

cares. 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

in Argentina: unpredictable'

which currently includes China, Russia, India, and some other countries.

Carneiro participated in a round-table discussion at the Buenos Aires branch of the University of Salta. Led by the school's dean, the round-table included the participation of a select group of members of political parties, former national congressmen, journalists, and labor leaders. The discussion centered on the future of the Southern Cone Common Market (Mercosur), in the face of the Brazilian financial crisis. In his presentation, Carneiro also acknowledged the key role that LaRouche and *EIR* are playing in addressing the current crisis.

Following is the speech given by Dr. Enéas Carneiro at *EIR*'s March 11 conference in Buenos Aires. Subheads have been added.

'Why I entered politics'

One question which I naturally always carry in my pocket is why, being a professor of medicine and, until the age of 50, never having participated in any political process, at a certain moment in my life, in 1989, did I suddenly, precipitously, without any prior preparation, without any link to the establishment, suddenly decide to enter politics? And I answer, for the first time outside my country, on foreign soil, here in your country, and I am going to say exactly what I have been saying for the past 10 years: I entered the political process for one reason only—outrage, and nothing else!

I spent my entire life studying and working. I never participated in strike actions. I was a disciplined soldier. I graduated in medicine, in mathematics, and in physics. I got a diploma as Professor of Portuguese. Although I did not get diplomas, I studied paleoanthropology, cybernetics, philosophy, psychology, structuralism, astrophysics, and in the past 10 years, macroeconomics.

In 1989, after 30 years without elections in my country, an historic perspective opened up. For the first time following a military government, there were Presidential elections, and candidates were allowed to explain their views, on radio and television networks, before the whole country. Our country has 160 million inhabitants. At that time, acting and working as a doctor and professor, I was fully, totally aware of the terrible problems the Brazilian health system was facing.

There were interminable lines of patients at the public hospitals, heaped together, dying on line, medical attention of the worst quality, which was not the fault of the doctors,

but because there did not exist, and still do not exist, the proper conditions for medical attention.

Randomly choose any public hospital; there are about 5,000 public hospitals in Brazil. Whoever arrives at a public hospital—40 years ago there were problems, today the problems are much worse. Sometimes there is no alcohol, sometimes no cotton, sometimes no bandages. Not everything is lacking all at once; no, one thing is lacking here, another there. When you get into an elevator, sometimes the garbage is mixed with the persons. You enter a ward, you see cockroaches everywhere. I used to say, in 1989, when everything began, that they were the grandchildren, the great-grandchildren, and the great great-grandchildren of the cockroaches that were there in my student days!

You don't read about this in the newspapers. The established authorities talk about another world, a virtual world, a two-dimensional world, a multicolored world, animated with personalities and announcers who convince everyone—while the poor and the disinherited wither in long lines. I was outraged!

I am mentioning these examples, to explain to you why I entered politics. I could also say, for example, that a high school youth, in my time, knew things, knew who Aristotle and Plato were, knew who Newton and Leibniz were. Today, when asked, the student thinks Plato is a football player. Do you doubt it? The educational process has fallen through the floor. The lack of respect for our values is notorious on every level; lack of respect for moral values, spiritual values, lack of respect for the Fatherland, lack of respect for the flag, lack of respect for the national anthem, lack of respect for the family, lack of respect for life.

Take a look at the terrible statistics. Twenty-four people are murdered every day in Rio de Janeiro and in São Paulo, one murder per hour. During our presentations, mine and Mr. Lorenzo Carrasco's, of one hour, a person was killed in Rio de Janeiro. Public security has reached the lowest level in the history of the country. What I am telling you is absolute reality, and I have the courage to say it, and now you gentlemen will understand why I am presented as a public enemy.

I have no link with any existing structure. I gathered former colleagues of mine, former companions, former students, of whom I have had more than 30,000, and I created a political structure, a party, and I launched my candidacy for the Presidency of the Republic, saying these things, telling the truth. At that time, I did not know the size of the monster, I did not know the process in all its magnitude, I was ignorant of the political process, I was a beginner. I spoke to the entire nation for 15 seconds, of course not at the speed with which I am speaking to you, one word per second. No, then I had to speak at a rate of 3 to 4 words a second, so that the great majority only heard the final statement, in which I said, "My name is Enéas." And this was repeated by the entire country. It was not possible, with that 15-second speech, to understand that I had a project.

