

# EIR Operation Juárez

## Continental integration: the Peronist experiment

*Part 3, on the century-old battle for integration, told how the only genuine effort in this century was launched from Argentina by Juan Domingo Perón. In a 1951 article, Perón proposed an Argentina-Brazil-Chile alliance, as the basis for a "South American Confederation" by the year 2000.*

The optimism and historic voluntarism that can be seen in the following article excerpt by Perón, prefigures today's speeches by Alan García:

Unity begins with union, which in turn is achieved through the unification of a primary nucleus of agglutination.

The immediate and medium-term future, in a world highly influenced by the economic factor, forces preferential consideration of this factor. No one nation or group of nations can face the task such a destiny imposes without *economic unity*.

The sign of the Southern Cross can be the symbol of triumph of the numina of the America of the southern hemisphere. Neither Argentina, nor Brazil, nor Chile can, by themselves, dream of the economic unity indispensable to face a destiny of greatness. United, however, they form a most formidable unit, astride the two oceans of modern civilization. Thus Latin-American unity could be attempted from here, with a multi-faceted operative base and unstoppable initial drive.

On this basis, the South American Confederation can be built northward, joining in that union all the peoples of Latin roots. How? It will come easily, if we are really set to do it.

If this Confederation is expected for the year 2000, what better than to jump ahead, thinking it preferable to wait from within, than to keep time waiting for us?

We know that these ideas will not please the im-

perialists who "divide to conquer." But for us, the moment World War Three ends the danger will be so great, that not to do it will truly be suicide.

United we will be unconquerable; separate, defenseless. If we are not equal to our mission, men and nations will suffer the fate of the mediocre. Fortune shall offer us her hand. May God wish we know to take hold of it. Every man and every nation has its hour of destiny. This is the hour of the Latin people.

We Argentines are prepared, ready, and waiting. If we throw the first stone, it is because we are blameless.

Over the next four years, Perón "threw the first stone" and carried forward this strategy of unification, achieving successes that terrorized the oligarchy and the international banks, who finally succeeded in overthrowing him in 1955.

With the election of Getulio Vargas to the Brazilian presidency in October 1950, and that of Carlos Ibáñez in Chile at the end of 1952, the chance to carry out this unity policy was in the offing.

Vargas was an old nationalist who had already governed in the 1930s. He returned to power in 1950 with the slogan of creating a "New State" to achieve the "directed industrialization" of Brazil. In June 1953, he named João Goulart as his minister of labor, and Goulart, unmistakably applying the Peronist strategy from neighboring Argentina, began to organize a strong labor base around "Getulismo". Goulart and Vargas defended the right to strike, doubled the minimum wage, and organized a Brazilian General Confederation of Workers (CGT), taking the Peronist CGT of Argentina as the model. During this period, Goulart traveled several times to Argentina, where he met with Perón.

Vargas also launched a campaign to nationalize oil, under the slogan "the oil is ours," and in October 1953 he

succeeded with the establishment of the state company Petrolbras. Peron praised it, saying that "Getulio Vargas, authentic representative of the Brazilian people, triumphed against the pressures of the North and the dollars of Standard Oil."

In Chile, Carlos Ibáñez was elected to the presidency at the end of 1952. Ibáñez had lived for many years in exile in Buenos Aires, and there had cultivated a strong friendship with Perón. It was no surprise, then, that the Argentine leader saw the election of Ibáñez as a golden opportunity. In February 1953, days before going to Chile on a state visit, Perón stated definitively to a Chilean newspaper:

I believe that Chilean-Argentine unity, a total unity and not half-way, should be complete and immediate. Simple economic unity will not be strong enough. . . . In this situation, one must be bold.

"Boldness" for Perón meant a virtual union of the two countries, which for centuries had been manipulated by the British to consider each other enemies. In his historic visit to Chile—despite the virulent protests and demonstrations organized by the socialist leader of the opposition, Salvador Allende—Perón succeeded in signing an agreement on the principles of economic unity.

