

LaRouche: With a New Bretton Woods, Argentina's Opportunities Are Great

On Oct. 31, the following interview was conducted by telephone with former U.S. Presidential pre-candidate Lyndon LaRouche, and broadcast live on Carlos Gamero's hour-long "Economic Agenda" program on LU5 Radio in the southern Argentine province of Neuquén. Neuquén is a major oil-producing region, and it also has significant capabilities in the nuclear field, including a major heavy-water plant. LU5 Radio is one of the largest stations in the area, and it reaches most of southern Argentina; the estimated audience for the well-publicized LaRouche interview was of about a half-million listeners.

LaRouche was interviewed by a panel of local dignitaries, most of whom were already familiar with LaRouche's writings, and who wanted to question him about his views on the world and Argentine crises. They included:

Luis Aníbal Rodríguez Luppo, an engineer and professor at Comahue University.

Luis Zingoni, president of the Rural Society of the Patagonian Northeast.

Dr. Carlos Kreplak, Vice President of ACIPAN, the regional chamber of commerce.

Rubén Rousillón, an engineer and a regional councilman for the Peronist party, and a former foreign trade secretary of Neuquén province.

Mario Ferrín, EIR's representative in Neuquén.

The text of the interview follows:

Gamero: Mr. LaRouche, please make an opening statement on your views with regard to the international financial situation. What is the status of the oil price crisis, and will this in fact lead to a crash of the dollar, as you have stated in some of your writings?

LaRouche: Well, we are in fact on the edge of, not a collapse like that of 1929-31, but a general disintegration of the entire international monetary and financial system in its current form. Now, while we cannot say exactly what week or day the system will disintegrate, if you watch the market movements very closely, internationally, as I do, you see, over the past two years since the crisis of 1998, the August-September crisis, an increasingly desperate money-pumping by the United States, and the looting of the euro and the Japanese yen to try to boost the dollar, and looting of every other part of the Americas, as well as Asia and Europe.

There is a greatly increasing volatility and instability in

the system. Any disturbance at this point, of any significance, and the whole system will blow. We can't say when, but it will blow.

Therefore, those who are intelligent in this business are not worrying when or how the crisis is going to occur. More and more, all leading circles in Europe and the United States, etc., share my view. The thing to think about, is not *when* the collapse occurs, but *what do we do* immediately afterward. When the crash comes, it will be the biggest financial crisis of European civilization in three centuries, with accompanying tremendous political and social instability throughout most parts of the world.

On the oil crisis itself, that, of course, is a by-product of this speculation. It has nothing to do with the supply of oil. At present, outside the United States, there are long-term agreements being negotiated to take the trade of petroleum out of the hands of the speculators and put it in the hands, again, of government-to-government agreements.

For example, at the present time, there is a long-term, 20-year negotiation being set up between western Europe and Russia, and also involving countries in Asia, for 20 years of petroleum from Central Asia in return for technology. That kind of thinking is in OPEC extensively. And while such agreements will not solve the financial problem, they will introduce an element of political stability in relations among states.

I think we are headed to the possibility of an end to globalization, and a return to more emphasis on nation-to-nation trading agreements in the medium- and long-term.

Of course, we require a new monetary system, a New Bretton Woods system, a return to the kind of policy that we had between 1945 and 1964. On that basis, we can rebuild a new system and get out of the mess. The question is, do we have the politicians and political power who have the courage and the intelligence to make that kind of reorganization?

I can only say, in conclusion on this point, that this is the worst crisis in three centuries, but I personally am optimistic.

Gamero: You made statements recently in a radio interview in Caracas, Venezuela, where you said that the rise in the price of oil was due to speculation, and you called for a return to government-to-government oil deals between producers and consumers. Is the price of oil going to break \$40 per barrel?



*Lyndon LaRouche
(center, hands clasped)
in Argentina in 1985,
during which visit he met
with President Raúl
Alfonsín.*

LaRouche: It's headed in that direction. You have to wait to see what happens immediately after the U.S. Presidential elections next week. We're in a highly artificial situation, where the U.S. government is doing everything possible to try to prevent a crisis until after the Presidential elections have been concluded. Once the election is concluded, then the tendency for great instability will explode again. Unless the correct action is taken among governments, you are going to have an explosion of the general hyperinflationary tendency in world commodity prices, including petroleum.

For example, the United States' real inflation rate, its commodity inflation rate, is right now over 10%. Many categories are 20-30%. A few categories are over 100%. This tendency is inevitable, unless we straighten the system out.

So the point is, will the governments negotiate, or will they not? The inclination in Eurasia is to negotiate—that is, across all of Asia. The problem is that in the United States, there is a determination *not* to negotiate, and for that reason, many in Europe and elsewhere are forecasting the likelihood that the United States dollar will crash. Sometimes a desperado shoots himself.

