

## Zepp-LaRouche on TV: 'Brazil could be hit by hedge funds'

*On Aug. 13, TV Gazeta of São Paulo, Brazil, conducted the following interview with Helga Zepp-LaRouche.*

**Q:** We have recently seen the fall of the yen, and now the problem in the exchange markets. What is your view about the international economy?

**Zepp-LaRouche:** We are presently at a very advanced stage of the complete disintegration of the financial system. If the yen continues to fall, say to 200 to the dollar, then that may trigger the total disintegration of the financial system. Unless the Japanese government writes off 80% of its worthless assets, about \$2 trillion in worthless bad loans, there is no way that Japan will not trigger a collapse of the international financial system.

**Q:** And this obviously will affect the whole world.

**Zepp-LaRouche:** Japan is now the Achilles' heel of the international financial system, and could trigger a meltdown—and I mean a meltdown, a complete evaporation of the financial system.

**Q:** How is this crisis reflected in Brazil—in Latin America in general, but specifically Brazil?

**Zepp-LaRouche:** The danger is that Brazil could be hit by the international hedge funds, in the same way that happened with Malaysia and Indonesia. The real [Brazil's currency] could come under attack and lose, like the currency in Indonesia, 80-90% of its value, and that would be the end of the Brazilian economy.

**Q:** Is this an imminent possibility?

**Zepp-LaRouche:** Right now the financial system is about to disintegrate. You have Japan, you have a state bankruptcy in Russia, the IMF is bankrupt, you have \$130 trillion in derivatives speculation, and you have a simultaneous process of Weimar-style hyperinflation, depression,

and deflationary collapse. So, we aren't talking about a local crisis, but about a global crisis. This is the end-process of 30 years of neo-liberal policies.

**Q:** Doesn't the IMF have any resources to bail out underdeveloped countries?

**Zepp-LaRouche:** The IMF is de facto bankrupt, and all its different attempts to solve these localized problems, through crisis management, hasn't worked. Even the famous rescue package for Russia didn't really function, because the coffers of the IMF are empty.

**Q:** Globalization is a fact, and seems irreversible. What can be done to try to prevent a major crisis?

**Zepp-LaRouche:** I do not agree with your assumption that globalization is irreversible. All the institutions—the IMF, the World Bank, globalization, free market economy—these all have to go, if the world is not to plunge into a deep, New Dark Age.

**Q:** And if not?

**Zepp-LaRouche:** Well, look at what happened in Albania one and a half years ago, when the country was collapsing into anarchy, and the Italian Army had to come from the outside and restore order. If you have a global collapse of that kind, the danger is tremendous. Just think of what happens if there is a state bankruptcy in Russia. This would mean a strategic crisis of unbelievable proportions, with nuclear weapons in the hands of local mafias.

**Q:** What do you think would happen if globalization continues, without disintegration of the markets? I recently talked with a businessman, and he was complaining that you can transfer a gigantic amount of money simply by pressing a button.

**Zepp-LaRouche:** This system is finished, and you will see that we are heading in the next weeks and months, into a period where currencies will no longer be convertible, so prices will mean nothing. Countries, if they want to survive and want to continue to trade for a short period, must go to barter agreements. So, I'm talking about the complete disintegration of the financial system.

a terrible New Dark Age.

This is a period of history in which an entire historical era is coming to its end. It is a period such as we have not witnessed in, perhaps, the last thousand years. This is a period in which everything is going to change. Nothing will stay as it is. This is real history. We will either change for "the very good," or for "the very bad." The outcome of this process will not be determined by money, by power, or by things of the

past. The outcome of this peculiar historical period will be totally determined by *ideas*. By the ideas of men and women who are willing to serve the common good.

Therefore, I appeal to you: Help form a new alliance of sovereign nation-states. And, help to establish an economic order worthy of human dignity. I thank Dr. Enéas for the opportunity to speak at this ceremony in São Paulo, because he is a man of ideas. Thank you.