

Zepp-LaRouche urges Brazil to dump IMF globalization

by Silvia Palacios

The Aug. 8-14 trip to Brazil of Schiller Institute founder Helga Zepp-LaRouche could not have come at a more dramatic moment. On Aug. 13, the Russian economy came to a virtual standstill, followed four days later by a 34% ruble devaluation and the imposition of limited currency controls. Mrs. LaRouche, wife of *EIR* founder and statesman Lyndon LaRouche, addressed Brazilian citizens in several public and private meetings during her visit, with an urgent message: Brazil must reject the International Monetary Fund's globalization policies, and become a leader in the mobilization to reorganize the world financial system, through an alliance of sovereign nation-states.

In this, her third visit to Brazil since 1989, Mrs. LaRouche participated in meetings in Rio de Janeiro and in the industrial center of São Paulo, attended by a total of more than 500 people. High-level political figures, businessmen, diplomats, political activists, economists, and active-duty military officers, turned out to listen to, and enthusiastically discuss, Mrs. LaRouche's evaluation of the world monetary crisis, and the proposals her husband has put forward to reverse it.

Her visit was most timely: The Brazilian President, Sir Fernando Henrique Cardoso, is desperately trying to prevent his country from blowing up financially, at least until the Oct. 4 Presidential elections, in which he hopes to be re-elected. But the rate at which the world monetary system is imploding, has created a climate inside the country in which patriotic forces in Brazil can come forward to shape policy — provided they act boldly, as Mrs. LaRouche suggests.

Zepp-LaRouche's presence in Rio de Janeiro was noted by the influential financial newspaper *Monitor Mercantil*, which observed in its Aug. 11 edition that, "during her talks

with the press, Helga Zepp-LaRouche expressed the great disappointment that exists in Europe and in the United States over Brazil. The country which held promise of becoming an emerging power at the end of the century, is in a process of Africanization. Deindustrialization and automatic alignment with the policies of the financial sector, has relegated Brazil to a secondary and declining role in the world picture."

In its Aug. 18 edition, one day after the explosion of the Russian crisis—whose forecast was a constant theme of Zepp-LaRouche's visit—*Monitor Mercantil* carried an exclusive interview with the Schiller Institute chairman. It was featured on the front page, right under the lead story on how the Russian announcement of the ruble devaluation and limited currency controls will affect "emerging markets" like Brazil. Continuing on an inside page, the interview included significant details on Zepp-LaRouche's evaluation of the world financial debacle, and the proposals for creating a New Bretton Woods system, and a new Non-Aligned Movement.

Economic principles

At an Aug. 11 seminar in Rio de Janeiro, Zepp-LaRouche presented the Portuguese-language edition of Lyndon LaRouche's book, *The Science of Christian Economy*, at a crowded press conference organized by the Ibero-American Solidarity Movement (MSIA), Lyndon LaRouche's co-thinker organization. The audience, consisting of 100 people representing different areas of the country, interrupted Zepp-LaRouche's speech with ovations at least 10 times, at each point that she addressed issues of defending the sovereign nation-state—debt moratorium, defense of nuclear technol-

ogy, defense of national industry, denunciation of Brazil's privatizations and of the oligarchy's one-worldist plans.

Zepp-LaRouche emphasized that the book she was presenting was written by her husband to reaffirm the principles of an economy based on the human being, requiring a kind of society that supersedes the oligarchical system. The problem the world faces today, she stressed, is that the world has been dominated by an oligarchic caste based in London and Holland. As a result, she said, we have reached a point in human history in which the financial system is disintegrating. The situation is so extreme, she warned, that trade could become paralyzed, and would only take place on the basis of barter.

A new Non-Aligned Movement

That is why, Zepp-LaRouche said, she was issuing a challenge that in the next several weeks, new alliances among nations must be forged, like those which were once established by Abraham Lincoln. We need a New Bretton Woods system, she added, promoted by a new Non-Aligned Movement established through an alliance of sovereign nations. Brazil, India, China, and other nations must play a key role in this new configuration, she urged.

The MSIA awarded Zepp-LaRouche a special plaque, to commemorate the five years of uninterrupted publication of the Portuguese-language newspaper, *Solidaridade Ibero-Americana*, whose creation she had promoted. Zepp-LaRouche confirmed that there exists tremendous ferment in Brazil, and also serious resistance to the oligarchy's globalization policy, of which two prime examples are the insane privatization of the giant mining complex Companhia Vale do Rio Doce, and of the national communications network, Telebras. Nonetheless, Zepp-LaRouche warned that this ferment has been too parochial, and will fail if it does not link up with worldwide efforts to replace the International Monetary Fund with a New Bretton Woods system.

Zepp-LaRouche was graciously received by the 101-year-old dean of Brazilian journalism, the energetic Dr. Barbosa Lima Sobrinho, who is also a public enthusiast and admirer of the American System of Political Economy, and especially of Alexander Hamilton. The institution which Dr. Barbosa Lima heads, the Brazilian Press Association, plays an important part in the anti-globalist resistance within Brazil.

Anti-globalists in São Paulo

In the city of São Paulo, capital of the most industrialized state in Ibero-America, which by itself produces a GDP larger than that of Argentina, Zepp-LaRouche's visit intersected the anti-globalist rebellion of a political-business elite responding to the destruction of Brazil's industry and agriculture at the hands of the neo-liberals, i.e., free traders. In an Aug. 12 seminar organized by the Institute for Freedom

and Economic and Social Development, its president, Dr. José Carlos Graça Wagner, greeted Zepp-LaRouche with praise for the contributions of herself and of her husband. Graça Wagner agreed with LaRouche that the history of the end of this century "will be defined by the power of ideas."

