

turing. At the same time, he reduced or eliminated import tariffs for raw materials and capital goods for industry. He also reformed the tax system, creating an income tax, and taxed fallow or unused land, in addition to luxury items such as alcohol and tobacco.

As occurred in the United States with Hamilton's policies, Rui Barbosa's policies were vigorously opposed by the domestic and foreign oligarchies then dominating Brazil's economy. The oligarchy forced him to leave the Finance Ministry in January 1891, only 13 months after he took the post, and ran a campaign to slander and discredit him. Even today, the echo of that campaign can be heard, whenever any public figure attempts to follow in his footsteps, on behalf of our true national interests.¹⁰ After Rui Barbosa left office, most of his reforms were abandoned, and the office was subsequently occupied by a succession of economists committed to oligarchical interests, which characterized most of the Old Republic, as the period from 1889 to the Getulio Vargas revolution of 1930 is called.

Among this latter group, it's worth mentioning Joaquim Murinho who, despite serving as Minister of Industry, Transportation, and Public Works during the interim Presidency of Manuel Vitorino (1896-97), was a rabid opponent of industrialization. It was this anti-industry sentiment which guided his policies as Finance Minister during the Campos Salles government (1898-1902). Murinho used openly racist arguments, indicating at the same time that he understood the source which inspired Brazilian industrialists.

In his introduction to his Finance Minister's report in 1897, he wrote:

Industry is not a goal which should be pursued at any price, but is rather a means of making human existence easier, more comfortable and happier. . . . Let us patiently and courageously limit the expansion of manufacturing to the small size of our economic resources, and restrict governmental action to what it can most usefully offer to the benefit of our country's industrial development: Order through Freedom, maintaining peace at all cost and eliminating all those regulations which obstruct individual activity. . . . *We cannot, as many wish, take the United States of America as a model for our industrial development, as we do not possess the superior aptitude of its people, the driving force in that great country's industrial progress.* . . . Then, let the following be the formula for our industrial policy: produce cheaply that which we can only import at a

10. During a seminar organized by the Rio de Janeiro daily *Jornal do Comercio*, at the beginning of the Collor de Mello government in 1990, Congressman Roberto Campos and lawyer Ives Gandra da Silva Martins, two notorious propagandists for neo-liberalism, spent some time discussing whether Rui Barbosa or Dilsen Funaro (1987) had been the worst Finance Minister in Brazil's history. For those who know how these two countered oligarchical interests, the debate is symptomatic.

higher price, and import cheaply that which we can only produce at great expense [emphasis added].¹¹

Shaping opinion

Despite these obstacles, at the beginning of the 20th century, the consolidation of Brazilian industry was an irreversible fact. An essential contributing factor in this development was the tireless activity of national industrialists in "shaping opinion." This activity was primarily centered in three organizations: the Brazilian Industrial Center (CIB), the Engineering Club, and the Rio de Janeiro Polytechnical School.

The Brazilian Industrial Center (today the Federation of Industries of the State of Rio de Janeiro, or Firjan) was founded in 1904, as a result of the merger of the Auxiliary Society for National Industry and the Industrial Spinning and Weaving Center. Among its board of directors were some of the most ardent Brazilian defenders of the American System of economics, including Inocencio Serzedelo Correia, Luiz

11. Joaquim Murinho, *Introdução ao Relatório do Ministro da Indústria, Viação e Obras Públicas (Economic thinking of Joaquim Murinho)* (Brasília-Rio de Janeiro: Org. by Nícia Villela Luz, Federal Senate/Fundação Casa de Rui Barbosa-MEC, 1980), p. 143-174.

Dr. Carneiro: Brazil must adopt LaRouche's proposals

The following are excerpts of an interview with Dr. Enéas Carneiro, Presidential candidate of Brazil's Party for the Rebuilding of the National Order (Prona), published in the daily Folha de São Paulo on April 20. In it, he makes several references to Lyndon LaRouche, whom Folha describes as the "leader of the extreme right wing in the U.S." In Brazil's last Presidential elections, Dr. Carneiro won 5 million votes (about 5%) and came in third, after Fernando Henrique Cardoso and Luís Inacio "Lula" da Silva, and is again a serious contender for the Presidency in the October 1998 elections. On March 19, Carneiro held up EIR for an estimated 40 million viewers during a nation-wide TV program, to document charges that George Soros was buying up Brazil with drug money.

Folha: What do you criticize in the Brazilian system?

