

# Collor's Brazilian honeymoon is over

by Silvia Palacios

During the first six months of President Fernando Collor de Mello's government, the unanimous attitude of influential business and military circles was one of anticipation. Today, those same circles have become apprehensive about their nation's future.

This abrupt change is in large part due to a foreign policy aligned with the interventionist adventures of George Bush and submission to the ecological and technological blackmail of the superpowers. It is also directly connected to Collor de Mello's own disastrous neo-liberal economic policies. Not the least significant factor is the growing disillusionment with a government that campaigned on a morality platform, but which within six months has been discovered in various pornographic intrigues and corruption scandals.

This picture of general disillusion and pessimism was confirmed in the Oct. 3 elections of state and federal congressmen and governors. According to the pollsters, "blank votes"—which are effectively abstentions—reached a whopping 60%. For example, in Rio Grande do Sul, one of the most politicized and economically developed states in the country, the general abstention rate was 50%. In the second round of last December's presidential elections, only 4% abstained.

In the face of such decline, the government has chosen to perpetuate the myth that the election results are a victory for the administration. This same myth is being proffered by the Anglo-American Establishment—revealing, if nothing else, where President Collor's most solid support actually lies. The Oct. 4 *New York Times* editorialized that, "Although today's vote was not billed as a referendum on Mr. Collor's radical economic program, the local elections are expected to strengthen the President's hand in opening Latin America's largest economy to free trade, more foreign investment, and a reduced economic role for the state."

On Oct. 19, at a luncheon with 249 high-level Air Force officers, President Collor issued his public evaluation of the election: "The government confirmed at the polls that its acts are understood and supported by the majority."

The response to Collor was not long in coming. On Oct. 23, Air Force Minister Brig. Gen. Socrates Monteiro, whose sector has been hit hard by the anti-military campaigns of the

government, warned, "These elections were full of messages. The politician who fails to decipher the riddle of the blank votes runs the risk of being devoured by the Sphinx. Some have already been so devoured."

Reality is intruding, in the form of economic disruptions stemming from the monetarist "adjustments" imposed by the government's economic team, which believes it can save the nation from economic disaster through stratospheric interest rates. Thus, the third week of October began with a series of bankruptcies of major companies. The panic spread to the stock exchanges when it was learned that the Casas Pernambucanas chain of department stores had gone under. The company's lawyer explained, "With the Collor Plan there was a 30% drop in sales . . . and the high interest rates adversely affected the cash flow."

On Oct. 23, the São Paulo Merchants Association revealed that the number of new bankruptcies that month would be 20, while the monthly average through September had been 6.

The extramarital affair between Economy Minister Zelia Cardoso de Mello and Justice Minister Bernardo Cabral—which concluded in the latter's departure from the cabinet—appears to have reinforced Cardoso's embrace of neo-liberal economic dogma. "That economic policy was defined on the first day of government, and we will continue with it," said the defiant minister on Oct. 22 to a group of 200 São Paulo businessmen who were protesting the fact that interest rates are currently hovering around 1,300% a year.

## Debating the 'Third Way'

In this context of loss of confidence in the government, a debate has erupted around the so-called "Third Way," a frequent reference of Pope John Paul II to an alternative to liberal capitalism and Marxist collectivism. For example, the magazine *Ombro a Ombro*, official mouthpiece of the Brazilian Armed Forces, warned in an editorial in its October issue, titled "The hegemony of the Third Way," of the "risks of failure of the neo-liberal economic program of the current government, which could lead to institutional chaos of deadly consequences" (see *Documentation*).

The editorial is an explicit response to the attacks of "Theology of Liberation ideologue Frei Betto" and to "Senator Roberto Campos, renowned ideologue of the liberal extreme right," against the "Third Way." The implied criticism of former Planning Minister Campos is unusual, given that he has retained considerable influence among military and business circles.

Campos's closest associates have recently sharpened their attacks on the social encyclicals of Pope John Paul II, out of recognition that these are the foundations of the feared "Third Way." Ambassador J.O. de Meira Penna, one of the most prominent spokesmen for British liberal thought in Brazil, wrote in the April 1990 issue of the magazine *Digesto Econômico*, "There are not really three alternatives in the

modern world. There are but two. One of these implies strengthening of private enterprise, without nationalist restrictions or exaggerated patriotic rhetoric. The other represents the path of slavery to which [Mont Pelerin Society founder Friedrich von] Hayek has referred since 1944.”

