Schröder added that there is nothing anti-American in that, as the foundation for this development of international law and policy has been laid by the United States itself, under President Franklin Delano Roosevelt, almost 60 years ago. "The core of this process is the principle to put the strength of law in the place of the right of the stronger," Schröder emphasized. The majority of renowned German experts on international law agree with that, as numerous interviews over recent weeks have shown.

Prof. Udo Steinbach, director of the renowned German Oriental Institute, made two notable presentations at an event of the Atlantic Academy of Rhineland-Palatinate in Ingelheim on Feb. 17. He pointed out that the anti-colonialist policy of FDR in the Mideast and Persian Gulf regions prior and during World War II has increasingly been driven back by other currents in U.S. policymaking, especially since the current U.S. President took office in January 2001. The issue of Iraq became much more than just some matter of an "unfinished 1991 agenda" that George W. Bush had inherited from his Presidential father, Steinbach said. Scenarios that had been worked out before, for geopolitical control of the entire extended region from eastern Africa to the western borders of China, via the Mideast, Persian Gulf, South and Central Asia, became the official U.S. agenda after the younger Bush took office. Iraq is just a convenient target in this context, Steinbach said. The real strategic game is for control of that entire part of the world; and there, Iran, which has a much larger economic, population, and military potential, is much more of an "enemy" for the neo-imperialist geopoliticians such as Deputy Secretary of Defense Paul Wolfowitz, Defense Policy Board Chairman Richard Perle, and Zbigniew Brzezinski. Steinbach added that certain empire-minded circles inside the British establishment that have found a mouthpiece in Prime Minister Tony Blair, have joined the Wolfowitzers in their military mobilization, in the pursuit of nostalgic dreams about returning, in the Persian Gulf, to strategic positions which they were forced to quit in the late 1960s.

Over the last two weeks of February, this theme of broader Anglo-American geopolitical scenarios has been taken up in numerous radio and other media interviews by leading German politicians. For example Ludger Volmer, former assistant foreign minister, made the point in several interviews that objective number one in the present anti-war campaign is, naturally, to stop the war against Iraq; but objective number two is to drive back the geopolitical designs that go far beyond Iraq.

Such statements are an indication that the U.S. Presidential campaign for 2004 has begun also in Germany, now. And, as many Germans under "normal" circumstances would never have supported Chancellor Schröder, are doing so now, many Germans will also become highly interested in Lyndon H. LaRouche, as the only real alternative to the Bush team. The news coverage of the LaRouche Youth Movement is an unmistakable sign in this direction.

Brazil

Lula About to Slam Into Soros' 'Wall of Money'

by Dennis Small

Luiz Inácio Lula da Silva probably doesn't regard his first 60 days in office as President of Brazil as much of a honeymoon. After campaigning against the International Monetary Fund's neo-liberal economic policies, he nonetheless has capitulated to each of the IMF's demands, one by one: raise interest rates; promote Central Bank autonomy; pass legislation limiting labor rights; reform the pension laws; slash government spending to raise the "primary budget surplus" from 3.75% to 4.25% of GDP.

Yet Lula's plight—and the price that Brazil is already paying for it—is nothing compared to the nightmare that will hit him by the middle of this year, in the form of an explosion of the public debt bomb. As the accompanying article documents, Brazil's gross public debt now totals 1.1 trillion reals (which, at the current exchange rate, amounts to about $320 billion). About 39% of that debt is short term (maturity of less than a year), most of which has to be either paid off or rolled over this year. Estimates are that up to 200 billion reals, or about $60 billion, come due before July 1, 2003, and Brazil's creditors have made it clear that they intend to use the mid-year crunch to exact concessions that are incomparably greater than what Lula has so far acceded to. Under the strain, Lula's Workers Party (PT) will shatter, and a full-blown institutional crisis—similar to that which engulfed neighboring Argentina in 2002—will follow shortly.

The conundrum facing Brazil is the direct result of a policy proclaimed in late 1998 by mega-speculator George Soros, that a "wall of money" had to be issued to roll over Brazil's foreign debt bubble, which was then threatening to explode, along with other equally insolvent components of the world's $400 trillion speculative bubble. That policy has been implemented from 1999 to the present, leading to the generation of a hyperinflationary expansion of the speculative bubble, which is now beginning to implode.

Lula, in a word, is about to run headlong into Soros' "wall of money."

