

# International Briefs

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## Libertarian Milei's Election Victory Leaves Argentina Uncertain

In Argentina's Nov. 19 presidential elections, Libertarian extremist Javier Milei of the Freedom Advances party (LLA) defeated Sergio Massa of the ruling Union for the Fatherland (UxP) coalition 56% to 44%. This was a rout for Massa, as Milei won in almost all interior provinces and did very well in the all-important province of Buenos Aires, normally a Peronist stronghold. The election result was also a clear condemnation of the government of Alberto Fernández, who didn't follow through on any of the promises he had made to rebuild the economy after defeating the pro-IMF President Mauricio Macri in 2019. Instead, he constantly made disastrous concessions to the IMF.

For Massa to win, since he was also Fernández's Economics Minister, both he and the government needed to sharply reverse course and immediately launch a physical-economic recovery program in conjunction with China and the BRICS. The Schiller Institute laid that out in detail on Sept. 4 in its [Emergency Program To Save Argentina](#).

This would have represented the kind of radical change that angry and frustrated Argentines were demanding, but neither Massa nor Fernández was up to the task, and the country descended into an ever deeper financial crisis that worked to Milei's advantage. Against a backdrop of constant economic warfare from the IMF and London and Wall Street banks, Massa was incapable of addressing the real causes of the country's economic meltdown or how to remedy them.

Milei's announcement that Ar-

gentina will not join the BRICS, to which it had been accepted as a new member as of Jan. 1, 2024, is a big setback for the country, as membership would have represented a major strategic shift with important positive implications for its future development. Instead, Milei has decided to co-govern with the hated neoliberal Mauricio Macri, whose 2015–19 presidency wrecked the country on behalf of the IMF. Will this last? Prior to the election, *EIR* posed the question, will it be “Macri or the BRICS?” For the moment it appears to be Macri. But Finance Minister Diana Mondino has already walked back Milei's vows to cut ties with China and Brazil, Argentina's most important trading partners, saying that breaking relations “makes no sense.” As Milei's fascist austerity program will almost certainly lead to major social protest, economic reality may assert itself and provide opportunities for a future Argentine role in the BRICS. Nothing is set in stone.

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## U.S. Federal Debt Time-Bomb Ticking

U.S. Federal debt interest costs hit \$90 billion in October alone; a year earlier the figure was \$47.5 billion. Moreover, the average interest on all outstanding Treasury debt securities reached 3.05% in October. It was 2.18% a year earlier. This average is still rising, obviously, as the current flood of new debt bears interest rates of 4.5–5%.

Federal tax revenue—despite the claims about “Bidenomics,” and despite an estimate of \$60 billion in revenue from new taxes which took effect in 2023—fell overall by 9% in FY2023; it was roughly \$4.4 trillion, down from \$4.95 trillion in FY2022.

State tax revenue, for all 50 states combined, fell by 13% between the two fiscal years. Although many states still have rainy-day funds resulting from the Federal government's COVID largesse, the falling state revenue also shows up “Bidenomics.”

Part of the reason is that both industrial production and manufacturing output fell from the previous to the just-ended fiscal year. As of October (in which manufacturing output fell by 0.6% month-on-month), manufacturing had fallen year-on-year for eight straight months.

As for liquidity in the Treasury securities market and its evil twin, the repo market, it is declining further as the Federal Reserve's Reverse Repo Facility (RRF)—left over from the incredible flood of Fed and Treasury money-printing from late 2019 to mid-2022—is being emptied out, in part by the Fed's own “quantitative tightening.” The RRF now stands at \$900 billion, down from \$2.5 trillion in May of 2022.

This is bank and hedge fund liquidity available for the repo markets, and it is that which suddenly disappeared in mid-September 2019 after adverse events in the European corporate bond market, causing Fed panic-lending to banks. The Treasury's current \$250 billion per month issuance of (largely short-term) Treasuries is taking that liquidity, producing more and more volatility and the threat of another September 2019 repo market seizure in the first part of 2024.

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## Dope Emergency Declared in U.S. Capital

District of Columbia Mayor Muriel E. Bowser on Nov. 13 declared a [public emergency over the opioid cri-](#)

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sis, effective immediately. The number of 2023 opioid deaths in the U.S. capital will exceed last year's record of 461, which itself is five times the number ten years ago. In addition, the sickness, crime, and social breakdown associated with drug use is spreading widely, and the number of homicides is rising.