In 1994, I was much better prepared for the political ques-

tion, not the scientific question which had been the object of study for my entire life, but the political question. Five years later, in 1994, I won a whole minute on television—an eternity—and with a powerful message, already having studied macroeconomics, I talked to the population about the Hamiltonian marcoeconomic policy of credit. I hadn't known *Executive Intelligence Review*. We discovered each other through a convergence of ideas. Among all the various models, from the disgraced Adam Smith, passing through the Marxist models, and all the rest, I liked much, much more the models of Alexander Hamilton, and I proposed them. At that time, we won the third-largest vote in the country, with nearly 5 million votes. But that was a scandal, because, to our honor, we did not belong to the oligarchy, we were not linked to the perverts, we were not the loyal opposition.

Free debate is shut down

From 1994 to now, all the openings shut down. There were no more debates, we were no longer permitted to present our ideas on any subject. From 1994 to now, the international control, which had already been felt, clamped down. On all levels of government in Brazil, the alien power, the foreign power, is clear and undeniable. There is no more national power. We are in the presence of a Machiavellian, diabolical project for the destruction of the sovereign nation-state, a wanton rush to destroy all the values that humanity has conquered and cultivated for centuries.

In 1997, everyone in Brazil witnessed the worst crime yet to have been perpetrated against our nation. It was what was called the privatization of [mining giant] Companhia Vale de Rio Doce (CVRD). I will quickly give you a few numbers. CVRD in Brazil is the greatest mineral reserve of the country. To give you some idea, CVRD has in one single place in the subsoil, the largest iron deposit on the planet. The estimate is some 37 billion tons of hematite. If it is difficult today to know how much a gram of gold will be worth one week from today, how can anyone say—given the variation in prices—how much a ton of iron will cost in 500 years? Don't be afraid, the iron in Brazil's subsoil is sufficient to last for 500 years, half a millennium.

But CVRD also has manganese. It has already mined millions of tons that today form part of the strategic reserve of the United States.

The price of a ton of iron today covers the cost of a single night in a five-star New York hotel. See the absurd level to which we have come?

Allow me to speak a bit about something which makes me sad, called niobium, of which our country has 98% of world production. Niobium is critical for airplanes. In the state of Minas Gerais alone, in the region of Araxá, there is a mine with more niobium than exists on the entire planet.

How are computers going to be built without quartz? The purity of Brazilian quartz is among the highest in the world, [with impurities only] reaching 10^{-12} . Brazil's gold mines in the next century will be richer than those of South Africa,

which are on the wane.

With that inestimable wealth of more than \$1 trillion, CVRD was sold—donated!—for \$3.332 billion. The money that entered the public coffers from its sale was not enough to pay even the interest on the domestic debt.

But the government says that it cannot spend more than what it collects, and says that this is why it must privatize. Already, Usiminas, the National Steel Company, and many others, have been sold off. With the sale of Ecelsa of the state of Espírito Santo, a few days of interest were paid. This process is destructive. But it is said that this is the price we have to pay, as the only way for us to insert ourselves, to enter, to participate in the global world, in the center of which exists a highly privileged group, and outside of which are those in misery. What kind of globalization is this?

The fraud of Brazil's debt

It was against this entire process that we, as a political party which accepts no compromise, launched ourselves. Already in 1991, we said in a pamphlet entitled "Brazil in Danger," that the domestic debt was \$200 billion, because the dollar and Brazil's currency, the real, were artificially paired, and Brazil's currency overvalued. At that time, interest costs reached monstrous figures of \$5 billion a month, for an annual average of \$60 billion. And we got into the debate, and we said that we were going to capsize, that we were going to sink. There would be no money for anything, not for hospitals, not for schools, not for anything.

His Excellency, the President of the Republic, held absolute control, and said that the only way out for the country was his reelection. He opened up the country, just as one would open the doors of a house and allow thieves to come in and take everything. I referred to CVRD because it was the most conspicuous, most perfect example of the explicit piracy they call globalization.

We came to the final results. In the elections, there was no opportunity offered for any kind of debate, and so we saw the infamous reelection of Mr. Fernando Henrique [Cardoso].

I now turn to the current macroeconomic analysis. Today, we have a domestic debt on the order of 400 billion reals, some 20% of which is linked to the dollar. All that debt creates commitments, which can be examined in the form of three scenarios. Here we are, in March 1999. All the analyses that Mr. Lorenzo Carrasco and myself make have to be constantly revised, because everything is changing constantly, for the worse.

The government says interest rates will be, on average, 20% a year. Twenty percent of the 400 billion gives us R\$80 billion in interest—and that's the best hypothesis. There is an intermediate situation possible, with interest rates around 30%—30% of 400 equals R\$120 billion. Real interest rates were, until a few days ago, at 40%, and Central Bank president Arminio Fraga raised them to 45%. But let's work with 40%. Forty percent of 400 is R\$160 billion.

