
Brazil

Record Election Winner: New Bretton Woods Now

by Gretchen Small

Since Mexican President José López Portillo imposed exchange controls and re-nationalized Mexico's credit system in 1982, Wall Street has done everything possible to keep another Ibero-American nation from acting on the policies of current U.S. Presidential pre-candidate Lyndon LaRouche. Now they fear their worst nightmare is coming back. Just as Brazil's financial bubble blows up, Dr. Enéas Carneiro, one of Brazil's most vociferous advocates of LaRouche's policies, has been catapulted into the center of national policy-making.

Within 48 hours of his stunning Congressional victory in Brazil's Oct. 6 general elections, Dr. Enéas received more than 100 requests for interviews from Brazilian and foreign media, and is using them to campaign for a New Bretton Woods agreement to replace the dying international financial system, as LaRouche proposes.

Dr. Enéas, a candidate in the previous three Presidential races and famed as an outspoken opponent of the International Monetary Fund's (IMF) destruction of Brazil, was thrust into national prominence on Oct. 6, when he received the greatest number of votes of any candidate for Congress in the history of Brazil: 1.573 million of them. An associate from his Party for the Rebuilding of National Order (PRONA), Dr. Havanir Nimtz, also broke records, receiving 681,900 votes for her candidacy for the São Paulo state legislature, almost a half-million votes more than the second-highest vote-getter.

Following his spectacular visit to São Paulo in June, LaRouche has become the *éminence grise* of anti-globalization resistance in Brazil. Without exception, LaRouche's analysis is at the heart of the intense debates now ongoing in the bastions of power over how to defend the nation from disintegration.

The October issue of *Ombro a Ombro*, the informal mouthpiece of the most nationalist faction within the Armed Forces, gave a rare public report of where LaRouche's ideas are being debated. According to a highly credible source cited by the newspaper, during President Fernando Henrique Cardoso's meetings in August with the (then) four Presidential candidates—meetings called to arm-twist the candidates into backing the \$30 billion IMF bailout package announced on Aug. 7—candidate Ciro Gomes “created tension” when he quoted LaRouche on the fact that Washington “is bluff-

ing” with its \$30 billion IMF loan offer. “The real objective is to protect the interests of American firms, like Citigroup and J.P. Morgan,” Ciro Gomes is reported to have told Cardoso.

With the record-breaking election victories of Drs. Enéas and Havanir, the discussion of LaRouche's ideas is no longer containable behind closed doors in Brasilia.

Wall Street and London know that the threat they face in Brazil is not Presidential front-runner Luiz Inácio “Lula” da Silva, the likely winner of the Oct. 27 run-off election, but LaRouche—and that's a much tougher proposition. Since the Oct. 6 election, Lula's people have issued statement after statement promising that a Lula government would never default on the debt, and that the words “exchange controls” don't exist in their vocabulary.

Dr. Enéas, however, is using his election victory as a platform from which to rally the political forces which Brazil will require—whoever wins the election and no matter what promises they have made—to survive the most dangerous crisis in its history.

Immediately upon being elected, Dr. Enéas told *O Globo* newspaper: “The perspective is to fight for national sovereignty. The project is the same as what is in any of our books for the last 13 years: Brazil, the sovereign nation-state; against privatizations, against this make-believe education. We want a basic educational system such as that which those who are older had. We want a health system that functions. We want Brazil to stop paying these extortionary interest rates.”

Given his vote totals, the press has been forced to interview him, but reporters have sought to stick to their stock, banal questions. Dr. Enéas has not been deterred. He told an interviewer from BBC of London that “to defend the sovereign nation-state, it is urgently necessary to convoke a New Bretton Woods conference,” sources close to the Congressman-elect report.

He also startled an interviewer on a Buenos Aires radio station on Oct. 11, when he declared that “the Argentine nationalist leader whom I most respect is Mohamed Alí Seineldín, who is in prison, where I visited him.” Malvinas war hero and political prisoner Colonel Seineldín is also well-known as a friend of LaRouche.

The interviewer asked if he, then, was the “Brazilian Seineldín.” Dr. Enéas answered, “No, because I am a doctor, and Seineldín is a military officer, but we have the identical goal of defending the sovereign nation-state. Look at Seineldín in prison—and Argentina torn apart. What we need to do, is convoke a New Bretton Woods conference.” At that point, the interview abruptly ended.

The *New York Times* reportedly was also given an earful on LaRouche and the New Bretton Woods, but there has yet been no mention of Dr. Enéas printed in that paper.