Five months later, Ibáñez visited Buenos Aires, where he signed a treaty with Perón specifying the first concrete steps of that unity: mutual reduction of customs tariffs, increase in bilateral trade, and establishment of a joint council to determine the next measures to be taken. These steps were not as revolutionary as Perón would have liked, but they were an advance in the right direction.

Perón immediately moved to do the same with Paraguay. In October 1953, he traveled to that country, where he signed an agreement for closer relations. But a second trip, planned for the middle of 1954, had to be postponed because of the coup d'état carried out by Alfredo Stroessner in May of that year.

At the end of 1953, Argentina also signed bilateral economic pacts with Ecuador and Nicaragua, but in both cases political pressures on the different governments blocked the advance that Perón sought. In an attempt to outflank this problem, Perón in 1952 urged the CGT to form a continent-wide trade union organization: ATLAS (Agrupación de Trabajadores Latinoamericanos Sindicalistas). In November 1953, Perón explained his initiative:

We've a very sad experience of unions come by through governments; at least, in 150 years none have managed to crystallize with some definitiveness. Let's try the other path, which has never been tried, to see if, from below, we could gradually attain a determining influence in the realization of such unions.

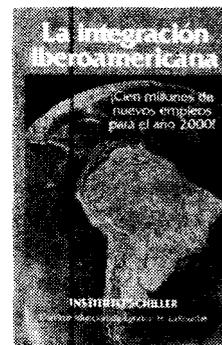
While Perón promoted ATLAS, the great question both for himself and for his oligarchic enemies, continued to be:

## Part 4

### Ibero-American integration

By the year 2000 there will be 100 million jobless in Ibero-America, unless the countries of the continent repudiate the policy of "adjustments" and "conditions" of the International Monetary Fund and World Bank.

In this book the reader will encounter a scientific program to meet the crisis. Prepared by an international group of specialists of the Schiller Institute at the request of the institute's Ibero-American Trade Union Commission, it is a study of the urgent means that will free Ibero-America of its economic dependency. The formation of a "debtors club," the physical integration of the continent by great infrastructure projects, and the creation of a Common Market are the first steps toward shaping an virtually self-sufficient economic superpower.



Released in September 1986 in Spanish by the New Benjamin Franklin House of New York, the book is being made available exclusively in English through EIR's serialization.

What will happen with Brazil? In 1954, as in 1986, the reality was simple: If Brazil enters, there will be integration and a common market; if not, not. As Joseph Page, Perón's biographer, explained:

It would have taken a Herculean effort to overcome the antagonism between Argentina and Brazil, a deeply entrenched reality which first Great Britain and later the United States exploited as the cornerstone of their diplomatic policy toward South America. Nonetheless, Getulio Vargas's surprise election victory in 1950 brought to the Brazilian presidency the only politician who could have reached an agreement with the Argentines. . . . Vargas was friendly with Perón, and was open to the idea of continental unity. According to Perón, when Vargas took the presidency again, he promised that they would meet in Rio de Janeiro or in Buenos Aires to sign the kind of agreement that Perón would later seal with Ibáñez.

But that meeting never took place. Under Anglo-American pressure, in February 1954 elements of the Brazilian military forced the “Peronist” Labor Minister João Goulart to resign. And in August of that year, a military manifesto demanded the same of President Vargas. He acceded, and then “committed suicide” under suspicious conditions that still remain to be clarified.

With Getulio died the immediate possibility of the dreamed-about ABC alliance. One year later, in the middle of 1955, a military coup also organized by the Anglo-American oligarchy, overthrew President Perón.

## Prebisch and ECLA

Perón was out of power in Argentina. But, how to contain the power of his ideas for integration on the continent? The Anglo-American oligarchy had already decided several years earlier that, if it encouraged direct opposition to the idea of integration and development, they would be shooting themselves in the foot. They preferred, rather, to come up with their *own* theories, institutions, and movements in favor of “unity” and “development,” to thereby subvert the strong nationalist ferment on the continent. The main institution created in 1948 towards this end was ECLA (Economic Commission for Latin America). And the man they chose to head up that operation was one who enjoyed their absolute confidence: Raúl Prebisch.