The neighboring states of Virginia and Maryland had already declared opioid emergencies in 2016 and 2017, respectively, and several other states have also done so. Earlier this month the D.C. City Council passed a non-binding resolution demanding action by the Mayor.

Under the new emergency powers created by Mayor Bowser's declaration, city units will be able to do more to track dope "hot spots" and bypass time-consuming contract conditionalities for drug-related services. Already, private agencies have been taking measures such as putting out vending machines offering clean needles, dope test strips, and Narcan—the life-saving emergency overdose medication naxolone. The person in distress, or a friend, phones a hot line and gets a code, which is then entered into the vending machine. Fentanyl overdoses in the nation's capital are the specific problem.

At the Mayor's press conference Nov. 13, Deputy Mayor Cianna Creighton said that the opioid crisis across the nation is what is driving the U.S. drop in life expectancy.

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## China Continues Its Hamiltonian Growth Policy of 'Control by Credit'

The total of national credit issued by Chinese government institutions for domestic infrastructure, industry, and housing construction in 2023 will be roughly 4 trillion yuan or almost \$600 billion equivalent, in order to drive economic recovery from all of

the impacts of the COVID-19 pandemic and China's life-preserving actions against it.

*Global Times* [reported](#) that on Nov. 17 the National Development and Reform Commission, Ministry of Finance, and other government agencies announced the "working mechanism" to guide issuance of another 1 trillion yuan (\$140 billion) in national government bonds in Q4 of 2023, of which half will be used in that quarter and the other half in the coming fiscal year. Their purpose is to support rebuilding of areas struck by national disasters during the Spring-to-Autumn period and to increase the nation's disaster-relief capacities.

The 3.5 trillion yuan (ca. \$500 billion) in national bond offerings for domestic development issued in the first 10 months of 2023, were issued for transport infrastructure, industrial parks, and affordable housing, among other physical-economic improvements.

Note that the U.S. Treasury issued far more bonds, \$4 trillion in total, from the Spring of 2020 to Spring 2022, also in response to the COVID pandemic, but primarily for income transfers to households and payroll, and financial-engineering loans to businesses, rather than physical-economic assets. The international financial press widely supported those U.S. issues, but now is drum-rolling that China's large bond issuance indicates either economic collapse, or bringing on collapse!

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## Russian Ships *En Route* to Africa with Free Grain

Two Russian ships with free grain will arrive in ports for delivery to Somalia and Burkina Faso by early December. They departed Russian ports, each carrying 25,000 tons of grain, the week of Nov. 14, Agriculture Minister Dmitry Patrushev said that week.

By the end of the year, additional Russian ships, carrying a combined total of up to 200,000 tons of free grain, will depart Russia for the Central African Republic, Zimbabwe, Mali, and Eritrea.

Russian President Vladimir Putin spoke of the shipments Nov. 24 at the virtual G20 Summit. According to Interfax, Putin noted that "There is growing turbulence on the markets," and added that "chronic problems in the international financial sector, energy and food security are aggravating."

At the July 27–28 Russia-Africa Forum in St. Petersburg, Putin had already pledged to send 25–50,000 tons of grain *gratis*, including free shipment, to each of a number of African countries, this trade year.

Commercial supplies of Russian wheat to Africa are also continuing. With Russia as the major supplier, Libya purchased 1.365 million tons of wheat in the 2022–2023 agricultural year (ending June 30, 2023); Mauritania purchased 129,000 tons; and Liberia, 127,000 tons, all of which represent record highs for these countries, the Institute for Agricultural Market Studies reports.

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## Pakistan Has Formally Applied for BRICS Membership

Pakistan's newly appointed Ambassador to Russia, Muhammad Khalid Jamali, [told TASS](#) on Nov. 21 that his country has applied for membership in the BRICS group and will count on Russia's help to be approved in 2024. On Nov. 23 Mumtaz Zahra Baloch, spokesperson for Pakistan's Foreign Ministry, said at an Islamabad press conference that a "formal application" has been made, and that, "by joining BRICS, Pakistan can play an important role in furthering international cooperation and revitalizing inclusive multilateralism."