

Report from Rio by Silvia Palacios

Brazil is not a 'republiquette'

The Brazilian military is reluctant to follow Henry Kissinger's orders that Brazil submit to IMF discipline.

President José Sarney is having trouble winning political and military support for his decision to put Brazil under International Monetary Fund (IMF) surveillance. Sarney argued June 17, "I must tell you that the Fund also changed. Therefore, we talked with the Fund without fearing for our national interest." Finance Minister Luiz Carlos Bresser Pereira is running around trying to forge a new consensus of political elites for a formal agreement with the IMF.

However, few will swallow the monstrous fraud which Bresser and his newest ally, Henry Kissinger, are trying. Sen. Jamil Haddad charged that Bresser's austerity policy was evidence that "Brazil once again will pay out \$12 to \$13 billion per year for servicing the foreign debt, at the expense of its population." He noted how Bresser's plan coincided with the arrival of Kissinger and an IMF delegation.

As soon as he arrived in Brazil June 18, Kissinger opined that Brazil might get "new money," if it again plays by the rules of the collapsing international finance system, as dictated by the IMF. In offering new money, Kissinger, the political spokesman and adviser for Rockefeller's banks, is dangling before Brazil what the official representatives of the banks are, so far, refusing. But things did not go well for Kissinger.

"What I told Kissinger is that I have experience with what is going on in Argentina, and I think the surveillance which the IMF applies there is not in our interest," said Sen. Fernan-

do Henrique Cardoso, the ruling Brazilian Democratic Movement Party's leader in the Senate. He had conversed with Kissinger during a dinner offered by Henry's best friend in Brazil, businessman Israel Klabin. Bresser, on the other hand, spent the whole dinner obsessively seeking to win the Kissinger seal of approval. He went so far as to make public for the first time his ambitious plan to convert \$7 billion of debt paper into ownership of Brazilian companies.

In real terms, Brazil will not now be saved from financial collapse either by the unlikely possibility that its debt were renegotiated or by any kind of agreement with the IMF. Brazil has asked the World Bank and foreign government export-import banks who make up "the Paris Club" to extend the due dates of debts to them which were set to be paid starting the end of June. The Club answered, "Okay; but go to the IMF." Thus, well-informed circles here comment that Brazil will make some IMF agreement around the time of the IMF annual meeting in late September. In the meantime, it may ask for bridge loans from the U.S. Federal Reserve and the Bank for International Settlements to be able to continue making those debt payments not subject to the Feb. 20 moratorium.

Bresser's austerity program is facing sharp opposition. "If there is any consensus in this country, it is on the need to keep the economy growing at rates which permit a significant increase in per capita income," countered his predecessor, Dilson Funaro, in an interview published in the daily

Folha de São Paulo June 22.

In the face of such an explosive situation, the oligarchy's daily *Jornal do Brasil* June 20 warned there is a strong current in the government which wants to imitate Peru, limiting debt payments to a percentage of exports. Whether or not that is true, it reveals the big fight for development catalyzed by Dilson Funaro, the minister who declared a moratorium on most of Brazil's debts on Feb. 20.

Brazil's negotiators tried to scare the Paris Club with a Funaro presidency in order to squeeze some "concession" out of the creditors. If 30 pieces of silver could not be obtained for having abandoned Funaro's principled position that "the debtor nations must rescue their dignity," then Bresser would not be able to win the domestic credibility he desperately needs. If Bresser's social democrats could not show their subservient policy toward the bankers paid off, the negotiators argued, the creditors would have to face the "more radical" position represented by Funaro and his nationalist movement.

Kissinger's fireworks in favor of the IMF boomeranged. "That guy is thinking we are a republiquette," army Minister Gen.

çalves, told a friend, insider journalist Castello Branco reports. The powerful chief of Brazil's military was angered by Kissinger's interrogating him about how much influence he has on President Sarney and what he does when the President does not follow his advice. "Nothing, he's the President," the general told Kissinger. He later told his friend, "He doesn't realize that after 20 years of power, the Brazilian armed forces realize that while we may be able to solve short-term problems, we cannot permanently solve national questions. We want democracy. . . ."