Rousilló: In the interest of overcoming our problems in countries such as Argentina, the problems of development, we wonder what advice you have for us. In part, you've answered that in what you have already said, in discussing the New Bretton Woods. Is such a New Bretton Woods system actually the way out for the developing sector, and in particular for Argentina—a country which is undergoing a recession, which is undergoing an invasion of foreign products as a result

of globalization? What do you recommend that we do?

LaRouche: We are going to have to have what I proposed essentially back in 1982, the draft proposal which I named "Operation Juárez," in honor of the relationship of President Abraham Lincoln and President Benito Juárez of Mexico. That was done in the context of the Malvinas War, in which I was very much involved politically in that period. What we need is a regional organization among many of the states of the Americas, with full respect for their sovereignty, as a cooperative agency to undertake the regional tasks of rebuilding each of these nations. Such a development, if it occurs, will occur in cooperation with a group in Asia which is called the ASEAN-Plus-3 group [Association of Southeast Asian Nations plus China, Japan, and South Korea], which has been emerging as a very important group in their common defense.

We have a gigantic agreement being developed now between people in the European Union, Russia and other countries, on a Eurasia-wide, OPEC-linked oil-for-technology agreement. I think these ideas, which in some parts of the world are closer to realization than in others, at a moment when the present United States' policies are discredited worldwide, under conditions of crisis, will either come to agreement, or we won't. If we don't, the whole world will go into a Dark Age—not in the distant future, but rather immediately.

If we agree, then these regional blocs, which are emerging now, will become the negotiating instruments through which we create something equivalent to a New Bretton Woods. This would require a return to the pre-1965 ideas about how to run an economy, which means to develop the prosperity of

agriculture, of industry, of technology, of infrastructure. This means, in turn, to create long-term credit from state credit, within countries and among countries. This means, essentially, a system of 25-year-long, long-term, low-cost infrastructure and related credit policies.

The objective would be to do, on a global scale, what the United States did between 1945 and 1965, in the relation between Europe and the United States. It will be a great challenge to do that, but it can succeed if we're stubborn and patient at the same time. I think in one generation, we can get out of the Hell we've been living through increasingly in the past 35 years. So, I'm optimistic.

Rodríguez Luppó: In the 1950s, Argentina was a pioneer in the area of nuclear fusion as a source of cheap energy. It's our understanding, Mr. LaRouche, that you have a Fusion Energy Foundation which is dedicated to the study of these matters. Can you tell us something about this?

LaRouche: The Fusion Energy Foundation in the United States was shut down by the government in a political operation, by the friends of George Bush, Sr. and Henry Kissinger. But the work goes on. The fusion work has been postponed, because of these delays over the years. The capabilities exist and are still being worked on.

Worldwide, or at least in many parts of the world, there is a renaissance in nuclear technology. Now, of course, in Argentina, in the Patagonian area in particular, it's very important to have high-density energy sources in areas that are presently very remote, because obviously, in order to develop these areas, you need a reliable energy source in those areas.

So, presuming that we get a New Bretton Woods System, such programs in Argentina and elsewhere—Brazil, of course—become possible.

You have areas which cannot be efficiently developed without nuclear energy, as in the case of India, for example. Even if you could do it without nuclear energy, it would not be economical to do so. So, presuming we have the political situation back under control, that is, a pro-development orientation, obviously any economist who looks at the prospect for development of Argentina—and particularly the underdeveloped areas, where large-scale infrastructure development is indispensable—the revitalization of the economy of Argentina would obviously mean a large emphasis on this area of work.

Under conditions like that worldwide, the fusion question can then come back seriously. The problem is that there is no money going into that area, and not enough people working in it. And, of course, this requires the revitalization of universities as well. I think the future of the fusion program depends upon those kinds of considerations.

Kreplak: I would like to discuss the current situation facing Argentina, which has been in a deep recession for the last two years. There's a fixed exchange rate vis-à-vis the dollar. Ten years ago, a protectionist state policy was dropped in favor of

a free-market approach, but no efficiency developed, as we had been promised. The result has been dumping and contraband, small businesses are being wiped out, there's 15% official unemployment (and 20% real unemployment), and all the productive sectors are falling apart. The state is also inefficient: Total state indebtedness is 50% of GNP.

In 1991, Mr. LaRouche, you forecast that Russia would end up in chaos and economic catastrophe if it implemented IMF policies. Without trying to make a mathematical equivalence between Russia and Argentina, what is your view, as an international observer, of what awaits Argentina? Is there a way out? What should our policy be? Can we grow to bring welfare to our entire population?

LaRouche: The problem is entirely the fact that, since 1989-90, there has been a sort of syndicate of British, French, Canadian, Australian, New Zealand, and Wall Street interests. They have set up a kind of international empire of finance capital. There was an acceleration under these conditions of what was called a radical, free-trade globalization policy. The problem didn't start in 1989-90, but it was accelerated by the collapse of the Soviet system. The process actually started about 35 years ago; it accelerated in 1971, with the break-up of the old Bretton Woods agreement; it accelerated greatly in the 1980s. So, every part of the world, including the United States itself, is being ruined, bankrupted, by these policies.

