

## Fujimori Urges S. American Summit: Take Path of Unity

by Silvia Palacios and Lorenzo Carrasco

In his speech before the historic summit of twelve South American heads of state, held Aug. 31-Sept. 1 in the capital of Brazil, Peruvian President Alberto Fujimori challenged the architects of the moribund system of globalization, and issued a call for the formation of a “United States of South America,” to thereby have the power necessary to “audaciously propose” and achieve the economic development and justice for which its 450 million citizens clamor.

Fujimori was right on the mark in pointing to the region’s foreign debt as the problem: There exists “a substantial foreign debt that lies heavily on the shoulders of our people, and whose principal, according to the most conservative statistics, has been paid several times over in the course of the past 25 years.” The Peruvian President declared, “Something has gone wrong; we are not on the right path,”

With the international financial system in an advanced state of decomposition, the London and Wall Street financial oligarchy is visibly concerned with the mere fact that a South American summit was held for the first time in history. The agenda set by the host government of Brazilian President Fernando Henrique Cardoso, centered around “integration and physical infrastructure,” has made them even more nervous. But the speech of Peru’s President Fujimori—whom the U.S. State Department had tried to overthrow, or at minimum, to exclude from the summit—is creating wholesale panic among the architects of globalization.

Not only did he issue a call for continent-wide rebellion against the dying financial order, but he identified the decisive role of Brazil in achieving this.

“There is immense potential which is reflected in our territorial dimensions, in the quantity of resources we possess, and in the longing for progress of our people who, justifiably, are awaiting that development and well-being which already

exists in other parts of the world,” said Fujimori. He added, “As a region, we are politically weak. However, Brazil is one of the largest countries in the world, and one of the greatest economic powers on the planet.” (See complete text of Fujimori’s speech, below.)

### **LaRouche: ‘I Like the Summit Developments’**

In the United States, at the Labor Day conference of the International Caucus of Labor Committees and Schiller Institute, which he co-founded, Lyndon LaRouche was asked how he viewed the South American summit, and its potential importance for humanity. The former Democratic Presidential pre-candidate responded that the South American meeting is extremely significant, and exemplary of the insurrection which is developing around the world, such as in Asia, against the thuggery of the Anglo-American empire. That empire’s financial system is disintegrating, and these countries recognize there is a smell of a dying empire around globalization today, he said.

President Clinton threw the United States’ standing in the world down the sewer, when he supported Al Gore, LaRouche explained. The United States is no longer in a position to exert moral pressure on any part of the world; only fear of it remains. No country has to consult the United States, or its institutions, before taking any action. I am the only moral authority left in the United States, LaRouche said. And, as for the South American developments: “I like them.”

From the standpoint of Brazil, it took the diplomatic initiative in convoking the summit, as a response to its perception that the volatility of the international financial market will lead to a collapse of the world financial system, and that therefore any illusions about globalization—upon which all the domestic and foreign policies of “economic opening” and



*The summit meeting of the Presidents of South America in Brasilia. Left to right: Jorge Batlle (Uruguay), Andrés Pastrana (Colombia), Alberto Fujimori (Peru), Hugo Bánzer Suárez (Bolivia), Bharrat Jagdeo (Guayana), Hugo Chávez (Venezuela), Fernando Henrique Cardoso (Brazil), Luis González Macchi (Paraguay), Fernando de la Rúa (Argentina), Rinaldo Ronald Ventiaan (Suriman), Ricardo Lagos (Chile), Gustavo Noboa (Ecuador).*

dismantling of the state since 1990 are based— are false. This Brazilian diplomatic turn is a serious attempt to create a kind of collective South American lifeline against the approaching debacle which threatens to overwhelm the entire region with the same kind of political, economic and social disintegration which Colombia is facing today—that is, the disintegration of the sovereign nation-state itself.

There are indications that the specific trigger for this Brazilian shift was the failure of the Seattle meeting of the World Trade Organization in November 1999. The Cardoso government made the decision to hold a South American summit following that, in January 2000. And in May, his government played a decisive role in defending Peruvian sovereignty, against Washington's offensive to overthrow Fujimori. As a result, a sort of Brazil-Peru axis has been coming together, much to the dismay of the international financial oligarchy.

These circles have not hidden their distress. For example, the Sept. 2 issue of London's *Financial Times* expressed its concern for what it called the emergence "of a geopolitical entity that is paying attention to physical integration." On Aug. 31, the Brazilian daily *Valor* quoted a U.S. State Department spokesman, as saying that "trade integration does not satisfy the needs of the majority of the continent's economies. The only way to resolve problems is the integration of the countries of the Free Trade Agreement of the Americas (FTAA)." In other words, Washington's proposal to extend the disastrous North American Free Trade Agreement

(NAFTA) among the U.S., Mexico and Canada, to the South American continent.