I'm not talking about foreign debt, mind you, only domes-

tic debt. Foreign debt is another story. Foreign debt has one part that is the responsibility of the Treasury, and another part that is private; \$80 billion is the Treasury's and \$160 billion is private. The government says the private debt of the companies is not a cause for concern. But the fact is that the country's solvency demands that there be dollars in the Central Bank. If the companies, at any point, decide to seek dollars from the Central Bank, there would be instantaneous bankruptcy. The reserves we have today are approximately \$20 billion, but not all of that \$20 billion is reserves, and a good part is loans from the international financial system.

If we put to one side the interest on the private foreign debt, and only work with interest on the Treasury's foreign debt, we are talking about \$7 billion, or more than R\$10 billion (at the current exchange rate).

Through the exchange of payments between the states and the federal government, it is possible to reduce this, perhaps, by R\$5 billion. But in the current picture, we are paying R\$160 billion in interest on the domestic public debt; less those 5, plus 10 from the foreign public debt, is equal to R\$165 billion.

It just so happens that the tax revenues anticipated for this year, revenues that have been growing by gouging the productive part of the economy, are not going to be able to pay for this. Tax revenue was R\$60 billion in 1994; R\$96 billion in 1996; R\$120 billion in 1997, and last year, R\$132 billion. By grabbing from the pensions, from the retirees, from the professors, grabbing everything, revenue today is expected to be R\$140 billion. But in view of the scenario we face today, we will need 165 billion.

Everything that Brazil can collect from all the taxes, will still be insufficient to pay even the interest on the public debt.

I ask you, why bother talking about educational projects? To the devil! That is why, when I refer to the Brazilian leaders, I always say that they lack respect for human intelligence, that they lack perception, they treat us as if we were retarded, imbeciles. They treat us as if we were stupid, as if we were irrational animals. What kind of country is it that collects 140 billion in taxes and has to pay more than it collects in interest payments?

The history of the world is full of examples. Yesterday, I said in a conversation with some friends at the Military Club: No empire lasts forever. There are tons of examples in the history of the world. The Roman Empire, the Ottoman Empire. These people have formed an empire. We are the barbarians. Brazil, Argentina, Mexico, all of Latin America, are serfs. They are the masters of the Empire.

But I always say in my messages, that if we understand history, we know that things are absolutely unpredictable. I studied mathematics, the exact sciences, and I know that this process isn't linear. I have no more functions of the $y = ax + b$ sort. The historic process tells us that we are heading toward an encounter with the unforeseeable, toward change.

These people are involved in a process that carries within it the worm of their own destruction. There is no way for the financial bubble to maintain itself, because it lives parasitically off the organism that it inhabits. And so, my message at any point in the process has been, that we have to have hope. We have to be ready at all times. We have to be prepared. We have to be aware that our fight is between the light and the shadows, between life and death. It is a fight between good and evil, between Christian truth and Satanic lies. And it is with this thought, that I say to you that we must stand firm, with the certainty that truth will triumph.

'Colonel Seineldín is an example for us'

During the question and answer period, Dr. Enéas spoke of his meeting with Col. Mohamed Alí Seineldín:

Yesterday, in your land, our sisterland, I had one of the most beautiful experiences. I went to visit Colonel Seineldín, who is a prisoner. Rogues and swine, the enemies of the Fatherland, travel and are put up in Presidential suites, and the heroes are imprisoned.

I expected to find there a broken man, fallen, head low. I expected to find a defeated man, and was instead shocked. When we arrived, he was full of life, full of energy, hungry for battle. "I am Enéas II," he said. "No," I said, "I am Seineldín II."

I felt strengthened to see that imprisoned man ready for battle. He cannot be here now, but his thought certainly is. He is in jail, and we are anguished to see a man of such courage, imprisoned.

Gentlemen, for me, there is only one struggle. Someone has to rise up; it has always been so. If not, we give up and we don't get anywhere. When we left our visit with Colonel Seineldín, I looked at my friends and said, "We are idiots, because we were so bothered by the elections, so saddened by the results, and Seineldín is an example for us, a demonstration of unequivocal strength."

Upon leaving, the impression that remains is, in witnessing Colonel Seineldín's terrific internal strength, that he is the one who is free, and it is we who are imprisoned. Because true freedom is internal freedom, freedom of the spirit. Colonel Seineldín was well known for his writings; now I know him in my soul. And after knowing individuals like him, I am prouder to belong to the human race. Thank you, and I am going to continue the struggle.