

Venezuela, Brazil have alternative, says MSIA

On Dec. 19, two Venezuelan dailies, *Ultimas Noticias* and *El Nuevo País*, reported prominently that the Ibero-American Solidarity Movement (MSIA) of Brazil had issued a call for Brazil and Venezuela to "Form an Alliance Against the U.S. Banks," as the headline of *Ultimas Noticias* put it. The MSIA statement had been "widely circulated in Brasilia, São Paulo, and Rio de Janeiro," the paper noted.

The MSIA, founded by friends of American economist and statesman Lyndon LaRouche, called attention to two recent events. First, the report published in *Correio Braziliense* that the U.S. government had recently threatened to cut off all oil import credits, were Brazil's military to intervene to resolve that nation's spiralling political crisis. Second, that in the days before Venezuela's Dec. 5

national elections, U.S. Assistant Secretary of State for Inter-American Affairs Alexander Watson had also threatened Venezuela that, were any military intervention into politics to occur there, the United States would suspend food exports to, and cut off oil sales from, Venezuela.

Both threats show that the financial interests of Wall Street and the City of London fear that the free trade "economic policy imposed on the Ibero-American countries [may] be interrupted," because of the "grave social problems" which they provoke, the MSIA said.

"It is a great irony that, were the threats against Brazil and Venezuela to be carried out, the two neighboring countries would have no other alternative but to obtain from each other the products denied them by the senseless policy of the colossus of the North. Thus, in exchange for having its energy needs taken care of, Brazil would ensure Venezuela's food supply. Must our governments wait for the threats to be carried out, before they establish a joint economic bulwark against the free trade policies that are devastating our economies much more efficiently than if we were victimized by war?"

led panicked reporters to initially tell Buenos Aires radio that a repeat of Santiago del Estero was under way.

The governors of El Chaco, Entre Ríos, Tucumán, Salta, and Corrientes travelled to Buenos Aires the week before Christmas to explain the reality to Finance Minister Domingo Cavallo. The governor of Corrientes, Romero Feris, announced that, although the province has not a penny left in its coffers, he simply will not fire public employees until there are jobs for them in the private sector. But Cavallo's policies have gutted basic industrial production in the country. Iron production dropped 24% over the last two years; machine tools, 19% last year alone; the capital goods industry is "being told to die," leaders of that industry have stated.

On Dec. 22, Labor Minister Enrique Rodríguez resigned, charging that under Cavallo's program of "savage capitalism, Thatcher-style . . . there will be no other way to apply [the government's] economic measures than with repression." Rodríguez told the Buenos Aires daily *Página 12* on Dec. 24 that he had warned the cabinet a month ago that there would be major explosions in the provinces unless the government's "reforms" were slowed. "Cavallo is an economist with an absolutely mathematical methodology," whose policies "could end up destroying part of our industrial development," he warned. Rodríguez argued that Argentina should look instead to "the latest theories of international capitalism," such as "German-style social capitalism."

But Menem and his Harvard-trained Cavallo are following the Pérez strategy, refusing to budge one iota from their insane economic policy. Menem dismissed the government

in Santiago del Estero, and appointed as "interventor" to run the province, Juan Schiaretti, a former industry minister who is known as a Cavallo man. Schiaretti and Cavallo promised the worried financial sectors that not only will they restore order, but in the next 150 days, they will make the province a model for how to implement the provincial austerity plans by directing popular rage against "corrupt" local leadership.

"I can assure you that the economic plan is not negotiable," Menem told reporters, charging that "sedition" by outside instigators, not hunger, was all that was involved. He named Armando Caro Figueroa, an expert in "labor flexibility" who authored the anti-labor program implemented by Felipe González, the Socialist prime minister of Spain, as the new minister of labor. The only "concession" granted by the federal government was to send funds into Santiago del Estero to pay two months of overdue back wages.

When several Catholic bishops criticized the government's economic program, Cavallo arrogantly ordered one of them to "think of the Gospels instead of talking about economics, about which he proved he knows nothing." The mad economics czar asked *Clarín* Dec. 19, "How can you say there is a production crisis, when the country grew an average of 8%?" He insisted that nobody goes hungry in Santiago del Estero, despite the fact that official statistics report over 35% of its people live in severe poverty, lacking the basic necessities of life, and even charging that "the whole problem is because journalists lack the capacity to see reality. Its simply amazing. The real Argentina is so different from what the analysts portray."