

Editorial

The Argentina-Brazil Summit

When the heads of state of the International Monetary Fund's two largest debtors get together for a strategy discussion, there is good reason for the international financiers to be worried. While the IMF avoided an all-out confrontation with Argentina March 9, by backing off temporarily on its demands on behalf of the vulture funds, the world's dominant financial institution knows it is not out of the woods. New financial shocks, such as an imminent blow-out of the housing bubble, are in the air.

Most importantly, the IMF bankers have to worry that their victims might turn to the leadership of Lyndon LaRouche. They are not unaware of the fact that LaRouche's Youth Movement played a pivotal leadership role in the Argentine resistance to the IMF's demands. The Argentines emerged from the showdown in an optimistic, fighting spirit, which spirit has the potential to inspire their close neighbor Brazil.

During their March 16 summit in Rio de Janeiro, Brazilian President Inacio Lula da Silva and Argentine President Néstor Kirchner did not adopt LaRouche's approach to dumping the IMF and establishing a new monetary system; but they did announce a joint negotiating strategy for dealing with that institution, which portends an even bigger fight to come.

The first, and central, element of the Act of Copacabana which the two presidents signed, called for "conducting negotiations with multilateral lending agencies, insuring a primary surplus and other economic policy measures that don't compromise growth, and guaranteeing the sustainability of the debt in such a way that even investment in infrastructure is preserved." It emphasized the need to encourage national and regional investments, and "elaborat[e] alternatives to neutralize in our countries, the negative effects resulting from the imbalances generated in the developed world."

Argentina's Finance Minister Roberto Lavagna emphasized that the final communiqué, "the Declaration on Cooperation for Fair Economic Growth," is "not a rhetorical document, as it deals with substantive questions such as the "poor functioning of the international

financial system, the need not to depend on foreign capital, and a commercial opening" to the developed world. Chief of Staff Alberto Fernandez said the declaration "should be read by the whole world."

There are two crucial aspects to this agreement. Number one, the two South American giants are implicitly committing themselves to coordinate their negotiations with the IMF, something which the international bankers have been desperate to prevent, especially since they had to face the specter of a "debtors cartel" in the late 1970s and early 1980s. Not only that, but Argentina and Brazil immediately decided to invite Paraguay and Uruguay, their partners in the Common Market of the South (Mercosur), to join with them in the negotiating framework.

Number two, the Presidents were drawing a line in the sand against one of the IMF's favorite means of looting, the demand for a "primary budget surplus" that will guarantee monies for the payment of debt. The framework for negotiation explicitly insists that this demand not be permitted to get in the way of necessary infrastructure investments in the debtor countries.

To the IMF and the international bankers, of course, such a demand is anathema. The payment of debts, most emphatically including those which have been outright created by usury and rigging of currency values, is considered the highest obligation by these bankers, above those obligations to improve the conditions of life of populations.

There is no assuring that Argentina and Brazil will stick to this course, naturally. As was the case with López Portillo's Mexico in 1982, they will come under enormous pressure to capitulate to the genocidal conditions which the IMF system is, by its own logic, compelled to impose to try to save the bankrupt monetary order.

At bottom, the only way to ensure their survival, as well as that of their creditors, is for the world's major nations to take up LaRouche's plans for a New Bretton Woods. One is reminded of one of the LaRouche Youth Movement's slogans: Brazil + Argentina + LaRouche = Survival."