

Report from Rio by Lorenzo Carrasco

The presidential race

Brazil's electoral contest is already in full swing, with moratorium advocate Dilson Funaro in the lead.

Just days after the Sarney government sealed a deal with the bank creditors' committee on the Brazilian foreign debt, including agreement to suspend the debt moratorium and permit the return of International Monetary Fund missions to the country, the systemization commission of the National Constituent Assembly cut Sarney's presidential mandate from six to four years and announced that direct elections for the presidency would be held in November 1988.

While the decision has still to be ratified by the full Assembly, it is already clear that the nationwide clamor for a legitimate government will make such a decision impossible to revoke.

The influential senator José Richa, considered the unofficial spokesman within the Constituent Assembly of the "legalist" faction of the Army, gave a Nov. 19 interview to *O Estado de São Paulo*, where he was explicit as to the reason for reducing the presidential mandate. "Inflation is intolerable and in an upward spiral. When I said that inflation would reach 20% in January [1988], everyone called me crazy. Now that craziness is universal. No one expects less than 20%. . . . The social picture is very serious, with 64.2% of the economically active population earning from zero to two minimum wages. . . .

"Add to this a deteriorated political situation, because the government is incapable of bringing about any kind of agreement. . . . No miracle plan can succeed without a solid base of support. . . . Political strategy forces us to reduce the mandate of a govern-

ment that refuses to come to an agreement. . . ."

A coup has only been avoided, concluded Senator Richa, "because . . . the military sector is today the most lucid and competent in Brazilian society, keeping itself within a totally legal framework."

The political collapse of President Sarney became irreversible at the point that he permitted a small palace guard, run by Ambassador Rubens Ricupero and Sarney's son-in-law Jorge Murad, to force the resignation of Finance Minister Dilson Funaro last April. With Funaro's departure, the way was cleared for reopening negotiations with the banks, and toward a deal with the hated IMF. Charged with that task was banker Fernão Bracher, chief debt negotiator and an enemy of the Brazilian moratorium.

Funaro's departure also meant that Brazilians lost confidence in their government, which was not elected, but had been put together on the basis of a pact between the two major parties, the PMDB and PFL. That pact, in turn, had been premised on the commitment to return Brazil to the path of democracy, based on policies of accelerated economic growth and rejection of IMF policies, which have been represented domestically by the despised former Planning Minister Delfim Neto. Already by May, the President had become increasingly isolated politically; that situation became irreversible at the point that Sarney surrendered to the banks in early November.

It was then that former minister

Funaro described the problem of the illegitimacy of the current regime. The agreement with the creditor banks, he said, "is deeply unsatisfactory to the fundamental interests of the country . . . and showed that the transition government has exhausted its negotiating capacity, thereby demonstrating its fragility. . . . How can the PMDB continue to support a government that is capable of making a deal that implies the premature lifting of the moratorium and a return to the tutelage of the IMF?"

The decision to reduce the Sarney government to a four-year term thus represented a definitive break with the government. That decision also triggered the start of the presidential election campaign.

Dilson Funaro, speaking Nov. 19 to hundreds of metalworkers clamoring for a Funaro presidency, declared that this critical moment in Brazil required unity around a single name, with the support necessary to put the nation back on the road to economic growth and democratic normalization. "Nothing is resolved by whether a person wants to be candidate or not; what is important is that whichever citizen merits credibility within such a movement of national unity cannot refuse that duty. . . . If this be my case, at the proper moment I will study whether or not I am able to accept such an obligation."

But as the elections of November 1988 approach, the problem that concerns every responsible political circle in the country is how to maintain at least a modicum of stability for the next 16 months, until the elected President takes office. The danger is that Sarney, committed to a recessive monetarist policy under the direction of banker Fernão Bracher and Finance Minister Bresser Pereira, could agree to sign a deal with the International Monetary Fund.