Enéas Carneiro: It's not one, but a whole range of things. It's the indiscriminate opening of our economy to foreign industrial products: This has destroyed Brazil's industrial plant. Similarly, the indiscriminate opening to [foreign] agricultural products is one of the major factors

Rafael Vieira Souto, and Jorge Street.

No discussion of the influence of the American System in Brazil can exclude mention of Serzedelo Correia, an engineer and Army officer (he attained the rank of general), and one of the country's most outstanding defenders of protection for industry, as seen in the following passage from his 1903 book, *Brazil's Economic Problem*:

Countries which have no economic independence can never become the type of great nation which List, the founder of the *Zollverein*, discussed. He tells us that aside from language and literature, a well-organized and independent nation should also have extensive territory, a developed population, agriculture, manufacturing industry, and harmonically developed trade and shipping; as for arts and sciences, the general means of culture and education will raise the material level of the population.

It is because we have neglected the defense of our interests, and because as a new country, we have adopted and practiced the policy of *laissez-faire* in industry, in national trade, in sea transport and in the merchant marine, that we find ourselves in such straits. . . .

The state is de facto a robust and energetic economic force. This force is important, it grows and multiplies, and is itself indispensable for new nations, in which individual initiative is weak. . . . It is through import tariffs that countries defend and protect their production and national labor.¹²

Luiz Rafael Vieira Souto, an engineer and colleague of Serzedelo Correia at the CIB, was equally prominent as a professor in the political economy department at the Rio de Janeiro Polytechnical School (today the Engineering School of the Federal University of Rio de Janeiro), a post he occupied for 34 years, as well as in the debates at the Engineering Club in favor of industrialization. Vieira Souto was a vigorous opponent of the recession-causing policies of Finance Minister Joaquim Murinho, and his writings reflected the influence of List and Henry Carey, especially as regards Carey's discussion of the harmony of interests between capital and labor. Exemplary is this passage from his introduction to the first *Bulletin of the Brazilian Industrial Center*:

12. Serzedelo Correia, *O problema econômico no Brasil* (Brasília-Rio de Janeiro: Federal Senate/Casa de Rui Barbosa, 1980), p. 19.

in the destruction of small and medium-sized farms. Thirdly, the value of [Brazil's currency] the real, artificially fixed to ensure that inflation stays at low levels. And then there are the interest rates which have, from time to time, become the highest on the planet. . . .

Folha: I should deduce then that you are—

Enéas Carneiro: Exactly the opposite of everyone else out there. . . . I want to make this clear, there is only one way out: breaking with the international financial system. When I say international financial system, I'm talking about several entities combined. These include the International Monetary Fund, the World Bank, World Trade Organization, etc. I don't believe there is any other way. And, to make this plausible for you, there is an interesting interview here, [in] *Executive Intelligence Review*, with Mr. Lyndon LaRouche, in which he speaks of the need to move toward a New Bretton Woods accord. Thus, what Prof. Lyndon LaRouche is proposing is a new world model, one in which there would not be a totally artificial market with \$3 trillion in circulation every day.

Folha: Would you reverse privatizations?

Enéas Carneiro: Without a doubt. For example, there is an extraordinarily serious study by Sen. Amir Lando, done during the period of privatizations, long before Vale do Rio Doce was handed over. . . . (They say sold, but it was given away.) That study shows that there were questions which, at the very least, could be considered unconstitutional, as related to the sale of state compa-

nies. When you ask, I answer that when I become [President] I shall reverse all [state company privatizations]. All, all, all. Without exception. How will we pay? With the same paper with which they were handed over. . . . There's no question that I have the law on my side.

Folha: Why do you exclude the PSDB [Brazilian Social Democratic Party] or PT [Workers Party] as your allies, and say they represent positions diametrically opposed to yours?

Enéas Carneiro: Because they are the two political structures most linked to everything I abhor. Let's take the case of the Inter-American Dialogue. It was founded in 1982. President Fernando Henrique Cardoso is one of its founders. Several considerations subsequently put into practice emerge from the Inter-American Dialogue. Up front, for example, is that the Washington consensus has defined the guidelines of what today is called globalization. The PT's top leader, Mr. Luís Inácio joined the Dialogue in 1992. So, from the standpoint of the most important issues, the PSDB and the PT are one—two sides of the same coin.

Folha: Would you put a stop to globalization in Brazil?

Enéas Carneiro: I am a nationalist, a man concerned about my nation. The nation is headed for the abyss. Mr. LaRouche says that we are nearing a period for humanity similar to that of the Black Death, to the Dark Ages. We can no longer talk about left and right in today's world. . . .