

## Report from Rio by Silvia Palacios

### Sarney gives himself a crisis

*Former Finance Minister Dilson Funaro could become a strong contender in early presidential elections.*

**B**razil's creditor banks and the arrogant International Monetary Fund (IMF) bureaucrats are in flight from reality in their boasting of the April 25 resignation of Brazilian Finance Minister Dilson Funaro as "their" little victory and thinking this would solve their problems.

Funaro's removal caused President José Sarney's government the most serious political crisis since President-elect Tancredo Neves died on the eve of his inauguration in April 1985.

Funaro's policies embodied a rejection of the monetarist policies of the IMF and a strict defense of national sovereignty. From the very moment President Sarney yielded to pressures coming from inside and outside the country to replace Funaro, his credibility fell to zero. This is very dangerous for Sarney at a time of delicate political transition in which the length of his presidency has not yet been set by the Constituent Assembly, nor even by the parties of the Democratic Alliance which form the basis of his government.

Since he took up his post as finance minister, April 30, Luiz Carlos Bresser Pereira, has done nothing but refute every one of the arguments which his predecessor brandished to rescue the country from IMF control and make it into a great developed nation, a model of industrial capitalism. Funaro earned the backing of the majority party in the Democratic Alliance, the Brazilian Democratic Movement Party (PMDB) by fighting for the 7% annual growth called for in the

party's platform. Bresser Pereira, on the other hand, projects this year's growth at only half that, a mere 3 to 3.5%. On May 2, Bresser Pereira declared, "It is not a progressive policy to grow in a disorderly way, . . . thinking about nothing but growth and creating terrible problems for the trade balance."

Bresser Pereira will gradually dismantle the moratorium on Brazil's debts to creditor banks which Sarney declared Feb. 20. Bresser's recessionary plans, his attacks on Funaro's growth policies, and his willingness to talk like a gentleman with the IMF thieves under the fallacious argument that the IMF has changed its perverse face to a more understanding one, unleashed a political storm among industrialists, PMDB leaders and governors elected on the PMDB ticket. Senator Mario Covas, the powerful PMDB leader in the Constituent Assembly, declared that with Bresser Pereira's nomination "everybody will be unhappy. . . . There were many errors in this episode and the final version was the one which brought the greatest damage."

On May 1, the split between President Sarney and his PMDB party took shape. The governor of the northeastern state of Pernambuco, Miguel Arraes, a consistent defender of Funaro's moratorium policies, reacted to Bresser Pereira's turn by announcing his political break with the Sarney government. Other governors from that Africanized part of Brazil explain that the record grain harvest in Brazil's South would itself provide al-

most all the projected 3% increase in the gross national product; the Northeast will be left stagnating in its misery.

Behind Bresser Pereira's desire to limit growth and apparent willingness to reopen Brazil for savage looting are the genocidal designs of his malthusian advisors. This policy endangers democracy. Draconian austerity will bring famine and set off social explosions, starting with the Northeast. That explains the just demands of that region's governors.

In the face of this situation, the oligarchy has shown in various ways its fear that ex-minister Funaro could become a nationalist leader capable of leading discontent toward the noble cause of defense of the Republic. In its Sunday May 3 edition, the pro-monarchical Rio daily *Jornal do Brasil*, obsessively dogging Funaro's footsteps, warned that he could be a strong presidential candidate.

What scared them most was the speech Funaro gave on leaving the finance ministry. Setting all protocol aside, Funaro called for the country to be defended. He said, "This country, which has a long history of deep social inequalities, also has shown an alarming incapacity to change those political and economic structures which accentuate privileges and perpetuate social inequalities." He added, "the creditors know the firmness of the Brazilian position on the foreign debt. They know that our growth is non-negotiable. I would not be surprised if they tested their strength once again, as they have done so many times in the past. What would be a big surprise would be if they stopped their threats and abandoned their destabilizing intents. But those who use such means are fooling themselves. The departure of a minister does not kill the position of a government like that of the New Republic."