### **The Brasilia Communiqué**

Despite the fact that the final communiqué is careful not to state that it is establishing a South American bloc against the Free Trade Agreement of the Americas (FTAA), it is nonetheless clear that this action is directly counterposed to the current which is pushing for the dollarization of the entire continent, as a precondition for the FTAA. This current has already swept over Ecuador, and is now moving against Argentina and Mexico. The Presidents' agreement mandates the execution of a plan for the integration of the continent's physical infrastructure by the year 2002; that is, before 2005, which is the date when the FTAA is supposed to commence.

The final document of the summit of the 12-nation regional bloc, "held in the context of commemorating the 500 years of the discovery of Brazil," recognizes the need to act collectively, given the conviction that "geographic proximity and shared values demand a common agenda of specific opportunities and challenges."

"South American cohesion," the communiqué continues, "is also essential to ensure that integration into the world economy will be beneficial. The common challenges of globalization—its unequal effects on different groups of countries and on the populations of individual countries—may be met more efficiently if the region carries its integration further and continues to act ever more effectively on the great issues of

the international economic and social agenda in a manner that reflects coordination and solidarity.”

The summit identifies as issues of major concern for the future of nations, the financial crisis and the problems of the foreign debt, the latter which have been placed at the center of international and continental debate by the Vatican’s diplomatic offensive, which seeks debt forgiveness for the poorest countries, and a just solution for the remainder, as part of the Jubilee 2000 celebration.

Thus, the Brasilia Communiqué states: “The imbalances in international financial markets remain a source of concern. The international community should persevere and ascribe higher priority to identifying and implementing measures to correct these imbalances, which could have extremely negative effects. Moreover, for some of the highly indebted South American countries, the debt service not only constitutes a heavy burden but also places the countries’ stability at risk and seriously compromises their economic and social development. The Presidents thus urged the international financial community to work together to find a rapid solution to this problem and appealed to the creditors to adopt measures conducive to this end.”

### Agenda of ‘Physical Integration’

Although the communiqué mentions other issues, such as democracy and drug trafficking, and especially the situation in Colombia—addressed in a separate document issued by the summit—the central theme of the meeting was what they called the “infrastructure of physical integration,” concentrated on great works such as highways, railroads, waterways, communications systems, and so forth, along several corridors of integrated development.

“The Heads of State noted that the driving force for cross-border integration is strong because it arises from, among other factors, geographic proximity, cultural identity, and the consolidation of shared values. Borders within South America should no longer serve as an element of isolation and separation; they should rather be a connecting link for the circulation of goods and individuals and thus circumscribe a privileged area for cooperation.”

“Integration and the development of physical infrastructure are two complementary approaches. The establishment of an expanded South American economic area . . . will depend on the broadening and complementation of initiatives under way and on the identification of new integration infrastructure initiatives. . . . Advances in the area of infrastructure will, in turn, release new driving forces toward integration, thereby setting in motion dynamics that should be encouraged. This scenario would also benefit from the adoption of an investment policy based on a regional rather than a merely national perspective.”

The communiqué is specific in noting that: “In the area of transport, the South American countries have set as a priority the establishment of intermodal networks to ensure a better



*President Alberto Fujimori at the meeting of the Presidents of South America.*

utilization of land, river, sea, and air ways. . . . In the energy sector, the integration and complementation of the South American continent’s energy resources in the areas of liquid and gas carbon fuels, integration and exchange of fuels, such as natural gas, and of electrical energy interconnection and electrical energy ventures, provide an axis for approximation among the countries of the region.”

Although the communiqué makes no specific mention of the amount needed to finance the various development corridors, the Inter-American Development Bank estimates that all the projects necessary for continental integration would require investments on the order of \$150 billion for a minimum of five years. Clearly, under current ruinous conditions of the world financial system, there is no possibility for financing through the International Monetary Fund (IMF) or World Bank, or through the commercial banks.

This issue of financing is decisive, since it places on the table the issue of the bankruptcy of the current international system, and how to replace it. In a seminar on “The Organization of South American Space,” sponsored by the Brazilian Foreign Ministry, Itamaraty, from July 31-Aug. 2 in Brasilia, the director of Brazil’s National Bank for Economic and Social Development (BNDES), Paulo Sergio Moreira da Fonseca, presented a plan for taking advantage of already-existing infrastructure in the country, such as ports, railroads and waterways, “interlinking them to the most daring projects. . . . And speaking of daring,” he went on, “I would like to dare a little further, and propose the creation of a South American development bank that would be responsible for financing those infrastructure projects. It would be a sort of BNDES for South America.” The BNDES was created as a national bank for industrial credit, responsible in large part for Brazil’s industrial development, although its original purpose has been distorted over the years.

