

Ganging Up On the IMF: Will Ibero-America Get It Right?

by Dennis Small and Gretchen Small

On Oct. 23 of this year, two decisive votes will take place in South America's Southern Cone. On that day in Argentina, mid-term congressional elections will put to the test President Néstor Kirchner's political mandate in his battle against the International Monetary Fund and the international financiers' vulture funds. And on that same day, Brazil will become the first country in the world to hold a national referendum on whether the sale of all types of guns should be banned for everyone except the police and military.

In Argentina, synarchists of all stripes, both inside and outside the country, are working feverishly to politically damage the Argentine President—who, alone among the governments of the region, has stood up to the financiers' genocidal policies, and who has called for the formation of a New Bretton Woods to replace the IMF. Kirchner is now reportedly considering announcing a unilateral write-down of some portion of the large debt it owes to the IMF, much as he did in 2004 with private holders of government bonds. Whether or not Kirchner proceeds along that bold path may well depend on the outcome of the Oct. 23 elections.

In Brazil, one of the principal justifications for the proposed gun ban is the incredible level of violence in Brazil's impoverished and drug-ridden *favelas*, or urban shantytowns. Curiously, the arms ban is a cause that has been lavishly promoted by the country's major media, including the oligarchical TV Globo, whose Marinho family also runs the Brazilian branch of Prince Philip's Worldwide Fund for Nature, or WWF.

An Iraq-Style Civil War in Brazil?

"Those who are proposing to take guns away from the population in Brazil, are going to bring on a civil war," Lyndon LaRouche stated in no uncertain terms. "You have entire areas of Brazil, including the *favelas* in the big cities, which are *terra incognita*, armed camps. If they continue on this, if they disarm the poor, they will unleash asymmetric civil war."

In addition to the *favelas* in the cities, the Brazilian countryside is also becoming increasingly violent, with the nihilist MST, or Landless Movement, engaging in armed land seizures, while right-wing landholders deploy private militias

against them. The ravages of economic collapse, produced by adherence to IMF austerity policies, are the driving force of the looming social explosion in both the Brazilian countryside and cities.

"Under these circumstances, if you try to take their arms away with a referendum," LaRouche explained, "all sides will simply double their purchase of weapons and go for a confrontation, sooner rather than later. The government will be destroyed, because there will no longer be masses to control the national territory."

"Whoever in Brazil is ignoring this by proceeding with the referendum, is unleashing an Iraq in their own country," LaRouche added. "They should be told: 'Don't you know the lesson of the current Iraq disaster? Are you that foolish? You won't have a country left. This is the scenario of permanent warfare which is being promoted across South America by Dick Cheney, the Moonies, Banco Santander, Prince Philip's WWF, and so forth. You cannot walk in the footsteps of Henry Kissinger's policy of the 1970s, and his so-called special relationship with Brazil. Brazil may be a big country, but it will only become a big *failed* state, if this policy is pursued,' " LaRouche warned.

'End the Tyranny of Financial Capital'

There is an alternative policy for Brazil which can avoid such a slide into civil war, but it requires a radical break with the neo-liberal economic policies which have dominated the country for the past 15 years. That is precisely what is being proposed by a group of Brazilian nationalists who are organizing one of the country's largest parties, the PMDB, behind a program of government for the 2006 Presidential elections, which calls for "putting an end to the tyranny of financial capital" in order to achieve rapid economic development for the entire population of a sovereign Brazil.

The organizing drive is being led by a group of economists and political leaders which includes Carlos Lessa, the former head of the National Bank for Economic and Social Development (BNDES), whom the financiers fear because he has shown that he's prepared to fight to develop Brazil and raise the living standards and skills of every Brazilian. Lessa understands, as he explained in an April 2005 inter-

view with *Executive Intelligence Review* (see *EIR*, April 29, 2005) that to do this, we must “tame the financial dragon” internationally.

Thrown out as head of the BNDES last November, Lessa was asked by several Brazilian state governors from the PMDB Party to head up a team which would draft a program of government for the 2006 Presidential elections. That program, a revolutionary call to take on the financiers, was presented to the PMDB executive last August.

