
Argentina-Brazil

'Buenos Aires Consensus' Should Have Dumped IMF

by Cynthia R. Rush

When Argentine President Néstor Kirchner and his Brazilian counterpart Luiz Inácio Lula da Silva signed a document they called the "Buenos Aires Consensus" on Oct. 16, much of the international media portrayed it as a bold challenge to the free-market policy framework known as the "Washington Consensus," which most of Ibero-America has adopted since it was put in place 14 years ago. In their public statements, both men vowed to make economic growth and combatting poverty their top priority, to which payment of the foreign debt, and negotiations with multilateral lending agencies, would be subordinate.

"Convinced that the well-being of our two populations constitutes the priority objective of both governments," the Consensus document states in its first paragraph, "we reaffirm our desire to intensify bilateral and regional cooperation, with a view toward guaranteeing all citizens the full enjoyment of their fundamental rights and freedoms, including the right to development." From this striking affirmation of the principle of the general welfare, the Consensus document and the accompanying joint communiqué go on to detail specific proposals to strengthen the strategic alliance between Argentina and Brazil, the Common Market of the South (Mercosur), to which they both belong, and also to foster a broader process of development and physical integration with their South American neighbors.

But despite Lula da Silva's assertion during the Oct. 16 signing ceremony that "this is more than a promise, more than rhetoric," the Consensus of Buenos Aires is seriously flawed. Although it and the joint communiqué make some valid points, and include some new, very positive initiatives, they are undermined by the two Presidents' failure to repudiate the rotting International Monetary Fund (IMF) system, whose destructive policies just caused their neighbor Bolivia to blow apart.

Instead, Lula and Kirchner parodied many European leaders, who, today, also make valid criticisms of their own version of IMF conditionalities—the insane Maastricht Treaty—and even propose exciting development projects; but dare not tread any further to attack the financial system that makes such projects impossible. Lula and Kirchner's failure to break with the IMF exposes them as mere opportunistic politicians, who know that more "Bolivias" are inevitable in Ibero-

America, and want to be heard saying "the right thing," when those next explosions occur. Thus, what they said at their summit can't be taken too seriously.

LaRouche Program the Only Option

The Bolivia events have shown again that Ibero-America cannot survive with the IMF's kind of "help." Nor do Argentina and Brazil have a prayer of implementing any of the good proposals included in the Consensus of Buenos Aires, as long as they are each individually wedded to the same IMF policy.

In Brazil, the economic policy imposed by Finance Minister Antonio Palocci, with no resistance from Lula, has laid the basis for social upheaval. Periodic reductions in the benchmark Selic interest rate—the latest occurred Oct. 22—will not revive the physical economy whose collapse is reflected in record-high unemployment and declining industrial production. Conditions for civil war are ripe in rural areas, where the Landless Movement (MST), allied to the continental Jacobin apparatus led by Venezuela's Hugo Chávez, is organizing violent land seizures, against which producers are arming themselves.

Argentina's situation is no less bleak. The IMF and Wall Street's predatory "vulture funds" are waging war against the Kirchner government, demanding imposition of brutal "structural reforms" to collect on an unpayable debt. Having missed the chance to dump the IMF during negotiations last August, Kirchner is stuck in the impossible situation of trying to keep his promise to lift the population out of desperate poverty, while vowing to meet the country's foreign obligations. He cannot do both.

The alliance Lula is seeking with Argentina is also related to his fight with the Bush Administration on the Free Trade Area of the Americas (FTAA). Having incurred the wrath of U.S. Trade Representative Robert Zoellick for refusing to bow down to all of Zoellick's nation-wrecking demands, Lula wants to make sure Argentina is on his side in standing up to the crazed free-traders.

Far more useful, would be to ally with Argentina, in the context of Lyndon LaRouche's New Bretton Woods and Eurasian Land-Bridge programs, so that all the ambitious infrastructure projects outlined by the two Presidents can actually become reality. Given their existing scientific infrastructure, Brazil and Argentina are especially qualified to carry out joint programs for aerospace development, joint satellite launches, and aircraft production, as outlined in the joint communiqué. The additional proposals to build bi-oceanic corridors, regional highway and railroad projects, telecommunications and other engineering proposals, are all feasible on a continental scale, in a New Bretton Woods universe, and can be financed through new national banking institutions, or, even through Brazil's existing National Economic and Social Development Bank (BNDES), which is already providing credit for regional projects.