Domestic foes fear Brazilian greatness

by Lorenzo Carrasco

The Brazilian agents of the major creditor banks, entrenched in the media, business circles, and the foreign ministry, fear that under the leadership of President José Sarney and his finance minister, Dilson Funaro, a nationalist spirit is emerging which seeks to convert the recent debt suspension into a total reform of the international financial system, and allow for the development of great infrastructure projects, scientific and technological advances, and the economic integration of Ibero-America.

Dailies like Jornal do Brasil, representing the oldest pro-monarchy Brazilian families, and mouthpieces of the international bankers such as former ministers Roberto Campos and Delfim Netto, fear that a faction may come into power that could unify the whole political spectrum—including the military, business, and labor leaders—around a national project to make Brazil into a world-class power by the turn of the century.

This faction is described by the Brazilian oligarchy as “nationalist Nasserism,” a term invented to avoid mentioning two great figures closer to home—Getúlio Vargas and Juan Domingo Perón. William Waak expressed this fear in a signed editorial of Jornal do Brasil: “Perhaps the great irony is the fact that, willingly or not, Brazil in fact heads a debtors’ club. In the wake of our imposing $108 billion of debt, countries like Vietnam or China, Poland or Paraguay, Mexico or Yugoslavia, and especially Argentina, are aligned, the better to take advantage of the crisis triggered by Brazil. It was a moment like this which, in the 20th century, made leaders like Vargas or Perón immortal.”

Getúlio Vargas, nation-builder

Getúlio Vargas was the man who laid the basis, from the 1930s on, for turning Brazil from a coffee plantation into an industrial nation, breaking the oligarchic stranglehold on the land. He believed that the economic exploitation of Brazil’s vast territory (8.5 million square kilometers) could only be possible with the building of great projects of economic infrastructure.

With this vision, he created Volta Redonda, the first large-scale steel complex in Ibero-America. In 1951 he set up Petrobras, the state monopoly today in charge of the production, processing, and distribution of petroleum and its derivatives, and one of the largest companies in the world. In 1954, he launched a national electrification plan and shaped the state electric company Electrobras, another giant motor for industrial development. It was also during the Vargas years that Brazil’s iron mines were nationalized, and Companhia Vale do Rio Doce was founded, responsible then as now for developing the world’s largest and purest iron deposits, in the Carajás valley in Brazil’s far north.

Around these nation-building companies, was forged a faction of military officers, technicians, and politicians, who have acted to defend industrial development even in those moments when it was not hegemonic in the government. With the decision to declare a debt moratorium, this faction has emerged anew.

In his weekly radio message on Feb. 27, President Sarney showed that he is well aware of the opposition he faces. “It is difficult, and perhaps causes confusion, for one to go against stratified interests that have consolidated over such a long time, but one must have the courage to make decisions necessary for the present and future of the country. . . . I know perfectly well that these decisions, these measures of courage and determination, will cost me greatly politically.”

The most notorious representatives of these “stratified interests” are the above-mentioned Delfim Netto and Roberto Campos, who are busy trying to prove that “this moratorium was not a sovereign decision, nor an act of courage.” Netto instead, openly praises the model of Hitler’s Economics Minister Hjalmar Schacht, seeking to turn the country’s central bank into a financial entity “rigorously independent of the executive”—and at the service of international usury.

President Sarney, in his annual message to Congress on March 1, demolished such critics: “Contrary to those who say that the emergency [debt] initiative stemmed from our internal necessities, I can assure them that this was the sovereign act of a sovereign nation. . . . I carried out this act with my eyes on the future.”

While the President did not mention names, Luis Gonzaga Belluzo—top adviser to Finance Minister Dilson Funaro and serving as acting finance minister during the latter’s journey abroad—was much less diplomatic. “What are we going to do is talk directly with the owners of the dogs, with the international financial community,” and not with Roberto Campos and Delfim Netto who are merely “representatives of the international establishment. . . . Funaro is not (ex) Minister Delfim Netto. He is not like the man who was resentful for not being invited to join the soccer team when he was a boy. Dilson Funaro was invited.”

The battle within the cabinet

Despite the obvious weakness of the monetarist factions within Brazil, it would be a serious error to underestimate their ability to counterattack. Several of their top spokesmen
could do so much better in getting funds, he claimed, by entering the speculative markets of "instruments such as floating rate notes, or RUF [Revolving Underwriting Facilities], or NIF [note insurance facilities]." The economic team at the Planning Ministry is already training a staff to negotiate such funds.

Presidential adviser Rubens Ricupero stated his position at an Oct. 1, 1986 seminar of the Sao Paulo Trade Federation: "Although they may eventually irritate us, many of the recommendations in the neo-liberal report merit consideration and adoption." Ricupero was referring to the report issued by David Rockefeller's Americas Society, "Toward Renewed Economic Growth in Latin America," which demands the final looting of the region (see page 12).

These cabinet battles also reach into the central bank and Banco do Brasil. The central bank's director of foreign debt matters, Pádua Seixas, and Banco do Brasil vice-president of international operations Adroaldo Mora da Silva, want to make the Brazilian position "more flexible," especially in regard to the freeze of interest payments on short-term debt. On the other side of the fence is the central bank's foreign affairs director Carlos Eduardo de Freitas, who has warned that if the advanced sector countries do not accept Brazil's position, interest payments on debts owed to the Club of Paris will also be frozen. Freitas is the most open advocate of rapid integration moves with the rest of Ibero-America, to consolidate Brazil's position toward the creditor banks, and to block reprisals.

The fight for Brazilian greatness

The skirmishing aside, the raison d'être of the Brazilian nationalists' decision to suspend debt payments is their decision to relaunch the great infrastructure projects stalled by the genocidal policies of the International Monetary Fund. In his state of the nation speech to the Brazilian Congress, President Sarney said: "We are aware of our commitments and of our historic destiny. We all know the exact dimension of our greatness. We know what we are capable of, and have no reason to fear conscious acts taken in defense of our interests, of our sovereignty, and of the options we have deliberately chosen."

Since 1980, the policies of U.S. Federal Reserve chairman Paul Volcker not only ended the flow of investments into large public works, but also into the science and technology sectors. Now President Sarney is saying: "If, on the one hand, we contemplate substantial resources to vital sectors, such as energy, transport, and food production; we will on the other hand continue in the effort to assure resources for the areas of education, health, and training of human resources. Investments in science and technology will be intensified, creating the conditions for the country to definitively overcome its technological dependency, which is one of the points of strangulation of our economic independence."