

Report from Rio by Silvia Palacios

Collor's latest publicity stunt

Brazil's President is growling in public at the IMF, but no one appears to be fooled, least of all the Fund.

Everything indicates that President Fernando Collor de Mello and his political mentor, Roberto Marinho, the business magnate who represents Anglo-American interests in Brazil and who owns the *O Globo* media empire, have cooked up a supposed confrontation between the Brazilian government and the universally hated International Monetary Fund (IMF). They are trying to gain a little time to try and control the nationalist ferment which is spreading throughout Brazil, particularly in the National Congress, against Bush's "new world order." Few find the performance credible, however.

Upon his return from the first summit of Ibero-American Presidents in Mexico, Collor requested that the IMF's auditor for Brazil, José Fajgenbaum, be replaced with someone of more "standing." The attack on Fajgenbaum, then in Brazil to negotiate a standby agreement, was allegedly prompted by the fact that the auditor had had the temerity a few days before to announce that if Brazil wished to obtain a longer-term agreement with the IMF, it would have to carry out a series of economic reforms requiring modification of Brazil's Constitution.

There was nothing particularly shocking about Fajgenbaum's demands. Such interventions by the IMF into Brazil's sovereign affairs are, in fact, regularly cooked up between Brazilian Economics Minister Marcilio Marques Moreira, and IMF and World Bank representatives. The July 23 *Wall Street Journal* noted, "Mr. Collor agrees the Constitution needs changes,

but this could be complicated if it appears to be dictated by the IMF." The *Financial Times* of London the next day cited Brazil expert Riordan Roett of Johns Hopkins University: "If he [Collor] hadn't done anything, Brazilians would have thought that he was selling out to the IMF."

The IMF is demanding that the government further "liberalize" trade and implement a tax reform which the Fund insists will generate sufficient funds to reestablish regular payments on the foreign debt by the economically collapsed state and municipal governments. Both of these demands are perfectly compatible with the measures the government has been implementing.

On June 27, for example, the Brazilian government took a giant step toward meeting U.S. Trade Representative Carla Hills's demands. The Economics Ministry informed the General Agreement on Tariffs and Trade (GATT) headquarters that the government unilaterally renounced any use of Article 18-B of the GATT accords, which permit member countries to impose import restrictions in case of imbalances in the country's balance of payments. Since the government had already promised the creditor banks that it would pay its \$8 billion in interest arrears on the foreign debt, this new concession leaves the country's foreign reserves totally unprotected should a trade deficit develop.

Brazil is also playing the U.S. game in implementing GATT pressures against France and Germany's agricultural subsidies policy. Prompted by its

new ambassador to Washington, Rubens Ricupero, Brazil signed the aggressive statement charging the continental Europeans with "economic vandalism," which the Cairns Group of food-exporting nations issued when they met in Manaus, Brazil on June 27.

As the *Wall Street Journal* noted, Collor himself has on several occasions demanded changes in Brazil's Constitution in order to satisfy the neo-liberals' economic program. This was the case, for example, with the so-called National Reconstruction Project (PRN) issued by the government last March, which cites the need to change the Constitution to allow the privatization of state sector companies in such strategic areas as energy and telecommunications.

Although the PRN appears dead, the weekly *Relatorio Reservado* in late June commented that there is a lobby inside Brazil pushing the opening up of the oil sector to foreign exploration. The brains behind this lobby, says *Relatorio*, is businessman Olavo Monteiro de Carvalho, Collor's former father-in-law, a partner in British Petroleum and, together with Roberto Marinho, the British crown's principal agent in Brazil.

Despite all the bluster, Collor's indignant braggadoçio against the IMF is little more than a cheap stage performance. Collor has no problem carrying out the orders of the creditor banks. For example, on July 21, Pará state Gov. Jader Barbalho, an enemy of Anglo-American efforts to internationalize the Amazon, called on Collor to take a dignified stand by rejecting as a mere "pittance" the Group of Seven's latest \$50 million offer for environmental conservation projects. Instead, Collor chose to turn against Amazon military commander Gen. Antenor de Santa Cruz, who has been outspoken in his denunciations of Anglo-American colonial designs on the Amazon.