In the final phase of her visit, Zepp-LaRouche participated in a forum given by the São Paulo city council to honor Dr. Eneas Carneiro, Presidential candidate of the Party of National Reconstruction, who was granted the title of Honorary Citizen of São Paulo. Speaking to 350 people at a solemn ceremony that began with the Brazilian national anthem, Zepp-LaRouche was introduced by Dr. Carneiro (he is known in Brazil simply as "Eneas"). In her speech, she said, "with the message that Dr. Eneas sent to our organization's meeting in Washington, D.C. on June 18, Brazil has once again taken up the fight to rebuild the world financial order."

After describing the decay of the dying world financial system, Zepp-LaRouche stressed once again the need to awaken and generate a cultural renaissance as the *sine qua non* of the survival of nations: "We must establish the goal that every child in the world, each in the image of God, receive a Classical education. Only in this way can we guarantee the permanent eradication of the oligarchical system."

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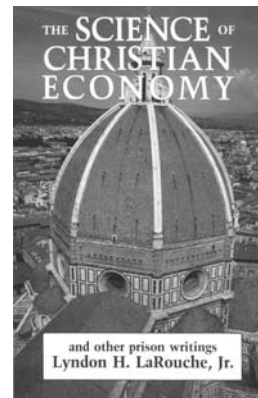
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Following Zepp-LaRouche, Dr. Carneiro began his own speech by acknowledging the importance of Mrs. LaRouche's words. "I didn't come here to ask for votes," he said, "but rather to show you the threat to Brazil's existence as Mrs. Helga Zepp-LaRouche has just described it." He detailed the structure of Brazil's speculative public internal and foreign debt, which totals \$500 billion. Through this debt, he said,

mega-speculators seized Brazil's real wealth—its natural resources. Together with Brazil's people, "this is our real wealth," Eneas said. He concluded with a powerful call for Brazilians to radically change the situation: "We have no other choice but to break with the international financial system, which includes the IMF, the World Bank, and the World Trade Organization."

Zepp-LaRouche speaks with Brazilian press

We publish below excerpts from the interview with Helga Zepp-LaRouche, published along with the interviewer's commentary in the Brazilian daily Monitor Mercantil on Aug. 18. It appeared on the front page under the headline, "Crisis Will Affect Germany's Banking System."

The devaluation of the ruble, and the declaration of an internal moratorium by Russia, will directly affect German banks, which hold Russian public and private bonds worth \$170 billion. The outbreak of the crisis didn't surprise German economist Helga Zepp-LaRouche, who was in Brazil last week and told *Monitor Mercantil* that the IMF and G-7 bailout packages barely postponed [Russia's] default. According to Helga, president of the Schiller Institute, the United States, England, and France united at the beginning of the decade, to prevent Russia from becoming a competitor. The policies implemented by [Russian President Boris] Yeltsin, followed the dictates of the IMF, destroying 30% of Russian industry. . . .

The IMF's help went directly to repay [Russia's] debt, without resolving the crisis. Russia rolled over debt with increasingly shorter maturities and higher interest rates, attracting speculators. This has now triggered a crisis in the German financial system, especially affecting Europe. . . .

Risk of speculative attack

Zepp-LaRouche . . . underscored that a speculative attack on Brazil's currency hasn't yet occurred, only because of a political decision on the part of the international monetary system to ensure FH's [President Fernando Henrique Cardoso] reelection.

Should FH be reelected, Brazil, according to the economist, will be the target of an attack. The purpose would be to obtain as many concessions as possible: greater opening of the banking system (including privatizing state banks),

sale of the remaining state companies, and even the imposition of a currency board. . . .

Helga was in Rio de Janeiro and São Paulo last week to present the book *The Science of Christian Economy*, written by her husband Lyndon LaRouche, the American economist who has harshly criticized the financial system. Helga has no doubt that the world is entering its most serious economic crisis since the 1929 depression, caused by the collapse of the international financial system, and she sees only one alternative—change the entire system:

"Only a new correlation of nations, led by the most populous nations, primarily China and India, can pressure the governments of the United States and the other G-7 countries, to confront the problem, and change the current situation," she affirmed.

Economy headed for global recession

For Helga Zepp-LaRouche, the economy is headed for a recession. . . . The depression already exists in Asia, beginning with Japan and Russia, and if it spreads to other countries, it will provoke dramatic effects, such as occurred in Indonesia. . . .

"Unemployment grows in Japan, and the economic crisis is only deepening, since the government refuses to recognize that the 'rotten' loans of the banking sector total \$2 trillion. Instead of cancelling 80% of that debt, and reorganizing the system, it is printing more money, putting liquidity into the market. . . ."

For the economist, the derivatives market, which is growing out of control, with no basis in real production, is the Achilles' heel of the system. She estimates that close to \$30 trillion circulate in that market. . . .

The crisis in the U.S. will hit the middle class

The crisis is beginning to hit the U.S., through the drop in exports and in industrial production. The New York stock market is undergoing a correction that could cause the Dow Jones to fall by 40%. . . . This, according to Helga, will have a disastrous effect on the savings of the middle class. . . . The economist debunked the notion that the U.S. is an island of prosperity. "The living standard of the population is half of what it was 25 years ago." . . .