

# Brazil's radical economic reforms provoke unrest in the military

by Silvia Palacios and Lorenzo Carrasco

The apparent speed and ease with which the government of President Fernando Henrique Cardoso has imposed constitutional reforms is provoking one of the most serious responses by the Brazilian military seen in the last decade. Thus far, the government has enjoyed unexpected success in winning congressional approval for radical changes to aspects of the national Constitution. That constitution, the product of profound and historic battles, gave birth to a sovereign Brazilian nation-state driven to become an industrial power.

The abandonment of that orientation toward industrialization and economic independence is what is triggering the military discontent which has surfaced in recent weeks, expressed most recently in an article in the daily *Jornal do Comercio* on May 24 by Air Force Brig. Gen. Ivan Frota Neto, a highly respected officer who was chief of the Air Force General Staff through 1993. At that time, General Frota published a manifesto vehemently denouncing the "new world order" conspiracy to dismantle Brazil's Armed forces, a manifesto which *EIR* subsequently included in its entirety in the book *The Plot to Dismantle the Nations and Armed Forces of Ibero-America*, published that same year.

Under the headline "The Fatherland Is Crying for Help," General Frota described the government of President Fernando Henrique Cardoso as "a huge political-electoral farce," and an "incredible and absurd alliance: militant leftists with extreme right-wingers." He harshly criticized all aspects of the government's anti-inflationary "Real Plan," as well as the proposed constitutional reforms, most especially the breakup of the state-run telecommunications and oil monopolies. Describing the latter as "the absurd process of handing our oil-producing system over to foreigners," General Frota concluded: "This is suicidal, for sure; and the worst part is that this will happen after all of this immense nation's potential has been exhausted. No! *We shall not submit* passively!

Although General Frota has in the past identified with the radical free-market ideology called "neo-liberalism" in Ibero-America, the government's submission to foreign interests is so scandalous that many people are abandoning their ideological positions and uniting to protest this policy

throughout the country. This is lawful. The government's package of constitutional reforms isn't some original idea that popped into President Cardoso's head, but was rather planned by a predecessor, the disastrous President Fernando Collor de Mello. Its goal is to eliminate the state oil and telecommunications monopolies, do away with all legal distinctions between Brazilian and foreign companies, allow foreign companies to operate on Brazil's interior waterways, and allow foreign exploitation of natural resources in the Brazilian subsoil.

## Privatization ridiculed

Of particular relevance is the article published in the Army's official publication, *Resenha*, which was cautious in its treatment of the President, but emphatic in expressing the discontent caused by Cardoso's decision to privatize the electricity production system. The President made that decision after he visited the United States and met with such leading establishment figures as former Secretary of State Henry Kissinger, Canadian Seagram's magnate and World Jewish Congress leader Edgar Bronfman, and several Wall Street bankers.

*Resenha* sarcastically notes that "Two-thirds (yes sir!) of the U.S.'s hydroelectric systems are owned by the government. For example, the Tennessee Valley Authority (TVA), established by [Franklin Delano] Roosevelt (1933), covers the states of Tennessee, Kentucky, Mississippi, Alabama, North Carolina, Georgia, and Virginia. The TVA is responsible for flood control, maintaining fluvial navigation, and generates and distributes electrical energy, [the benefits] of which are reflected in the growth of the powerful chemical industry in the U.S. South. Imagine hydroelectric plants monopolized by the government! . . . Who knows, will Brazilian capitalism serve as an 'example' to the United States, and lead it to sell off the TVA's many hydroelectric plants?"

The article observes that "this certainly will not occur. Defense of energy sources is a basic requisite for economic growth and independence. When Lenin was setting up communism, he built large hydroelectric plants financed by U.S. capital. To date, [Russian President Boris] Yeltsin has not privatized them." In conclusion, *Resenha* says that "all mod-

ern law in Brazil is based upon the work of two statesmen: Getulio Vargas and Castelo Branco. Proposed changes in these great leaders' legislation will be, in general, torturous change."

