

in principle, under which the U.S.A. and at least one relevant nation of western continental Europe enters into an agreement in principle for global economic cooperation, based on cooperation with the emerging pattern of Eurasia cooperation among China, Russia, and India, would represent the most powerful concert of power imaginable on this planet at this time. The cooperation among the nations representing such a concert of power, becomes the instrument to resolve the increasingly dangerous pattern of conflicts confronting us today.

“Under such circumstances, what I have proposed as the principled form of a ‘new Bretton Woods agreement’ could be promptly established among the members of such a concert of cooperation. The new system of cooperation among perfectly sovereign nation-states, would put the existing world monetary and financial system through long-overdue bankruptcy reorganization, and launch a new system of international credit. The reorganization of existing currencies and national debts, through creating a new system of medium- to long-term state credits issued among and within nations. By coupling such new systems of credit with combinations of long-term development of basic economic infrastructure, and by cooperation in science-driven expansion of machine-tool sectors to create the machine-tool and related assistance needed for the development of such regions as the vast areas and populations of Eurasia, solid national currencies can be established and maintained.

“Within the potential of what was once the Soviet Union’s scientific-military-industrial sector, there exists Russia’s greatest source of economic strength for the decades to come. With that potential mobilized, the goal of a durable and strong ruble is within reach. I am confident that Russia has the available leadership which can meet such a challenge.”

From the Kommersant package

In its April 13 package, headlined “Who Can Restrain the Dollar?” *Kommersant* published a summary of LaRouche’s reply, which it presented as direct quotations, under his by-line, as “Lyndon LaRouche, Economist (U.S.A.)” The paraphrase said, “This question is essentially within the competence of Primakov and his government, insofar as special measures are concerned. On the other hand, Russia still has a powerful industrial potential, which ought to be used. Finally, President Clinton could undertake certain efforts for this purpose. It is essentially a question, today, of revising the basis of the current economic system, known as the Bretton Woods agreements. An economic crisis is raging throughout the planet. Countries with rather developed economies may fall victim to it tomorrow. Therefore, the leading nations of our planet—the U.S.A., Russia, China, India—should create a new economic alliance, making it possible easily to endure the burden of the crisis. This also entails, by the way, the creation of a new international credit system.”

Argentine agriculture, industry in death throes

by Gerardo Terán and Gonzalo Huertas

Between the international financial crisis and the Menem government’s killer economic program, the so-called “Convertibility Plan,” Argentina’s agriculture and industry are being destroyed. Facing “extinction,” as one industrialist put it, producers now are rising up against the government’s economic policy.

The “Convertibility Plan,” adopted in 1991, is a variation of the British Empire’s currency board scheme. The government set the value of the peso equal to the dollar, and decreed that every peso in circulation had to have a dollar in the Central Bank backing it up. Thus, the government renounced its sovereign right to issue credit, and tied the national money supply to the vagaries of international finance. The austerity which resulted brought down inflation, but killed production.

Many farmers, however, placed their bets on the success of the plan. Falling for the initial, illusory “monetary stability,” many went heavily into debt to import the technology that would allow them to “insert themselves” into the global economy upon which the Convertibility Plan was premised.

But the plan never backed up producers, for example, with investments in infrastructure which could have lowered transportation costs. Nor did it reduce the tax burden, to stimulate productive reinvestment. On the contrary, highway tolls in Argentina are among the highest in the world, fuel prices are at international levels, and public services are taxed by as much as 41%, by a government desperate to raise revenue to pay debt. The government also slapped a tax on farmers’ interest payments, on top of usurious rates on their loans.

As Rene Bonetto, president of the Argentine Agrarian Federation, said, this “competitiveness” led to the mortgaging of 70% of the countryside. This occurred despite the fact that 50-60% of Argentine exports are from the agricultural sector, earning about \$15.29 billion in 1998 on record production of 67 million tons of grains and vegetable oils. According to the Intercooperative Farming and Livestock Federation’s magazine, farm debt grew from \$3.899 billion in 1992, to \$7 billion in 1998. Debt service is projected to reach \$3 billion in 1999, and total losses for agriculture in 1999 are expected to reach \$3.4 billion.

Even the Argentina Rural Society (SRA), which represents the 10,000 biggest landowners—heretofore globalization loyalists—has begun to protest. In March, producers’ protests grew throughout the country, as protesters blocked roads, held province-wide strikes, and organized tractor-

acades. Leaders of the farm federations were forced to confront the government.