This “daring” would take the form of a Latin American Development Corporation (CLAF), which would emerge, ac-

ording to its creators, from a merger of the BNDES with the Andean Development Corporation (CAF) and the Rio de la Plata Fund (Fonplata). The General Secretary of the Andean Community (CAN), Sebastián Alegrètt, who participated in the summit, proposed to that seminar that the CAF, strengthened with the reserves of the South American countries, could function as a South American Monetary Fund, with a minimum capital of \$40 billion. While that figure is utterly inadequate to the development challenge posed, and to the threat of speculative runs against the continent's currencies, the proposal at least opens the door to necessary discussion.

Roberto Gianetti da Fonseca, Executive Secretary of Brazil's Foreign Chamber of Commerce, spoke in the same vein during a meeting of the Latin American Businessmen's Council, which met in Brasilia on the eve of the heads of state summit. According to the Brazilian press, Gianetti received an ovation when he undertook "an exercise in futurology," and predicted "the formation of a South American bloc, with a common currency for trade—the Peso-Real—and a regional development bank, the Latin American Development Corporation."

Evident throughout the preparations for the summit and in the nature of the proposals made, is the influence of the ideas of Lyndon H. LaRouche who, since 1982, in his "Operation Juárez" document, proposed the creation of an Ibero-American Common Market, a customs union based on the construction of great projects of physical infrastructure, financed by a Hamiltonian-style credit institution modelled on the experience of U.S. economic nationalism. In this context, we should stress the importance of the Schiller Institute's book *Ibero-American Integration*, published in 1985, and the 1995 Portuguese translation of Alexander Hamilton's 1791 "Report on Manufactures," with a preface by the late, illustrious Brazilian journalist Alexandre José Barbosa Lima Sobrinho, and by LaRouche himself, which clearly had an impact on the nationalist economic thinking of certain Brazilian elites.

### **Itamaraty's Tortuous Path**

It is important to emphasize how Brazilian diplomacy arrived at the decision to form a South American regional bloc. First, the eruption of the final phase of world financial collapse occurred in October of 1998, and culminated with the devaluation of the currency, the *real*, in February 1999. The definitive turn occurred after the failure of the November 1999 WTO meeting in Seattle, when Brazil shrugged off its illusion that it would win trade concessions.

Moreover, it is the perception of the Brazilian military command, that there are those who seek to deploy Brazil as a sort of "gendarme" for U.S. State Department interventionism in South America, as was seen in recent crises in Paraguay and Ecuador. Here, the point of inflection was the aggravation of the Colombian crisis, when it became clear that the State Department is promoting the balkanization of Colombia,

which could lead quickly to a military conflict in the Amazon region.

Regarding the first point, Brazilian Foreign Minister Luiz Felipe Lampreia wrote, in an article in *O Estado de São Paulo* of Dec. 20, 1999: "It is necessary to say things as they are: the outcome of the Third Ministerial Conference of the World Trade Organization was not good news for Brazil. Not for us, nor for the majority of developing nations. Brazil, as with the immense majority of the world's nations, possesses neither the instruments nor the will to play the brutal game of the law of the jungle. . . . We wanted to collect on what we were promised from the earlier round of negotiations. Five years earlier, we were placed at a disadvantage by the agreement among the developed nations, who put together among themselves a modest agreement on agricultural trade."

As of that point, Brazil began a discreet diplomatic offensive toward Eurasia, especially toward China, Russia and Malaysia, where the resistance to globalization has been most consistent. It fell to Brazilian Vice President Marcos Maciel to head up this initiative. In late December 1999, Maciel conducted an official visit to China, where he said, "Mercosur is a golden opportunity for China, in the same way that continental China has strategic importance in the Asian market for us."

During a meeting with Chinese Vice President Hu Jintao, in Beijing, Maciel was told that China and Brazil "will work together to promote a strategic alliance between the two countries." Maciel responded that "Brazil and China will play a prominent role in the 21st Century. Multi-polarization will help bring about democratization of international relations, and the right of all countries to participate equally in international matters."

In early July, answering a surprising invitation from Brazilian Finance Minister Pedro Malán, Malaysian Finance Minister Tun Daim Zainuddin arrived in Brazil on an official visit, sending an indirect message that Brazil could adopt a path different from that defined by the IMF. The Malaysian Minister strongly defended the independent action taken by his country under the leadership of Prime Minister Dr. Mahathir bin Mohamad. "We Are Defending Our Independence with Our Lives," was the headline put on a prominent interview with Daim in the July 3 issue of *Jornal do Brasil*, in which the Malaysian Finance Minister exhaustively detailed the reasons for his country's decision to "reject all orientations of the International Monetary Fund."

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