

Report from Rio by Silvia Palacios and Lorenzo Carrasco

Institutional chaos looms

"Free trade" economics is disorienting some military circles on the crucial Usiminas fight.

The joint annual meeting of the International Monetary Fund and World Bank, held in Bangkok Oct. 13-14, defined the parameters of the institutional crisis appearing on the dark horizon of this country. The adoption by IMF director Michel Camdessus of the so-called McNamara doctrine—according to which all IMF credits will be tied to cutbacks in military budgets—and the demand for the immediate privatization of the state steel plant Usiminas as a condition for signing a stand-by loan with the Fund, are the two essential components of this instability.

The primary concern of the Brazilian Armed Forces is clearly centered around the new world order campaigns of President Bush and his cohorts in the Group of Seven, which seek the dismantling of the armies of the nations of the so-called Third World as an essential requirement for the imposition of a system of limited sovereignty under the domination of the U.N. Security Council.

The key instrument employed in pressuring for the step-by-step imposition of this system has been the conditionalities of the international financial institutions, designed to dismantle national industry (both public and private) through Adam Smith-style free trade policies, while privatizing the leading state companies and shattering protectionist trade barriers. In fact, the countries of the developing sector, among them Brazil, are already living under a system of limited sovereignty in the financial and banking arena.

For these reasons, nationalist cir-

cles in Brazil were taken aback by the Oct. 4 manifesto of Gen. Nilton Cerqueira (ret.), president of the Military Club of retired military men, which strongly criticized the public protest demonstrations against the Usiminas privatization that led to the suspension of the controversial auction at the Rio de Janeiro stock exchange on Sept. 24. General Cerqueira's statement expressed the concern that the incident could lead to a general explosion of chaos in the country, run by "foreign entities" and "carbonarios" (terrorists). The same sentiment was expressed in the Oct. 3 editorial of the Army Ministry's official weekly, *Noticiario do Exercito*.

The concern among the military over law and order is understandable, but the defense of free trade economic policies is a major blunder.

Using the pretext of these statements and pointing to the alleged threat of a military movement like that of 1964, Rio de Janeiro governor and Socialist International vice president Leonel Brizola ordered the suspension of a gigantic demonstration that had been organized against the Usiminas privatization. In fact, Brizola's sudden suspension of the rally was worked out with President Fernando Collor de Mello who had just received, through his Finance Minister Marcilio Marques Moreira, the bankers' message from Bangkok conditioning IMF aid on the Usiminas sale.

Brizola, like his soulmate Venezuelan President Carlos Andrés Pérez and other Socialist International leaders, is contributing to the implementation of Bush's new world order. For

example, Brizola's alliance with Collor is premised on the latter's successful hosting of the U.N.-sponsored Earth Summit, to be held next June in Rio de Janeiro, as a giant step in imposing the new order's ecological conditionalities on Brazil—and the world.

The national opposition movement to the Usiminas privatization—which is viewed as the foot in the door to the selloff of Brazil's national patrimony at bargain-basement prices—did not originate with Brizola, but rather as the reaction of various national groups, civil and military, and including Brazilian Vice President Itamar Franco and former Vice President Aureliano Chavez. It has thus triggered a nationwide civic-military movement.

General Cerqueira is also mistaken to believe that the growing instability in Brazil stems from the rallies and protest marches that are directed against the free-trade policies of the government, although there do exist radical groups within the labor federation CUT that are loyal to the dogma of class struggle and seek to take advantage of an increasingly critical situation. The chaos, the revolts, the social instability and, now, the imminent institutional crisis, are rather the direct consequence of brutal austerity conditionalities imposed by the IMF.

The turbulence Brazil is suffering and which will escalate in short order, stems directly from the fantasies of the ruling circles which suppose that the recession—caused by high interest rates that have already surpassed 1,000% a year, with the resulting massive unemployment and bankruptcy of the national industrial sector—is the necessary sacrifice to the golden calf of usury for the country to be readmitted to the dying international financial system.