

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." . . .