

## Report from Rio by Silvia Palacios and Lorenzo Carrasco Bazúa

### Collor government is now a corpse

*Weakened by corruption scandals and the economic crisis, the President's political demise is just a matter of time.*

**T**he Brazilian institutional crisis, originating with the unconditional alignment of the Collor government with President Bush's new world order and the adoption of the prescriptions of the Anglo-American financial institutions, has now entered its terminal phase. All that now remains to be determined is when President Collor will leave the presidential palace. The longer he stays, it is now acknowledged, the worse the institutional damage his government will cause.

This phase was not reached merely through the increased density of administrative corruption scandals, catalyzed by the convocation of a congressional commission of inquiry into corruption charges against the President himself. The scandals are also linked with an economic nose-dive stemming from the population's absolute loss of confidence in its President, and from the panic of both domestic and foreign investors, which is leading to a collapse both of the Brazilian stock markets and of government paper abroad.

The Brazilian congressional commission investigating the corruption scandals, originally brought into being to whitewash Collor's image on the eve of the Earth Summit, has been unable to contain the scandals swirling around Paulo Cesar Farias, the former treasurer of Collor's presidential campaign. The scandal has now reached the doorstep of the presidential office, and could lead to a review of the accounts of the multimillion-dollar electoral campaign, which

would put a spotlight not only on the list of illegal contributors, but also on the party system itself, which managed to elect the least representative Congress in Brazilian history.

Should the Brazilian Congress, through the commission of inquiry, manage to exonerate President Collor of the glaring corruption charges that have been leveled against him, the principal victim of that omission will be the National Congress itself.

Although Brazilian military leaders have not publicly taken a stand on the scandals, they have clearly indicated that they would accept as a solution to the institutional crisis the elevation of Vice President Itamar Franco to the presidency, despite insidious rumors attempting to discredit him. This possibility terrifies both the national and foreign financial oligarchy, since it would signal the emergence of a new government allied to nationalist civil-military sectors which are in turn linked to former vice president Aureliano Chaves.

The gravity of the Brazilian crisis and the diminishing maneuvering room of the oligarchy is reflected in the visit of Chase Manhattan's David Rockefeller to Brasilia in late June, during which time the banker warned that all previously agreed-upon deals with the international financial agencies and creditor banks could dissolve under the heat of the political crisis.

Another such reflection was during the extra-official meeting June 23 between Economics Minister Marcilio Marques Moreira and U.S. Nation-

al Security Adviser Gen. Brent Scowcroft (the former president of the Kissinger Associates, Inc. consulting firm). The scene was not unlike Venezuelan President Carlos Andrés Pérez's urgent convoking of his international advisers—headed by Henry Kissinger—to Caracas before the dust had settled from the Feb. 4 military uprising against him.

That Collor's administration has virtually ceased to exist does not mean that it has stopped handing over to the Anglo-American oligarchy what remains of the Brazilian economy in exchange for the fiction of international support for the moribund government. Thus, for example, a decision was just made to increase monthly interest payments on the Brazilian foreign debt starting in October, when a debt renegotiation deal with the banks is expected to materialize. Similarly, a program of intensifying the rate of privatization of state energy companies has just been decreed.

St. Augustine, in his *City of God*, had a magnificent characterization of the process of moral rot that infects this and all the other democracies in the Western Hemisphere. Comparing unjust kingdoms with bands of thieves, he wrote: "If from kingdoms we remove justice, what do they become but a band of thieves on a grand scale? And those bands, what are they but kingdoms in the small? They are a group of men, they are ruled by a chief, they are pledged to each other in a mutual pact, they divide up the booty according to laws that they accept. Let's suppose that new groups of bandits join this crew, and that they grow until they occupy positions, they establish barracks, they seize cities, and they subject nations: They openly proclaim themselves a kingdom, a title which, by all rights, is conferred upon them not by abandoned ambition, but by the impunity they achieve."