“To Change Brazil,” as the program is named (see documentation, below), warns that the continued existence of Brazil as a sovereign nation and organized society is in danger, unless it breaks with the “market rules” imposed by the international financial system. “This circular reasoning [of the market—ed.] has led to a collapse of thinking. Over time, societies become incapable of defining their own development agenda. . . . They abandon the idea of having a mission. They become used to living with chronic crises. They accept the tyranny of short-term issues.”

The document goes on to propose a cogent package of measures, that would actually work to shift Brazil’s internal economic dynamic. They include radical, urgently required policies such as:

- The imposition of capital controls, to put an end to speculative capital flows in and out of the country.
- Government intervention to manage the exchange rate, rather than the current disastrous floating exchange rate system.
- Drastically lowering domestic interest rates, in order to finance internal development.
- Using the \$35 billion per year of Primary Budget Surplus to foster that development, rather than to pay the foreign debt, as is the case today.
- Creating a “new architecture” under which the country’s Central Bank would be required to work with the government’s Treasury Ministry to achieve national development goals—a Hamiltonian banking policy.
- Dramatically increasing the average productivity of the Brazilian labor force by introducing advanced technology throughout the economy.
- And “to do that, it is essential to return to large-scale investments in infrastructure,” led by the central role of the State.

A Movement Taking Shape

Large meetings of PMDB leaders and members are now being held, state by state, to debate this program. The first meeting, held in the state of Paraná on Sept. 12, drew more than 1,000 people, including numerous national leaders and state governors. At the next meeting, in São Paulo, 2,000 people came to hear Lessa and others discuss how Brazil could secure its future. Paraná Governor Roberto Requiao told the São Paulo meeting that Brazil is not a market of consumers; it is a *nation*. Markets operate on an instantaneous

basis, and have no home or interest other than creating wealth for the speculators. A nation has a past, and is building the future. Nations have citizens, not consumers, he asserted.

A questionnaire has been circulated among party members, which asks, along with other questions, if the PMDB “should run the risk of challenging the financial system and big media” to develop the country. Of those polled so far, 85-90% have answered: Yes!

Lyndon LaRouche commented that what Lessa and the PMDB are proposing is the alternative to civil war: Brazil has no other sane option. “Lessa’s life is in danger,” LaRouche warned, “because he is telling the truth. Anyone who does, faces that—unless they gang up on the enemy!”

For his part, Lessa has been clear in his support for the battle being waged by Argentine President Kirchner. In a Sept. 18 speech in Paraná, Lessa said: “We have alternatives. The Brazilian state has many more instruments than Argentina, which is facing international pressure with dignity and success, while we are following a policy of retreat, concessions, and submission.”

Lessa’s support for Kirchner is all the more striking given the repeated refusal of Brazilian President Lula to give Kirchner any backing in Argentina’s life-and-death battle against the IMF and the vulture funds. To the contrary, Lula has gone out of his way to distance himself from Kirchner’s aggressive approach, and to politically support Kirchner’s factional party rival, former Argentine President Eduardo Duhalde, who is today a top official of Mercosur, the Common Market of the South.

Duhalde recently attacked Kirchner’s economic policies for being based solely on the “competitive advantage” created by the 2002 peso devaluation (overseen by then-President Duhalde), arguing that it will take “many years to emerge from crisis” if Kirchner’s policies continue.

In a public slap to Kirchner, Brazil’s Lula used a Sept. 30 summit of the South American Community of Nations, held in Brasilia, to praise Duhalde to the skies as a great leader of South American integration. Lyndon LaRouche commented incisively: “Duhalde is the Sancho Panza of the Southern Cone, although there is stiff competition from Brazilian President Lula.”

In 1982, LaRouche’s friend Mexican President José López Portillo broke publicly with the IMF, declared a debt moratorium, and nationalized Mexico’s Central Bank. But when he sought the support of Ibero-America’s two other major countries, Argentina and Brazil, to jointly defend their sovereignty and organize for a New World Economic Order, both those governments beat a cowardly retreat.

Now the shoe is on the other foot. Argentina’s Kirchner is taking a courageous stand—for which he is being denounced as “authoritarian” by the bankers’ foot soldiers, just as López Portillo and his legacy are attacked in Mexico today. Will the nations of Ibero-America get it right this time, and unite to follow LaRouche’s lead?