Why don Raúl? Because Prebisch, from his first political acts in the 1930s to his overdue death in 1986, was a shameless agent of British neo-colonialism.

Prebisch was trained at Columbia University and the London School of Economics. In 1930, with the coup d'état of General Uriburu, Prebisch succeeded in occupying his first post of some importance: that of deputy minister of economics. In 1933 he was named special adviser to the Economics Ministry, and took an active part in the negotiations of the infamous Roca-Runciman Treaty that same year. That treaty turned Argentina into a virtual economic colony of the British Crown throughout the period of the 1930s depression: It was the only Ibero-American country which did not suspend its debt payments during the depression.

In 1934 Prebisch played a key role in the creation of the Argentine Central Bank, as a substitute for the old Banco de la Nación. So brazen was the British role in this deal that the Crown sent Sir Otto Niemeyer, official representative of the Bank of England, to Argentina with a detailed plan of the kind of bank they wanted. Unfortunately, Sir Otto could not find an economics minister ready to do what he wanted. One minister after another was fired, until one Pinedo was finally named. Although Pinedo too offered some resistance, Deputy Minister Prebisch came to the rescue and, in his own words: “I was able to convince him, and later I was put in charge of carrying out the definitive project of the central bank.”

The resulting institution, directed by Prebisch from 1934 to 1945, was a masterful work of submission to British monetarism. The Argentine foreign debt was paid punctually, emphasis was placed on agricultural exports, and industry was systematically strangled.

When the Anglo-Americans overthrew Perón in 1955, they immediately called on don Raúl to “fix up” the Argentine economy. He returned from exile in the company of a team of ECLA technicians, and prepared the notorious “Prebisch Plan,” in which he proposed measures identical to those recommended today by the IMF:

- Reduce the size of the state sector of the economy, which would imply firing at least 20,000 “unproductive” state employees.
- Channel the economy toward agricultural production for export, away from industrial production, and raising internal prices of agricultural products.
- No wage increases for workers to compensate for the increase in food prices.
- Halt the issuance of credit for the national economy, especially for the industrial sector.
- Contract new international loans.
- Establish “floating parities” (that is, devalue the Argentine peso) and free repatriation of all profits of foreign companies.
- Export everything possible to pay recently contracted debts.

These acts tell much more about Prebisch than his sugar-coated words about “*desarrollismo*.”

And what of the ECLA version of “integration”?

Since its founding in 1948 with Prebisch at its head, ECLA has promoted a sort of “slow” integration, limited in its objectives to reducing customs tariffs among Ibero-American countries over a period of 10 years, and that within the free-trade global framework of General Agreement on Tariffs and Trade (GATT). It never accepted the idea of Friedrich List—the 19th-century German economist of the American System school—of imposing tax barriers against products from outside the common market; never did it contemplate joint projects or even joint development strategies; it absolutely never thought of establishing a common currency.

ECLA’s first work on the subject was published in January 1954, with the title *Study of the Prospects of Inter-Latin American Trade*. What was astonishing about the study was that, although it came out within just a few months of Perón’s dramatic and revolutionary 1953 initiatives for continental unity, not once in its 134 pages of text did it dare to mention Perón—not even to criticize him. Instead, it presented the idea of integration as if it was an original discovery of ECLA, that had never occurred previously to anyone else.

Nearly three years later, in November 1956, ECLA organized a meeting of its Trade Committee, from which it issued its first call for a Latin American Common Market as such. But, this done, it stressed that "evolution towards a regional market will be slow and gradual," and argued that "the best path would be to seek the services of GATT." Its clear intention was to capture the integrationist ferment that still existed in Ibero-America, and channel it in a timid and innocuous manner for the oligarchy.

