

## LaRouche Friend Breaks All Records in Brazil Election Win

by Silvia Palacios and Lorenzo Carrasco

The Brazil elections held Oct. 6 have proven to be the greatest repudiation anywhere of the insanity of globalization. Out of a possible 115 million voters, 95 million Brazilian citizens went to the polls, and only 20 million voted for the government-backed candidacy of Jose Serra. The vote, in fact, represented an explicit rejection of the past eight years of policies under successive Fernando Henrique Cardoso governments. Although none of the Presidential contenders won enough votes to avoid a second electoral round, the future of Brazil as a nation will clearly be determined by the government which succeeds in turning this sentiment of generalized revolt into action.

The voters' favorite for President was Luis Inácio "Lula" da Silva, of the Workers Party (PT), drawing 47% of the total valid votes cast. He was followed by Jose Serra, with 23% of the vote, and then by the two other opposition candidates, former Rio de Janeiro state governor Antony Garotinho with 16%, and former Ceara state governor Ciro Gomes with 12%.

There were other clear indications of the total lack of credibility of the government's globalist policy. For example, of the 12 states which chose new governors in the first electoral round, seven are opposition figures (two from the PT and five from other parties).

### Biggest Victories for PRONA

More revealing still was the landslide victory of Dr. Enéas Carneiro of the national Party for Rebuilding of National Order (PRONA)—prominent cardiologist, mathematician, former Presidential candidate, and a good friend of U.S. Presidential pre-candidate Lyndon LaRouche—as Federal Deputy from São Paulo, the nation's largest electoral district with 25 million voters, and where half the GNP is produced. Enéas was elected by more than 1.5 million votes, the highest vote

garnered by a Congressman in the electoral history of the country. Given Brazil's system of proportional vote allocation, his election enabled five more PRONA congressmen to be elected as well, thereby turning Enéas' election into a Congressional bloc, conferring important prerogatives within the Congress.

Dr. Enéas' nearly 1.6 million votes was an all-time record both in absolute numbers and in vote percentage (about 8% statewide in São Paulo). It was a bigger vote than the next four biggest Congressional vote-getters, combined! The same wave of nationwide protest swept Dr. Havanir Nimtz, an important ally of Dr. Enéas and now city councilwoman from São Paulo, into the state legislature, again with the highest vote ever won by a candidate for State Deputy.

The Brazil election victory by a strong nationalist intellectual leader who is a friend and ally of LaRouche, coming only two weeks after the Sept. 25 vote by Italy's Chamber of Deputies in support of LaRouche's proposal to establish a New Bretton Woods reform of the international monetary system, marks a giant step forward for the U.S. Presidential candidate's global recovery strategy.

Without large financial resources at his disposal, Dr. Enéas campaigned around clear and tough arguments for reorganizing the international financial system, along the lines proposed by Lyndon LaRouche. The affinity between Enéas Carneiro and LaRouche was made explicit during the American statesman's visit to Brazil this past June. The occasion was the granting of a title of honorary citizenship to LaRouche by the São Paulo Municipal Council, on the initiative of Dr. Havanir.

### 'Return to Era of Vargas' and FDR

The global financial ramifications of a possible Brazil break with International Monetary Fund policies, have Wall



*With the largest Congressional vote total in history, leading Brazilian intellectual Dr. Enéas Carneiro (left)—shown introducing Lyndon LaRouche (right) to the São Paulo City Council in June—has single-handedly improved prospects for a new monetary system and economic recovery.*

Street and London terrified. Top financiers are proposing the IMF pump more than \$60 billion into Brazil next year, so they can keep paying on their \$500 billion or so of foreign obligations.

The repudiation of globalism was massively expressed at the polls, not only by the poorest layers of the population, but also by the elites most representative of national power. Thus, what emerged was a widespread rejection of that destruction of national dignity perpetrated since the 1990 election of the disgraced Fernando Collor de Mello, and continued by the two successive mandates of Fernando Henrique Cardoso. What Brazil's elites see is that it has lost all its impetus toward greatness as an agricultural and industrial power, and is now at the mercy of the tyrannical free market under globalization. As the popular saying goes, "de Fernando en Fernando, el pais se fue fregando" ("from Fernando to Fernando, the country got more and more messed up").

Indicative were the comments of Congressman Delfim Netto on Oct. 1, to the newspaper *Monitor Mercantil*, regarding the imminent electoral victory of "Lula." The former finance minister stated that "there is no reason to fear the consequences of a new policy that has growth and employment as its priority, instead of servitude to what is imagined to be the wishes of market agents. The new government will have little liberty, but it will be enough to generate more development and less 'marketeeing.'"

Clearer still were the comments of ambassador Rubens Ricupero, secretary general of the UN Conference on Trade and Development (UNCTAD), in a Sept. 29 syndicated col-

umn in *Folha de São Paulo*, in which he stated that the country needed to return to the "Vargas Era." Nationalist President Getulio Vargas launched Brazil's industrialization process in the late 1930s and '40s, while operating as a crucial wartime ally and friend of American President Franklin Delano Roosevelt. Wrote Ricupero, "Outside adversity is not always invincible. One example was the so-called Vargas era, begun (and in part motivated by) the crisis of 1929 and the Great Depression."

