Aug. 15, 1971, replacing a sound, fixed-exchange-rate system by a floating-exchange-rate system. This particular reform, by Nixon, of the international monetary system, is the principal cause, of all of the economic and financial ruin, which has struck Central and South America, from that time to the present. And, many other parts of the world, as well.

That system is now finished. The present world financial-monetary system is dying, and could not be saved in its present form. The only alternative before us, is the alternative to absolute chaos and uncalculable wars, and riots and revolutions—the only alternative is to return to a kind of system, which is equitable for all nations, and which echoes all the best features of the reforms made by Franklin Roosevelt, and the reforms embodied in the 1946-1964 phase of the International Monetary Fund. That will work.

More Than New Financial System Needed

That will not, however, work by itself. A financial-monetary system is merely a framework, within which actual economic policy operates, politically. Therefore, other things are

needed, as well as simply going back to a gold-reserve-based, fixed-exchange-rate, protectionist system, away from the so-called “wildly free-market system,” that is disintegrating today.

All nations have to face that fact. *There is no possible way, under which the present IMF system, can continue to exist.* The likelihood is, that unless we eliminate that system by a reform, made by an influential group of nation-states, that this planet will be plunged into war and chaos, resembling the condition of Europe, during the 14th Century, following the collapse of the Lombard banking system. So, we *must* make that reform. We must find the political forces, which have the insight and the courage, as representative of nations, *to meet as nations*; and to institute that reform, *immediately*, on an emergency basis.

Now, what I proposed in *Operation Juárez* has several implications, especially when we’re talking about the relationship between the United States and Mexico, and the other states of the Americas. Now, as I said, the problem of both Mexico and the United States, during the early part of the 19th Century—and later on, too; but, during that period, up to Lincoln’s victory—was that European forces, *hateful* of the very idea of a true republic, were determined to destroy the United States. These were the slave-holding interests: the British monarchy and the Spanish monarchy puppet, who were the chief slave-traders, sending slaves into the United States, during this period. The Hapsburg interests in general, who were determined to destroy the United States, and to destroy any similar influence, from a pro-*latifundista* standpoint, in the Americas. And also other forces. So, the Civil War, in the United States, was run with Napoleonic influences—the Napoleonic group, like Barras and so forth, were very influential in the forming of the Confederacy. The slaveholder faction, which was tied to international finance, in New York, in London, and elsewhere, were part of the plan to *destroy* the United States, and to crush the Americas, as filibusters and so forth had attempted to do earlier.

So, the situation in 1859 to 1865 was, that Mexico was crushed, by the intervention of the combined forces of Britain, France, and Spain, and put under the fascist dictatorship of Maximilian and the *latifundista* interest that was rallied to his support, inside Mexico. Mexico, while it fought against this occupation, was in danger of being totally crushed, by the combination, particularly, of French occupying troops and Maximilian’s fascist-like dictatorship—a tradition which still exists, of course; we know it today.

It was at the conclusion of the Civil War, the victory of the United States over the Confederacy, that the United States emerged as the greatest military land power in the world, and an emerging naval power. With that power, the United States *ordered* the French out of Mexico, and they left. Maximilian *refused to leave*, and conducted an evil slaughter. And he died as a result. And Mexico got its freedom back, under Benito Juárez.