None of these facts seem to be on Lula's radar screen, however. Rather than address the issue, Lula has preferred to look the other way, and hope that somehow or other, things will work out. He continues to speak longingly about how Brazil has to lower interest rates and achieve economic growth. And leading members of the Lula cabinet complain that things are worse than they expected during the campaign.

Will Lula wake up and reverse course, at the point the banks provoke a showdown in mid-2003? That question still cannot be answered, because the political battle inside Brazil over economic policy is far from settled.

There are, however, political forces in Brazil who are already quite clear about the nature of the problem, and what needs to be done about it. This is the case with Dr. Enéas Carneiro, Lyndon LaRouche's friend who was just elected to Brazil's Congress with the largest number of votes in the country's history. Dr. Enéas used his historic, first address to the Congress on Feb. 18, to draw the battlelines.

Enéas: 'Time To Declare Brazil's Economic Independence'

"Exactly 14 years ago, I wrote the 'PRONA Manifesto,' in which I warned the Brazilian population about the dangers of the neo-liberal winds which had begun to blow here in the Southern Hemisphere. . . . In almost all corners of the world, the fashionable word became globalization. The world was transformed into an immense casino where, at the simple touch of a computer key, fabulous fortunes were transferred from one point to another on the planet, at the speed of light, without there having to be any corresponding wealth in the real, or physical world.

"Whoever dared to speak of the sovereign nation-state immediately earned the epithet of troglodyte, dinosaur, or something similar to a being from a more primitive era. . . .

"Our public debt grew from 87.8 billion reals in December 1994 (25.13% of GDP) to the astounding figure of 1.1 trillion reals in December 2002 (80.94% of GDP). . . . I now assert, that is the central issue from which all others flow. This is the real cancer that eats away at the bowels of our nation.

"I am profoundly uncomfortable at the discussion of superficial issues. . . .

"In 2002 the astronomical amount of 114 billion [reals] was paid out. . . . I ask you, how is it possible to survive a hemorrhaging of this amount? How can you talk of the need to attain a fiscal surplus of this or that amount, when it is publicly recognized that the payment of that monstrous sum in interest is to feed the vultures who thrive only on speculation? How can you still consider cutting budgets if you don't have the courage to say 'enough' to this criminal process in which the economy of the Brazilian people is bled to the last drop? . . .

"The entire national productive system loses in this obscene game. In reality, the only winners are those who participate in the speculative process, who have behind them the international financial system. . . . This is the central question, gentlemen. Everything else is a waste of time, is secondary. . . .

"Today, for my first time from this rostrum, into which I was thrust by the will of more than 1.57 million voters, expressed at the polls, I say to you here, as I have always said at every opportunity, and in every place, inside Brazil and abroad, that it is not possible for us to continue being harnessed to this model of submission to the hegemonic powers. It is time to say 'enough' to that putrid, infected, and nauseating model, which is driving our people into slavery. It is time to declare Brazil's economic independence!"

What Follows Brazil's 'Great Expectations'?

by Adriano Benayon

The author is a Brazilian analyst who holds a PhD in Economics from the University of Hamburg, Germany. He is currently a professor at the University of Brasilia, and is a former diplomat and consultant to the Federal Senate. He wrote this article exclusively for EIR.

With the elections held at the end of 2002, the vast majority of Brazilians ousted a government that, for eight long years, had presided over the most dramatic deterioration of every aspect of the economic, political, and social life of the country. Great expectations were placed upon the opposition candidate Lula da Silva, to change course and build a recovery. Has he? Will he?

Year after year, Brazil has been looted by interest payments. Not only on account of the foreign debt, which affects mainly private companies, but because of the public domestic debt, 40% of which is pegged to the dollar, although technically denominated in the national currency, the real. The devaluation of the real in 2002 by more than 52% gave a windfall to the holders of indexed notes. On top of the exchange rate variation, they received interest ranging from 12% to 16% per annum.

The "basic" rate of the Central Bank is only a reference for overnight interest on public securities not indexed to the dollar. That rate averaged 20% per annum during 2002. Toward the end of the year, it had been raised to 25% by the outgoing Cardoso government. The new government headed by President Lula da Silva not only approved that increase; it raised it by a further 0.5%, to 25.5% during January 2003.

By comparison, only Turkey and Poland are estimated to have higher real interest rates than Brazil, which is understandable, since those two economies have also been stifled by International Monetary Fund (IMF) conditionalities. Third place is impressive enough; but the real facts are even worse. Brazil's effective interest rate was much greater than the basic official rate taken into account in the statistics. There are two reasons for this:

1. The stratospheric yield of the dollar-indexed securities, due to the devaluation; and