Brazil's Congressman Dr. Enéas Speaks Out

by Dennis Small

In June 2002, Lyndon LaRouche visited Brazil for a week, holding public and private meetings where he emphasized the fragility of the global financial system and the implications for Brazil. As the newspaper *Monitor Mercantil* reported on the front page of its June 17, 2002 edition, LaRouche underscored the urgency of immediate action, because the crisis "could explode in Brazil as early as the first quarter of 2003," since "nearly 30% of Brazil's public debt is made up of bonds indexed to exchange rate fluctuations," i.e., to the U.S. dollar.

The Brazilian government paid out staggering amounts on its public debt in 2003. Despite the generation of a Primary Budget Surplus of over 66 billion reals, the government had to make interest payments of more than *double* that amount: 145 billion reals (nearly 50 billion dollars). That was 40% of the entire government budget, and a full 10% of the country's GDP!

Once in office, the government of Luis Lula da Silva deep-sixed its anti-IMF electoral rhetoric of 2002, and used its popularity to impose austerity policies so draconian, that Wall Street cheered. Its primary budget surplus was 4.38%, even higher than the IMF's demand, achieved with brutal cuts in expenditures on infrastructure, health, education, scientific and technological development, the space program, military and security forces, etc.

And yet despite this bloodletting, the total public debt grew from 881 to 913 billion reals over the course of 2003. As a percentage of GDP, the public debt grew from 55.5% in 2002, to 58.2% in 2003. This is the highest level in the modern history of Brazil; it is a near doubling from the level of 30% it was at about a decade ago, in 1994.

As the staid daily *O Estado de Sao Paulo* recognized in shock, in a banner headline across its economics page on Jan. 31: "Record Surplus Is Insufficient to Pay Interest."

On cue, Brazil's Country Risk rating rose from under 400, to 570 points in the last three weeks—a clear threat of worse to come, if the government doesn't perform as demanded by its creditors.

Anti-IMF Congressman Targetted

LaRouche was invited to Brazil in 2002 by Dr. Enéas Carneiro, a prominent cardiologist and the head of the PRONA party (see interview below), whose associates in the São Paulo City Council formally made LaRouche an "Honorary Citizen" of São Paulo. Dr. Enéas praised LaRouche's work: "What most impresses me about Mr. LaRouche is his concern for social questions, poverty, and the destiny of humanity. Mr. LaRouche defends, in the United States and the world, the same ideas which we, in PRONA, defend here in Brazil. . . . Thank you very much, Mr. LaRouche, for your presence here in Brazil, and for all that you represent for all mankind."

In October 2002, Dr. Enéas was elected to the Brazilian Congress with the largest Congressional vote total in Brazil's history—some 1,570,000 votes. According to Brazilian electoral regulations, that vote was enough to place not only Dr. Enéas in office, but also five other members of his PRONA party.

Even before the new Congress was seated, in February 2003, all hell broke loose against Dr. Enéas, whose ideas were clearly considered dangerous by the international financial oligarchy and their representatives in Brazil. Slanders against him were published in many international and Brazilian publications, and a corruption scandal was orchestrated against PRONA, with threats of legal action against Dr. Enéas and his associates. None of these accusations ever prospered; but the bankers had delivered their message.

Dr. Enéas was not impressed. In his first speech before Congress, he called on newly elected President Luiz Inacio Lula da Silva to act on the crisis: "Fabulous fortunes on the order of 1 to 2 trillion dollars circulate daily from one point of the planet to another, by means of computer pulses. Of these, barely some 2-3% correspond to commercial transactions. The rest are *pure speculation,* with no correspondence with the physical world, as has been pointed out by the renowned American economist and thinker Mr. LaRouche, in the weekly *Executive Intelligence Review.* . . . Your Excellency has in your hands an opportunity without equal in the history of Brazil. . . . *Order* that, by unilateral rupture, no

Brazil's President Lula da Silva: What more can he cut? Draconian measures to produce an unprecedented "primary budget surplus" for international debt payments, have not even made a dent on the interest, while the principal has kept growing usuriously.