Cardinal Eugenio de Araujo Sales, the archbishop of Rio de Janeiro, wrote an Oct. 13 column in *Jornal do Brasil* on the centennial of Pope Leo XIII's *Rerum novarum* encyclical, in which he implicitly defended the “Third Way.” “Neither capitalist liberalism, nor Marxist totalitarianism has the answer for the vast hopes of Humanity. As Leo XIII already perceived, the truth lies in meeting the demands of justice, and in respect for the inalienable rights of freedom, founded on the teachings of the dignity of man created in the image and likeness of God.” Cardinal Araujo concluded, “It is time to practice these preachings.”

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## Documentation

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### A Christian ‘Third Way’ for Brazil

*The following is excerpted from the October 1990 issue of the Brazilian military newspaper Ombro a Ombro.*

The profound political, economic, and social transformations sweeping the world, including in Brazil, lead us to reaffirm the proposal contained in our editorial of May of this year, on the adoption of a “Third Way.” In that editorial, we said that the collapse of communist regimes and the failure of liberalism makes the order of the day the search for a “Third Way,” which reconciles economic development with the principles of the common good and social justice. Both Marxist collectivism and savage capitalism oppressed individual dignity, violating the inalienable right to liberty and the pursuit of happiness, just as was proclaimed in 1776 in the United States’ famous Declaration of Independence, written by the Founding Fathers against the doctrines of liberal radicalism and free trade of England’s George III.

Our proposal gains strength when it is attacked by representatives of both the left and the right. The first one to attack the “Third Way” was Frei Beto, ideologue of the Marxist Theology of Liberation. . . .

Sen. Roberto Campos, considered an ideologue of extreme right-wing liberalism, also opposes the “Third Way”

when he says: “The most dramatic event of the recent period was the death of communism. . . . There is a less dramatic, but equally important event, which is the death of the third way. . . . In Latin America,” the senator concluded, “they still don’t know about this death. The nostalgia for populism and ‘third ways’ persists. . . . Perhaps [Latin America] will be the last continent to admit that the market economy is more than just a simple option. It has become a consensus.”

We could also respond to Sen. Roberto Campos with the words of Pope John Paul II, the person most responsible for the collapse of the communist regimes, as he addressed businessmen during his trip to Mexico: “The events of recent history have sometimes been interpreted, in a superficial way, as the triumph of one system over another—definitively, as the triumph of the liberal capitalist system. Certain interests wish to take that analysis to the extreme of presenting the system they consider the victor as the only option for our world, basing themselves on the experiences of the real setbacks socialism has suffered and refusing [to exercise] the necessary critical judgment on the effects which liberal capitalism has produced, at least to date, in the countries of the Third World.”

. . . The economic disaster which Poland has experienced in only a few months, after following the neo-liberal recommendations of Jeffrey Sachs or the IMF, had the effect of beginning to convince the governments of the newly liberated Eastern European nations that the liberal dogmas of Adam Smith are incompatible with the proposed task of economic reconstruction. Even President Mikhail Gorbachov is convinced that an economic alliance with a reunified Germany offers the only hope of political stability. . . .

In contrast to Germany’s imminent prosperity, which so worries Prime Minister Thatcher, the British and U.S. economies can no longer hide the fact that they are headed for collapse, due to having substituted productive investment in economic infrastructure with speculative investments in the international markets. . . .

This crisis, which presages the collapse of the Bretton Woods financial system, is the final proof of the failure of the theories of Adam Smith, based on the dogmas which underlie current neo-liberal theories. Those who continue to embrace those dogmas, shall witness the collapse of their nations’ political structures, in the same way that the collectivist theories of Karl Marx led to the collapse of the Soviet Empire.

Therefore, when we defend the creation of a movement based on the “Third Way,” we do so based on international reality. . . . The risks of failure of the current government’s neo-liberal economic program, which could lead to institutional chaos of dire consequences, leaves us as patriots with the responsibility of seeking solutions which reconcile economic, industrial, and technological development with the universal values of social justice, which considers each individual’s life as sacred to the nation.