Because of a certain hatred against Argentina by the English-speaking powers, Argentina has tended to suffer a little bit more than some of the other countries. But every country in the world is suffering from this.

The collapse of the system would mean a bankrupting of those financial interests which have been running the world for this period. Very much like the hatred against bankers which erupted with the 1929-31 collapse, under those conditions, political forces would have the ability to challenge the authority of finance capital. The simple salvation of peoples would demand that new measures be taken which would essentially be a return to the kind of thinking that existed 35 years ago and earlier.

Obviously, if this present system were to continue, there would be no chance for *any* country. Now, we have the worst financial collapse in modern history going on right now. Very soon, this will strike with a certain finality. This will give us the opportunity to turn the clock back to sanity, if we have the political will to do so.

If you look around the world as I do, you can see signs around the world. People, not only Mahathir of Malaysia but others, are beginning to say, "No, no, no! This is bad; we're going back to a better system." Those voices can be heard in western Europe, in Russia. They're heard in Japan, they're heard in Korea, they're heard in China. This is the mood which is growing around the world, despite what we might hear from some of the U.S. press.

It's a question of whether we can muster the political will and the optimism in the population, to do what experience should have taught us we should do: to create state credit

to stimulate the entire economy with large-scale necessary infrastructure projects, to promote the increased production of food in a food-hungry world, to develop our industries again, and to especially develop the high-technology frontier of technological progress. And, not unimportant, is to give people back their pride.

Under such conditions, I think we have the opportunity, at least, to reverse this situation. And my concern is to encourage people to realize that they have reason to be optimistic, to admit that the financial system is admittedly a disaster, but also to recognize that the collapse of the financial system is an opportunity to return to sane policies we otherwise would be unable to do.

Question from a Caller: Argentina today has serious social problems. The economic targets of the government are not being met, or have no solution. They're seeking new credits abroad. The question is, what is the view internationally, the forecast, with regard to Argentina's future? And again, what would be the proposals in your New Bretton Woods type of approach?

LaRouche: The future of Argentina, at this point, depends entirely upon what happens when, and after, the crash occurs, which is now oncoming. One would hope that the crash would discredit the present international policies, and would therefore generate a consensus among many nations to return to the kind of system we had 35 years ago, or earlier. In that case, the opportunities of Argentina are great.

Gamero: Over recent years, Argentina's agricultural sector has transferred income to other sectors of the economy, which is equivalent to the foreign debt of Argentina. Argentina, unlike other countries, has no subsidies for agricultural production, but taxes increase. It has very high interest rates, which are usurious. The policies of the Banco de la Nación have been a disaster. The question is: What message do you, Mr. LaRouche, have for farmers and other producers, and even to the government, with regard to these policy areas?

LaRouche: We have a very serious worldwide food shortage. Argentina is one of the areas which has developed to expand its agricultural production. In some way, we have to get some loans of between 1-2% over 25 years, and some protection otherwise for agriculture—for example, stability of markets. Under these conditions, I think we could have a very rapid expansion of agriculture, and a stable one, in Argentina. It was done before, and we can do it again.

Gamero: We were laughing among ourselves when you mentioned interest rates of 1-2%, because the last refinancing of the agricultural debt that occurred here was at 8% interest rates. But my question to you is with regard to Malaysia, and what Prime Minister Mahathir has done. Understanding that there are differences, is it feasible for other sovereign nations to do what Malaysia has done?

LaRouche: Mahathir is a man of courage. He also had a certain sympathy and support from Japanese and other interests. Malaysia has special characteristics, stemming from the way it developed in the postwar period. Under these conditions, with an unusually good leader and support and sympathy from other countries, Dr. Mahathir had the courage to do what was needed, and so far he has enjoyed sufficient support to succeed. It's different from Argentina, as you say, but there are lessons to be learned which can be applied in Argentina.

Gamero: And what would those lessons be?

LaRouche: First of all, strong national spirit, confidence, friendly and cooperative neighbors, and a less brutal attitude from the great neighbor to the north. These things, I think, would be enough for success.

Q: You were talking about alliances. This was of particular interest, especially the question of Europe and Russia having oil-for-technology deals. This has often been referred to as "compensated trade" in economic discussions. Are these the kinds of measures to which we should return?

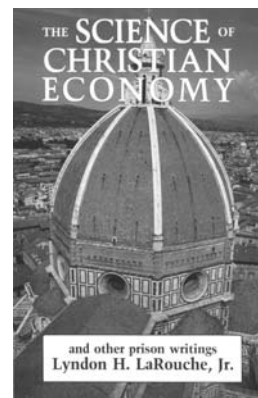
LaRouche: Absolutely. People should look at their friends in Italy, in the Italian Parliament. You will find similar thinking right there.

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