Cardoso explicitly repudiated Vargas' achievements, which Ricupero outlined in his statements to *Folha*. In the late 1930s, he said, "the country had to suspend debt payment and saw its options narrowed, caught between Stalinism and Fascism. Nonetheless, [Vargas] very quickly brought [Brazil] out of recession, promoted industrialization and built the Volta Redonda [steel complex]. There were admirable achievements: BNDES (the National Economic and Social Development Bank), Petrobras [the national oil company], the National Steel Company which today, sadly, we let pass into foreign hands. Of the legacy of the Vargas era, perhaps the most important [aspect] is the example of some Brazilians [who were] able to act, and conquer an inhospitable foreign climate."

### **From Word to Deed**

Whether or not Luis Inácio Lula da Silva can bring this sentiment to reality remains to be seen. While he managed to turn these national concerns into votes for himself, Lula is a very amorphous personality who tends to accommodate to

pressures, which has allowed him to head a party which is a mosaic of different factions, all within the left wing. At the same time that he was a founder in 1990 of the São Paulo Forum, together with the Cuban Communist Party, he also agreed in 1993 to become a member of the Inter-American Dialogue, founded as a branch of the Trilateral Commission for the Western Hemisphere, on the personal invitation of President Fernando Henrique Cardoso. More recently, the PT—in alliance with the French Socialist Party and the networks of the Anglo-French Goldsmith family—was a founder of the World Social Forum in Pôrto Alegre, supposedly the world opposition to globalism.

On the other hand, it is also true that the PT shelters genuinely nationalist sectors, whose strength was reinforced at the end of the campaign, by the support of important industrial and political sectors. Lula's victory in the second electoral round, as is likely, will unleash an intense and immediate internal shockwave within the structure of the PT and its allies.

The international financial oligarchy would like to polarize the situation as rapidly as possible. Sociologist Helio Jaguaribe hinted at this, in an Oct. 1 interview with the Argentine daily *Clarín*, noting that Lula's victory has "as its sole precedent in Latin America, that of the Chilean Salvador Allende," who was victimized by the most radical leftist factions formally allied to him. Today, groups of the international oligarchy are moving feverishly, as was demonstrated by Constantine Menges of the "utopian" group in power in Washington, who wants to turn a Lula victory into the pretext for including South America in the "axis of evil," and turning it into a target of the lunatic Bush government's "anti-terrorist" agenda.

Undoubtedly, the results of the Brazilian elections will forge a new geometry that will have major repercussions on the international financial system, and on the policy of the Bush Administration toward the hemisphere. Thus, the *Washington Post* of Oct. 7 commented fearfully that "an anti-globalization backlash is sweeping Brazil." Whoever is the winner will face an explosive international situation, with a systemic crisis of the financial system, and the efforts of the Bush government to erect a new imperial rule.

It is obvious that the economic collapse has nothing to do with the electoral process, as some would have it. The crisis will worsen between now and the end of the year, and the Cardoso government will require radical measures to stem the capital flight. If the floating exchange rate is maintained, the financial hemorrhaging will continue, and the country will be like Argentina before the year is out. As Ambassador Ricupero commented in an Oct. 9 note in *Gazeta Mercantil*, "The current government must assume responsibility for the situation, which is the result of the policies it followed, with bets which proved wrong. The current government should take preventive measures against turbulences that could continue to affect the Brazilian economy even after the election of a new President in the second round."

## IMF Check-Mates Itself in Brazil

by Dennis Small

You have to admit, there is more than a touch of irony in the situation surrounding Brazil's elections. In the weeks leading up to the vote, the international financiers holding Brazil's foreign debt—all \$500 billion of it—extracted promises from every leading Presidential candidate, pro-government and opposition alike, that should they win the elections, they would maintain Brazil's current agreements with the International Monetary Fund (IMF). Backroom deals were cut, threats were delivered, and when the election rolled around, you could almost hear Wall Street breath a collective sigh of relief: "We're okay, boys. They've all agreed—including Lula—that they'll savage their economy before suspending debt payments. Thank goodness reason prevailed."

But reality has asserted itself and threw a couple of hitches into the Wall Street scenario. First, Dr. Enéas Carneiro kicked over the chessboard. In his congressional race, Dr. Enéas, the Brazilian politician most closely associated with Lyndon LaRouche's call for breaking with the entire IMF system—Dr. Enéas calls it *ruptura*—won more votes than any congressional candidate in the entire history of Brazil. Now all political bets in Brazil are off.

Secondly, the IMF has managed to place *itself* in checkmate in Brazil. It has engineered a debt bubble of such dimensions and characteristics there, that the IMF is about to destroy itself by successfully imposing its own policies. LaRouche recently explained the matter: "Any conditions that Brazil would capitulate to from the IMF, would, in effect, destroy Brazil; but that would also destroy the IMF itself. Whereas any action on the Brazil case which would be acceptable to the future of Brazil, which would actually enable Brazil to deal with its problem, would effectively bankrupt the whole IMF system. This is reality: If Brazil concedes, Brazil collapses and that causes a chain-reaction collapse of the IMF system. If the IMF concedes to Brazil, to reasonable conditions, the IMF collapses immediately—which is probably the best solution."

Consider the following evidence of LaRouche's case.

### 'The End of an Asset Class'

In 2002, there has been a dramatic contraction of foreign financial flows into the entire so-called "emerging market," but especially into Ibero-America. At the Oct. 1 Latin America Investor Summit, a meeting held in Washington, of company executives, bankers, investors and government