Less diplomatic still is the editorial in the May edition of the military newspaper *Ombro a Ombro*, which reflects the thinking of an important sector of the Armed Forces. Under the headline "100 Days of Anarcho-Liberalism," the editorial is a frontal attack on President Fernando Henrique Cardoso: "We are not surprised when President Fernando Henrique Cardoso returns from the United States with a strengthened appetite for privatization. . . . Men like him, educated in Marxist theory at the same time that they were protected by the Anglo-American establishment (which they were supposedly fighting . . . ), easily and passionately embrace neo-liberal theories against the sovereign nation-state."

Such severe pronouncements have the liberal press establishment, which rarely comments upon the editorials of other publications, in a nervous state. Thus, the May 25 issue of the daily *O Globo* viciously asserts, "The May edition of the military daily *Ombro a Ombro* came out yesterday. Fierce defender of state monopolies, it exhibits on its front cover the editorial '100 Days of Anarcho-Liberalism' which cudgels the Fernando Henrique Cardoso government. The issue has only one full-page advertisement. By Petrobras."

In compliance with the deals struck with the international bankers, the government is obsessively determined to defend the *real*, the currency, by subjecting the nation to stratospheric interest rates, the highest in the world—higher even than those in Russia—which have already caused industrial bankruptcies. This, in turn is generating protests by other civil-military groups. On May 11, for example, the daily *Tribuna da Imprensa* carried an open letter to the President and members of the National Congress by the newly formed Front for the Defense of Brazilian Sovereignty and Integrity, comprised of prominent nationalist figures from various sectors of Brazilian society. The open letter denounces the Cardoso government's surrender policies, including its privatization and denuclearization policies, the *Real Plan*, its acceptance of the concept of "limited sovereignty," and its malthusian population policy. The letter asserts that it is issuing this warning "so that our children and grandchildren will not some day wake up to find that they are the slaves of the rich nations, as occurred to our Mexican brothers who have lost their sovereignty and their oil."

### **Campaign against the Armed Forces**

Together with the drive to denationalize the Brazilian economy, the Cardoso government has undertaken a direct assault on the Armed Forces. On the initiative of the Foreign Ministry, dominated by one-worldists, Brazil has created a human rights department, winning the congratulations of two non-governmental organizations (NGOs) which have

been pressing hard for precisely that: Amnesty International and Americas Watch, the latter financed among others by speculator George Soros. Under pressure from those same two NGOs, the Brazilian Justice Ministry has decided to reopen the case of terrorists who died during the war against subversion in the 1970s. In the Brazilian case, the investigations were closed when an amnesty was decreed for both sides.

It would appear that, given the example in Argentina and the renewed offensive against the armed forces of Ibero-America generally, President Cardoso is prepared to unilaterally reopen old wounds. Amnesty International is on a major mobilization whose first victim is intended to be the current Air Force attaché at the Brazilian embassy in London, who has been hit with the old epithet of "acknowledged torturer."

### **Institutional crisis anticipated**

The fact is that there has not been such a moment of widespread military discontent with government policy since before the impeachment process was begun against former President Fernando Collor de Mello, when military circles were privately accusing that government of crimes against the fatherland for having decreed the creation of a Yanomami Indian reserve which violated criteria of national sovereignty.

At the time, this ferment was channeled in another direction by the accusations of corruption launched against the President by his brother, the late businessman Pedro Collor; those accusations temporarily averted the imminent institutional crisis that was threatening. The major liberal press also moved against Collor when they realized that their whole project was going down with him.

Today, although the government has succeeded in winning congressional approval for all the constitutional reforms it has demanded, including the breaking up of the oil and telecommunications state monopolies, a rupture has nonetheless been created between the political Brazil and the real Brazil. The Armed Forces will, of course, be subject to this dynamic, with predictable tensions more and more frequently arising within the defense institution. If the military leaders support the liberal reforms proposed by the government, or ignore them, the result will undoubtedly be the fracturing of the Armed Forces, precisely as occurred in Argentina, which led to the emergence there of the "painted face" (*Carapintada*) movement of Col. Mohamed Alí Seineldín.

It is in this context that General Frota issued his appeal to the military command in his *Tribuna* article: "Mostly, I trust that the components of the military family, both active and reserve, who truly constitute 'a lasting bulwark for the defense of the nation,' along with their top leaders, the military ministers, will act with all their political might to bring about a reversal of the dark moment through which we are living."