Nor is industry silent. The Argentina Industrial Union (UIA) organized a “Day of National Reflection” on March 23, in which 400 businessmen, representing every branch of industry, participated. At least 50 of them issued some kind of public statement. As *Clarín* recognized, “panic” had united the industrialists. Exemplary of the environment, was the declaration by Aldo Esposito, a member of the UIA of Buenos Aires, that “instead of diagnostics, the economic team is carrying out autopsies.” Leopoldo Orsay, from the dye industry, declared: “This model does not function. It only serves to brake inflation. . . . We cannot continue to be so ingenuous. We have to be realistic and strip bare the underlying problem, which is the Convertibility Plan.” Abelardo Lago, from the machine-tool sector, declared that in his branch of industry, “we are becoming extinct.”

Oswaldo Rial, UIA president of Buenos Aires province, told *Página 12* that the problem “is not that the government is slow to react, it is that the government does not react at all. We are facing a very prolonged recession, and we could even say that it is becoming a depression. . . . It is true that the world situation complicates our situation, but it is also true that there are domestic problems . . . the loss of competitiveness due to the heavy tax load, and the lack of measures to encourage and energize our productive apparatus. . . . If we keep running on automatic pilot, we are going to end up destroying all our industry.”

The government stays the course

SRA president Enrique Crotto emphasized that “we are striking, because there are two matters which are pushing our producers into grave crisis, matters which the government refuses to discuss: the tax upon interest payments for loans, and the tax on projected income.”

Economics Minister Roque Fernández responded: “No matter how many tractors they put out on the streets, the government is not going to devalue [the currency]. No matter that some industrialist makes high-sounding declarations, the government will not devalue, either. . . . We wish to be very clear: The taxes on projected income and on interest rates are going to be collected. . . . No way are we going to accept sectoral pressures to loosen the macroeconomic equilibrium. We are not going to accept any corporative and sectorial pressure to devalue. We are going to maintain convertibility.”

To demonstrate that he has no intention of negotiating with what he dismisses as “sectoral” interests, Fernández expelled Gumersindo Alonso, the Secretary of Agriculture, Livestock, and Fishing, from the economic cabinet. According to a farm leader, Alonso had been trying to mediate between the farmers and the government, and set up a meeting between President Carlos Menem and the farm associations. Fernández fired Alonso without even consulting Menem, and said that Alonso had opposed the policy directives of the government.

Dr. Enéas Carneiro ‘We are facing the

Dr. Enéas Ferreira Carneiro, former candidate for the Brazilian Presidency of the Party for the Rebuilding of Order (PRONA), was in Buenos Aires on March 10-12, invited by *EIR* representatives in Argentina. Despite the brevity of his stay and the fact that the media chose not to write a word about his visit, the enthusiasm and political leadership evinced by Dr. Enéas—as he is popularly known in Brazil—deeply impressed those who had the opportunity to hear him. Dr. Carneiro was accompanied on his trip by *EIR* Brazil correspondent, Lorenzo Carrasco.



Dr. Enéas Carneiro

During his visit to Buenos Aires, Dr. Carneiro ignited a debate over the global financial crisis, and how nations can adopt a development program, instead of the disastrous shock therapy of the International Monetary Fund (IMF). The most important presentation of his tour, and the one with the greatest impact, was at an *EIR*-organized conference on March 12, entitled “Brazil in Danger and the Third Phase of World Collapse.” Among the 85 people who attended were leaders of the national movement headed by former Army Col. Mohamed Alí Seineldín, congressional advisers, former national parliamentarians, current and former federal magistrates, at least 20 high-ranking retired military officers, professors familiar with the economic method of Lyndon H. LaRouche, Jr., a dozen university students, a representative of a provincial government, labor leaders, and subscribers to *EIR* and to the newspaper *Solidaridad Iberoamericana*.

During the question and answer period, Dr. Carneiro emphasized that from the earliest beginnings of his political career, his economic proposals were based on the ideas of Alexander Hamilton, even before getting to know *EIR* and LaRouche. “After we met each other,” he explained, “and ever since, we have been in this fight together.” He stated that the solution to the international crisis must involve economic integration of the continent, and he presented Carrasco as an expert on this issue. Carrasco gave a brief explanation of LaRouche’s proposal for a New Bretton Woods global financial reorganization, and on the need for the United States and Ibero-America to join the “Survivors’ Club”—the alliance