

Mahathir-Lula Meeting Worries Wall Street

by Cynthia R. Rush

When Malaysian Prime Minister Dr. Mahathir bin Mohamad made a state visit to Brazil on March 16-19, London and Wall Street took notice—as well they should have. In a world changing at lightning speed, any possibility that debt-burdened Brazil might consider dumping the International Monetary Fund's (IMF) austerity policies, as Mahathir successfully did in 1997-98, unnerves the international financial oligarchy.

As the Iraq war crisis unfolds, they are also watching how both nations act in the global debate over the fate of multilateral institutions and collective security arrangements. While discussion is now focussed on the need to “reform” those institutions, the financial sharks fear that under conditions of worldwide economic breakdown, it could quickly move in the direction outlined by Democratic Presidential pre-candidate Lyndon LaRouche, and overturn an IMF system whose policies *cause* repeated eruptions of war and terrorism.

In the March 13 *New Straits Times*, senior commentator Hardev Kaur—who often serves as a semi-official outlet for the Malaysian government—headlined her report on Dr. Mahathir's trip, “Malaysia To Share Success Secret With Brazil.” Brazilian President Lula da Silva “wants to know Malaysia's formula for success,” Kaur wrote. Dr. Mahathir would give Lula “a different perspective on development, economic and land reforms, and managing an economy . . . that is . . . totally subordinated to debt.” Lula is in a difficult situation, Kaur added, because his “honeymoon” with domestic political supporters “appears to have ended.”

True indeed. As *EIR* said would occur, Lula faces growing resistance to IMF austerity policies, against which he had campaigned as a Presidential candidate last Fall. Recent polls show his popularity dropping, but with gigantic debt payments coming due in May and June, Lula insists Brazil must stick with these austerity policies to prove to the IMF and other creditors that it is “responsible.”

Yet under current conditions, nothing in Brazil is set in stone. When Dr. Mahathir and Lula met in Brasilia on March 17, *Folha de São Paulo* reported that Lula listened intently as Dr. Mahathir described how “he disobeyed the IMF,” something, the daily added, Brazil's ruling Workers Party “always dreamed of doing before it won the elections: put IMF recommendations to one side, and in this way, end the crisis.” In dealing with the 1998 speculative assault on Malaysia's cur-

rency, *Folha* added, Dr. Mahathir saved his country by successfully “subverting the teachings of Washington and the IMF.”

After his meeting with Lula, Dr. Mahathir told reporters that his host “seemed very, very interested in how Malaysia's economy was managed during the crisis,” including the use of “selective” exchange controls, and refusal to accept IMF loans. He added, “I don't know whether [Lula] is thinking of repeating some of our solutions in Brazil.” A nervous financial daily *Valor* emphasized how different the two economies are, suggesting that the Malaysian model wouldn't work in Brazil. But it admitted that Malaysia was the “least hurt” of the Asian countries by the 1997-98 financial crisis.

Emergence of a New World Order?

Dr. Mahathir also stressed the “great potential” for increased investment and trade between the two countries. Both leaders agreed that relations between their nations could grow quickly, in collaboration on international affairs, as well as in such areas as biotechnology, hydropower generation, agricultural research, and space technology and aerospace.

In fact, cooperation on international affairs intensified while the two leaders met, only hours before the Anglo-American “chicken-hawks” launched their insane war on Iraq. Both men have figured prominently in the global debate over the role of the United Nations in the Iraq crisis—Mahathir in his capacity as president of the Non-Aligned Movement—sharply attacking the Bush Administration's use of the “war on terrorism” as a pretext for trampling on the UN and norms of international law, and its illegal “pre-emptive war.”

“I had good discussions with President Lula and we are of the same view on several issues, including Iraq,” Mahathir told the *New Straits Times*. “Our stand is that war is not a solution. So we will always oppose it, and we will have to make contact with some countries which are also against it.” During a March 17 luncheon for Mahathir, Lula stated that Brazil and Malaysia both oppose the war on Iraq, and “must join forces to defend the multilateral system and the United Nations Charter. . . . We must tenaciously persist in the process of reforming the UN . . . [so it] can continue to play its irreplaceable role in promoting peace and development among peoples.”

Lula has also proposed to UN Secretary General Kofi Annan that, in the event of war, a heads-of-state meeting of all UN members be convened to discuss how to reform the UN. Implicit in Lula's emphasis on “reform,” is the need for a new *civilizational* world order, capable of preventing terrorism and war. This vision can only work, however, if it also speaks to the need for a new *economic* order, of the kind outlined by LaRouche in his Eurasian Land-Bridge and New Bretton Woods proposals. Otherwise, civilizational breakdown is guaranteed. What panics Anglo-American financiers is that under current conditions, the leap to embrace LaRouche's programmatic proposals could occur quickly.