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EIR Policy Memorandum

Brazil's Special Role in the Transition To a New International Security and Development Architecture

The following EIR policy memorandum is circulating in policy-making circles in Brazil, and was part of discussions held there in July, during the visit of EIR Ibero-American Intelligence Director Dennis Small and EIR *contributing writer Timothy Rush.*

June 22—The terrible wars sweeping the planet are not causing the economic crisis; it is the systemic economic breakdown crisis of the neo-liberal trans-Atlantic financial system that is causing the wars (which further aggravate the economic crisis), and will continue to do so until that system is replaced with a new international security and development architecture. This simple fact is the key to solving the conjoined problems of global peace and development. To solve either, it is important to understand the actual causality.

1) Brazil's special role: Brazil is a founder of the BRICS, and its only full member in the Western Hemisphere. It has a long history of good neighborly cooperation with the United States, such as the Getúlio Vargas–Franklin Roosevelt relationship, and it is well positioned to function as a bridge between the Global South and the Global North for policy deliberation on global problems. President Luiz Inácio Lula da Silva is widely respected as a world leader in the fight to end poverty, sharing that role with the Chinese government and Pope Leo XIV, among others.

Brazil's immediate high-profile promotion and launching of the construction of a Bioceanic Rail Corridor, linking Peru's Chancay Port on the Pacific with the Atlantic coast (either at the ports of Ilhéus or Santos, or both) would be a highly effective way of a) uniting other countries in Ibero-America around such a development strategy (including working with the BRICS and China's Belt and Road Initiative); and b) favorably affecting the domestic climate around the upcoming October 4, 2026 presidential election. Great projects of this sort foster broad optimism in the population, and a willingness to mobilize for a national mission.

2) The breakdown crisis: The Western world is currently suffocating under a $2.4 quadrillion speculative financial bubble, which cannot conceivably be paid. The physical-economic production ultimately required to sustain such a financial bubble has been collapsing (e.g., the German economic free fall), as explained in the writings of American economist Lyndon LaRouche, including his well-known Typical Collapse Function graphic.

The financial cancer has now metastasized into the U.S. Treasury market itself—the cornerstone of the Western financial system—through the President Donald Trump administration's promotion of cryptocurrency and stablecoin schemes. The U.S. budget is also out of control: With the federal debt soaring ($39.2 trillion as of June 1, 2026) and interest rates rising, over one-third of the total 2027 federal budget will be swallowed up by over $1 trillion in interest payments and a $1.5 trillion defense budget—both of those categories going directly to Wall Street and City of London financial institutions. The rising political unpopularity of both the Trump administration and pro-war Democrats in the United States will take on increasing political importance.

The migrant crisis in both the United States and Europe is exemplary of the ongoing systemic breakdown, as collapsing living standards and wars dramatically reduce the physical economic productivity and resulting potential relative population-density in both the Global North and the Global South. Pope Leo XIV rightly placed a central emphasis on the migration crisis in his June 2026 visit to Spain.

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3) Replace speculation with credit for productive investments: This has been a central concern of the BRICS. Proposed solutions include creating a new international currency, not to replace national currencies but as a vehicle for new productive credit flows protected against speculation; new "investment platforms," as presented by Russian President Vladimir Putin; and grain and oil platforms to remove key commodities from the speculative markets (Chicago Mercantile Exchange, Rotterdam futures market, etc.). The urgency of such new arrangements has been underscored by the recent U.S.-Israeli war against Iran and the resulting closure of the Strait of Hormuz.

The decisive issue is to be able to issue non-dollar Hamiltonian credit for productive infrastructure and other investments—and that goes for the United States and Europe as much as for the Global South. The required features of such a new financial system are described in our earlier "Some LaRouche Essentials for Transition to a New International Financial System":

> A) Total separation between the new common currency and participating national currencies, on the one side, and the predatory, toxic dollar on the other, i.e., no free convertibility between them. Exchange and capital controls become essential tools to achieve that result. For the United States, this means a return to Glass-Steagall, with its strict separation between productive credit and speculative activity.
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> B) A fixed exchange-rate relationship between and among those participating national currencies and the new common currency. Floating exchange rates have been a tool of financial speculation since August 1971, and they are anathema to long-term trade and investment cooperation among sovereign nations.
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> C) Productive credit must be issued in that new common currency to finance great development projects, with a heavy emphasis on science and advanced technologies, in and among participating nations, to quickly boost the physical economies and thereby provide the only possible solid backing for the value and stability of the new currency. Think Alexander Hamilton.

4) And the United States and Europe? A return to the 1933 Glass-Steagall standard, which separated productive commercial banking from speculative investment banking and brokerage activities. This would also separate the U.S. national currency from the wildly speculative offshore dollar, and would be the functional equivalent for the United States of exchange controls in the Global South. It would also lay the basis for the U.S. and Europe joining, and benefiting from, the proposed new development architecture. It is the only viable alternative to today's trajectory of looting, confrontation, and even nuclear war, as EIR Editor-in-Chief Helga Zepp-LaRouche has repeatedly warned in her calls for a new paradigm, in particular her 2022 "Ten Principles of a New International Security and Development Architecture."

To aid this process in the United States and Europe, the "Spirit of Bandung" needs to be heard again coming forcefully from the Global South. As Indian Prime Minister Jawaharlal Nehru stated in his speech to the 1955 Bandung conference, the danger of nuclear war affects all nations equally, and that gives developing sector nations the right to a seat at the table and to be fully heard. President Lula's remarks at the recent G7 summit in France was exactly that sort of appeal to reason that the world needs today.

5) Brazil Action Plan: As a counter to the Shield of the Americas, with its Hobbesian policy designed to further polarize the continent and eliminate national sovereignty, Brazil should champion the programmatic alternative: win-win cooperation of "left" and "right" governments around great infrastructure projects, which can integrate and open up the entire continent to advanced technological development. The construction of the Bioceanic Rail Corridor is the perfect project to demonstrate how such an approach can succeed, linking up with Peru's Chancay Port. That approach can be usefully compared to the disaster that the opposite policy of capitulation to neoliberalism has produced in neighboring Argentina under the Javier Milei government.

There will be international financial support for the Bioceanic Rail Corridor (e.g., China), but Brazil will have to generate and channel substantial domestic productive credit as well, through such banking institutions as Banco do Brasil, CEF, and BNDES. The role today of the major private commercial banks, which are controlled from abroad, will have to be sharply curtailed. Exchange controls will allow domestic interest rates to be set by the federal government, and

not by "the market," i.e., international financial predators with their threats of capital flight and financial warfare.

Brazil should also develop, under government direction, its substantial rare earth deposits, with full processing capabilities in Brazil, and develop industries using those rare earths. This is important in its own right, but it is also of value on the global stage of international economic diplomacy. Similarly, advanced technology work in areas such as nuclear (fission and fusion) and space sciences (reviving the role of Alcantara) is of paramount importance as a science-driver for the economy; technological apartheid policies should be firmly rejected in practice.

6) Work in tandem with the Pope: Pope Leo XIV is expected to travel to Peru in November 2026, a trip which can be made a functional part of such a focus on continental unity for development. The Pope has been both insightful and vocal on immigration and the overall need to end colonialism once and for all, and can be counted on to continue to promote such policies. He also is an American, and his voice resonates in the United States.