‘Impending Default’

Wall Street and London, meanwhile, are in panic over Brazil's financial blow-out. An editorial in London's *Finan-*

cial Times on Oct. 15 admitted publicly, that “all the hallmarks of an impending default are visible: a soaring public sector debt burden; high short-term interest rates; low growth; a rapidly depreciating currency; and an international loss of confidence. At current market rates, even an optimist would admit Brazil is insolvent.” It threatened the likely next President, writing that “with this backdrop, the importance of Lula’s initial economic policy decisions cannot be overstated.” In the first few days after the Oct. 27 election, he must appoint an acceptable economic team, and “any sign of profligacy, with the public finances or with inflation,” would bring down Hell.

The *Wall Street Journal* issued a virtual death threat against Brazil, were it to break from the policies which are already killing it. The *Journal*’s Americas Editor Mary Anastasia O’Grady snarled in her Oct. 14 column that “one false move by the incoming President could cost the country dearly. . . . [Brazil] is capable of saving itself from default, devaluation, inflation and destruction. Or it can whistle down the populist, big government path that leads to disaster, all the while thumbing its nose at markets and economic freedom.” But if it chooses the latter, wrote O’Grady, “the nation should be ready to live with the consequences.”

Like King Canute before them, however, these ideologues of monetarist dogma cannot stop, nor hope to control, the collapse of the Brazilian debt bubble. Capital flight is accelerating. As the treasurer of the Brazilian unit of London’s Lloyds TSB Group stated flatly to Bloomberg wire service on Oct. 16, the strategy of all the foreign banks “is to reduce risk to the maximum extent possible.” They are getting out.

The Central Bank was barely able to roll over half of the nearly \$6 billion worth of dollar-indexed debt and currency hedges which came due in the first half of October. Brazilian Central Bank officials panicked. On Oct. 14, officials called the first unscheduled emergency meeting of the monetary committee since the 1998 Russian default, announcing at its conclusion a 3% increase in the benchmark interest rate (the SELIC), upping it from the already insane 18%, to 21%.

That gives Brazil the highest real interest rates of any country in the world, but the financiers were not calmed. “Call it boldness or despair, it shows how critical the situation is,” Bank of America’s Marcelo Carvalho declared. ING Barings and others insisted “more aggressive” rate hikes were needed to keep capital from fleeing—at least 25%, and perhaps as high as 28%!

Mice at Work

Under these circumstances, the bankers’ boys are trying to figure out how to knock out the Enéas factor. The first line of attack mobilized, was the universal propagation of the line that the more than 1.5 million who voted for Dr. Enéas had no idea what they were doing. This was just a protest vote, even a joke vote, for “a fringe candidate,” leading Brazilian dailies proclaimed.

Reality is too big to cover up, however. Even one of Italy’s leading political dailies, *Corriere della Serra*, featured in its coverage of the Brazilian elections the fact that Dr. Enéas had won the largest vote in all the history of Brazil. *Corriere* did not report much more than that, but anyone who goes to any Internet search engine, in any language, to see what pops up for Enéas Carneiro, comes up with more than two dozen listings which mention LaRouche, including Dr. Enéas’s speech about LaRouche, during the latter’s trip to São Paulo, his endorsement of LaRouche’s 2000 election campaign, etc.

So far, the only coverage in the leading Brazilian press of Dr. Enéas’s LaRouche connection, was a letter to the editor published by *O Estado de São Paulo* on Oct. 11, slandering LaRouche as an anti-Semite, and demanding Drs. Enéas and Havanir clarify their positions on this matter. LaRouche sent a reply to the São Paulo daily, denouncing the letter as a lying fraud, which the author of the letter should clarify. While it had yet to run LaRouche’s letter as of Oct. 18, *O Estado* did publish another letter from a Brazilian LaRouche supporter, which defended LaRouche for his role in leading the fight against the NGOs of Prince Philip’s World Wide Fund for Nature (WWF), in defense of Brazil.

The “mice” are searching desperately for a way to cut down Dr. Enéas’s Congressional faction, at least. On Oct. 10, in what is clearly a “put-up job,” an independent São Paulo City Councilman, Edvaldo Estima, and his son Fernando, (who ran for Congress on the Liberal Party ticket, but lost), filed suit against the faction before the Regional Electoral Court. They contested four of the six PRONA candidates elected to sit in Congress along with Dr. Enéas under Brazil’s proportional election system, on the spurious grounds that they were elected from São Paulo, but allegedly live outside the state. One of those challenged, Dr. Irapua Teixeira, called the accusation “absurd,” and suggested that Estima the younger was kicking because PRONA upset *his* Congressional plans.

PRONA has no intention of rolling over and playing dead. Dr. Havanir suggested to *Estado de São Paulo* on Oct. 11, that, given her record number of votes, she should, by all rights, be elected to preside over the state assembly. And she proposed that Dr. Enéas be elected to preside over the Federal Congress, given that he won more votes, by far, than any other of the Congressmen.

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