

Steps for a New Monetary Order

In August 1982, Lyndon LaRouche authored a book-length report entitled “Operation Juárez,” which proposed a comprehensive global debt-reorganization and follow-on measures required to establish a production-oriented new financial system. Given the enduring applicability of these principles to today’s crisis, we reprint below excerpts from the specific measures proposed.

Collective Negotiation of Debt-Reorganization

No matter how lacking in economic viability a nation may be, unless we are Adolf Hitlers, we never put a nation out of business “mercifully.” No matter how bankrupt a nation may be, we are morally obliged, under any and all circumstances, to make it economically viable at whatever cost. It is sufficient to rewrite a new series of debts, and debt payment schedules, to replace the previously existing debts and payment schedules. The new issues of debt will replace, or “buy up” the old....

“Common sense” may recommend to us that a great portion of the debt were better simply written off—a common condition among “least-developed nations” today. In negotiations of such matters, we must be guided by an eye to the principle of equity.

Many of the debtor nations were forced into refinancing debts at immorally usurious rates, and with other lunatic arrangements, at the point of a gun—sometimes, quite literally, Kissinger’s guns. Such features of the carried-forward debt of nations cannot be considered exactly a debt contracted in good faith.

Ibero-American Monetary Order

1) In no republic must any other issues of credit be permitted, as a matter of punishable violation of the law against immoral usury, excepting: (a) deferred-payment credit between buyers and sellers of goods and services; (b) banking loans against combined lawful currency and bullion on deposit in a lawful manner; (c) loan of issues of credit created in the form of issues of national currency-notes of the treasury of the national government.

2) Loan of government-created credit (currency-notes) must be directed to those forms of investment which promote technological progress in realizing the

fullest potentials for applying otherwise idled capital-goods, otherwise idled goods-producing capacities, and otherwise idled productive labor, to produce goods or to develop the basic economic infrastructure needed for maintenance and development of production and physical distribution of goods....

3) In each republic, there must be a state-owned national bank....

4) No lending institutions shall exist within the nation except as they are subject to standards of practice and auditing by the treasury of the government and auditors of the national bank....

5) The treasury and national bank, as a partnership, have continual authority to administer capital-

controls and exchange-controls and to regulate negotiations of loans taken from foreign sources....

6) The policies of taxation of the national government must be designed to expropriate ground-rent and usury income, to foster well-being of households, and to give preferential treatment to those classes of ventures which are established to be in the relatively greater national interest....

7) In a number of instances, it is simply desirable, or even indispensable, that a severe currency reform be implemented immediately....

8) Sovereign valuation of the foreign-exchange value of a nation’s currency must be established. The first approximation of the value of a nation’s currency is the purchasing power of that currency within the internal economy of that nation....

