

# LaRouche Asks: Which Bank Of the South Will Prevail?

by Cynthia R. Rush

While international financiers watched anxiously from abroad, seven South American Presidents gathered in Buenos Aires on Dec. 9 to take the historic step of founding the Bank of the South, a new regional financial institution representing the sovereign interests of its member nations, with a mandate to finance the integrated economic and social development of all the countries of the Union of South American Nations (UNASUR). Presided over by outgoing Argentine President Néstor Kirchner, the founding ceremony included the Presidents of Bolivia, Brazil, Ecuador, Paraguay, and Venezuela, and a Cabinet minister from Uruguay. Uruguayan President Tabaré Vázquez arrived the next day to sign the founding document.

The finance ministers from these member countries now have 60 days in which to finally resolve key details of how the bank will function.

That the founding ceremony took place in Buenos Aires on Dec. 9 was entirely appropriate. It had been originally planned for Dec. 5 in Caracas, but the participating Presidents decided to move the time and place to coincide with the Dec. 10 inauguration of Cristina Fernández de Kirchner as Argentina's new President, which all planned to attend. The locale and celebratory environment allowed the Presidents to both pay tribute to President Néstor Kirchner, one of the bank's intellectual architects and an outspoken advocate of regional integration, while also welcoming the new Argentine head of state, who is committed to continuing her husband's regional policies.

As Fernández de Kirchner said in her speech at the founding ceremony, "In this Bank of the South, we place our hopes, that it will be an instrument that addresses what our people and our societies need: investment for infrastructure, for pro-

duction, for work, and to improve the quality of life of our compatriots. These are the reasons for which we long ago embraced this political cause."

## Two Opposing Conceptions

With the global financial system disintegrating around them, international financiers found little cause for joy in the proclamations of Ibero-American unity and optimistic talk of "financial emancipation" and economic development that characterized the Buenos Aires gathering. President Kirchner movingly addressed each of the other leaders individually, thanking them profusely for their support and expressing joy that on the eve of his leaving office, the Bank of the South had become a reality.

It took a fight among the Presidents themselves to finally agree to hold the founding ceremony at all. The City of London and its Wall Street allies, working through the interests they control, such as Spain's Banco Santander and the International Monetary Fund, had succeeded in delaying the founding more than once. They particularly ran a number of dirty operations in Brazil, the economic giant whose participation in the bank is essential to its success.

But, as Lyndon LaRouche commented on Dec. 9, the fight is far from over. The issue, he said, is that there isn't just one Bank of the South, but two, and the British gamemasters who pull the strings of various assets in the region, are determined that *their* version is the one that will prevail.

The latter, LaRouche said, is the Jacobin "Bolivarian" model, which Venezuelan President Hugo Chávez and his ally Cuban President Fidel Castro have given voice to, by calling for the bank to contribute to the downfall of the dollar and the United States by promoting a regional currency bloc with its

“own” capital market. Chávez and Castro have fallen into the British trap, LaRouche said, as seen in Castro’s Nov. 29 diatribe in the daily *Granma*, where he cited the 1823 Monroe Doctrine as evidence of U.S. world “tyranny.”

Castro never learned history, LaRouche commented. If he had, he would have known that John Quincy Adams authored the Monroe Doctrine in 1823 *against* the British Empire, which had designs on South America, and used such Foreign Office agents as Jeremy Bentham to capture and control the South American independence movement, to prevent it from emulating the American Revolution. Even the Liberator Simón Bolívar, so admired by Castro, was smart enough to recognize in later life that his earlier association with Bentham had been a grave mistake, and publicly repudiated it.

The other Bank of the South, LaRouche explained, is, potentially, one that reflects his own programmatic proposals—the New Bretton Woods and the Eurasian Land-Bridge—conceived of as the seed-crystal of a new *international* financial architecture, free of the dictates of private financier interests whose system is now crumbling. This conception is based on a specific republican historical tradition of cooperation among the sovereign nation-states of the Americas, as John Quincy Adams envisioned, and as LaRouche detailed in his groundbreaking 1982 *Operation Juárez* proposal.

## Keeping the Focus Clear

During the Bank of the South ceremony and the mass celebration that followed Cristina Fernández’s inauguration, the LaRouche Youth Movement (LYM) intervened to keep the Presidents’ attention focussed on the central programmatic issues.

Amidst a boisterous, joyful crowd of at least 150,000 people gathered at Buenos Aires’s main Plaza de Mayo to celebrate the inauguration, a LYM delegation boldly made its way to the front of the crowd and unfurled a gigantic banner with this message: “Cristina: You’ve Achieved the Bank of the South; Now, Let’s Move Toward a New Bretton Woods—LaRouche.” Both former President Kirchner and the new President clearly saw the banner, while many of the participants at the rally grabbed up LYM literature on the Eurasian Land-Bridge and New Bretton Woods, and engaged in serious conversation.

This intervention is crucial because of the vulnerability of some Presidents to the Jacobin view, or to the mistaken conception of the bank as merely a regional operation. Ecuador’s President Rafael Correa, who has backed the Bank of the South project from the very beginning, referred to the new institution Dec. 9 as the “beginning of a new international financial architecture”—which is exactly what it must be, if it is to succeed.

But in later joining with Bolivian President Evo Morales in calling for the creation of a regional currency, Correa toyed with the dangerous illusion that the Bank of the South will

somehow protect member countries from the world financial meltdown by dumping the dollar and devising local solutions. In reality, it is only as a regional component of a new *international* monetary system, that the Bank has any chance of success.

It’s the absence of clarity on this issue that gives the Jacobin faction latitude to sow chaos, as Hugo Chávez has done in Venezuela’s super-charged internal situation, or in Bolivia, where his support for President Evo Morales has come in the form of egging on indigenous Jacobin hordes to take on right-wing fascists, in a situation that is bordering on civil war.

Chávez’s provocative outbursts are also extraordinarily dangerous, as they provide the British Empire faction the cover it needs to attempt an assassination of Chávez, or moves towards civil war, that LaRouche has warned might be attempted as an efficient way to blow up all of Ibero-America.

It was because of the fallout from his brawl with Chávez over the latter’s role in negotiating a hostage-release deal with Colombia’s narco-terrorist FARC, that Colombian President Alvaro Uribe waffled on his earlier decision to join the Bank of the South, announcing on Dec. 5 that his government would hold off for the moment, while maintaining the “political will” to join at a future time.

## What About Argentina?

As she enters the Presidency, this is the complex regional situation that the combative Cristina Fernández faces, already feeling the pressure from international bankers who hope to force her to back down from the aggressive anti-IMF stance her husband maintained throughout his term in office.

But the new President has made very clear that she’s no pushover. While her husband’s last act in office was to preside over the official founding of the Bank of the South, Cristina Fernández’s first act in office was to tell the bondholders who refused to participate in the 2005 debt restructuring—these are the predatory vulture funds—that she will not meet their demands for full payment on their debt. Finance Minister Martín Lousteau told reporters on Dec. 12 that those “hold-outs” who refused to accept the government’s original offer of 30 cents on the dollar “were badly advised. . . . The debt swap will not reopen.”

Similarly, after IMF Managing Director Dominique Strauss-Khan reported that Argentina would have to undergo an IMF auditing of its economy, as a prerequisite for renegotiating its \$6.3 billion debt with the Club of Paris, President Fernández announced on Dec. 14 that she would postpone any dealings with the Paris Club until March or April. Argentina currently has no agreement with the IMF, and sees no reason why its dealings with the Paris Club should be dependent on an IMF evaluation of its economy. Finance Minister Lousteau added that negotiations with the Europeans are “not urgent.”