In the following years, the ECLA boys of Prebisch continued to insist on "their" version of integration, such that in February 1959 they were able to hold a second Working Session, where discussion centered on the "differences" among the attending nations and the need to give "preferential" treatment to certain countries and certain products. ECLA had succeeded in turning all discussion on the common market into a debate on what should be "excluded" from such an agreement, even before it existed! And always the admonition against taking any concrete steps: "In a field in which Latin America lacks all experience, to make a total commitment from the very beginning could be a veritable leap into the void."

The formation of ALALC (Latin American Association of Free Trade) the following year could definitely not be accused of the sin of "total commitment" to integration. Rather, it was a sad parody of the serious efforts attempted one decade earlier. The only thing that ALALC did was establish a framework within which negotiations to reduce customs tariffs among the continent's nations could be carried out, product by product. It did not contemplate any coordination of trade, investment, credit, or other policies.

After 20 years of activity increasingly irrelevant to the terrible economic reality of the continent, ALALC was disbanded and replaced by the equally useless ALADI (Latin American Association of Integration). Subregional efforts such as Caricom and the Central American Common Market essentially suffer the same problem as ALALC.

Of all the regional and subregional organizations that emerged in the post-war period, the only institution that diverged from the ECLA guidelines was the Andean Pact, formed in 1969, and SELA (Latin American Economic System), formed one decade later on the initiative of Luis Echeverría and Carlos Andrés Pérez, then Presidents of Mexico and Venezuela respectively. Unlike ALALC, the Andean Pact did not have its origins in ECLA, but in the social doctrine of the Vatican, and particularly in the deliberations that followed the encyclical *Populorum Progressio*, of Paul VI. This means that the Andean Pact in effect grew from the same tree that yielded Peronism.

The fundamental difference between the Andean Pact and the ECLA theory can be seen in the programmatic proposals of the Pact. It proposed not only the reduction of tariffs among member nations, but also:

- establish a common protectionist tariff toward the exterior;
- carry out regional projects and investment;
- coordinate different national economic policies;
- and
- unite criteria in regard to foreign investment, which resulted in the famous Decision 24 of the Andean Pact.

If the Andean Pact has also failed and has not brought about a true Common Market, it is not for the failure of its original concept, but because that concept was applied on too limited a scale, and also because the Pact has been the victim of operations by the Anglo-American oligarchy to destroy it.

### Operation Juárez

The Malvinas War, in 1982, made clear for many Ibero-Americans what was already evident to Juan Domingo Perón 35 years earlier: that the disastrous world order established in the post-war era means that Ibero-America must develop its own independent power—economically, militarily, and politically—if it is to maintain its sovereignty and very existence under crisis conditions like the current ones. And only a united Ibero-America can achieve this; there is no nation on the continent able to do this by itself.

During the Malvinas War, in May 1982, U.S. economist Lyndon H. LaRouche, Jr. traveled to Mexico to meet with President José López Portillo and other important political leaders. Some of them asked him to write out his proposal for dealing with the problem of the foreign debt. Three months later, the historic essay *Operation Juárez* was published, in which LaRouche takes up the old integrationist idea, and poses the necessity of immediately forming a Debtors' Club and an Ibero-American Common Market. He demonstrated the necessity of creating such institutions to stop the IMF's genocide; he explained conceptually how these institutions could function, technically, and politically; and argued that the only real obstacle to achieving this was the political problem of mobilizing the leadership of the continent to undertake this difficult task.

The months and years to come will prove the veracity of LaRouche's evaluation.

Today, Ibero-America finds itself with a new—and possibly its last—chance to achieve genuine integration. Since July 1985, when Alan García assumed the Peruvian presidency, the continent has again had a clear voice around which to mobilize for unity.

This book intends as its primary purpose to contribute to the realization of that longed-for integration, demonstrating both the feasibility and the conceptual grounding for the Ibero-American Common Market. Its more detailed elaboration will be the task of that successful integrationist movement that we also seek to awaken and consolidate.