

Report from Rio by Silvia Palacios

A lifeline for Marques

Bankers are determined that Brazil's free-market economic program will survive Collor's fall.

The Anglo-American banking elite has thrown a lifeline to Economics Minister Marcilio Marques Moreira, to save him from the Fernando Collor de Mello government, which is sinking fast in a cesspool of the most egregious corruption scandals in the republican history of the country.

Despite the fact that Brazil has been unable to comply with the goals agreed to with the International Monetary Fund (IMF), its bankrupt international creditor banks have joined with Washington, and in particular with Brent Scowcroft, President George Bush's national security adviser and long-time ally of former Secretary of State Henry Kissinger, to intervene in the country's overwhelming institutional crisis and to grant a long-awaited debt renegotiation package within the parameters of the Brady Plan.

For the bankers, the near disappearance of the Brazilian presidency has become a minor concern compared to maintaining and strengthening Marcilio Marques as their only guarantee that Brazil will continue in alignment with the so-called Enterprise for the Americas initiative of President Bush. Marcilio Marques is an old friend of the Trilateral Commission, and met with Scowcroft just weeks ago in mid-June.

The IMF neo-liberal austerity program faced its greatest threat on June 30, when President Collor was obliged to offer a nationally televised address to deny charges leveled against him by a humble driver who worked for the private secretary to the presidency. Collor's self-defense was

so weak that the only thing he managed to accomplish was to gain a little time so as not to lose his congressional base of support. Today, the figure of the Brazilian President bears a striking resemblance to the central figure of the opera *La Traviata*, who just before dying shows a sudden but short-lived burst of energy.

Ever since the scandal surrounding the President first broke, the financial instability of the country has grown. It is estimated that on that first crucial day alone, the country lost \$500 million of its reserves, the identical cost of one day of "Desert Storm." In total, to maintain stability in the markets, the Central Bank had to throw in nearly \$2 billion of its reserves.

In a panic, the Anglo-American allies of the Brazilian government moved quickly to shore up Minister Marques, raising him almost to the status of prime minister, according to Brazilian press commentators. On July 2, the *Financial Times* of London described Marcilio Marques as "Collor's very moral economics minister," the only one who can save the situation but whose abilities are affected by the "political paralysis."

Marques immediately repaid the support by agreeing to the banks' new, voracious demands for austerity. In addition to increasing interest payments on the foreign debt, the government quietly readied for signing a model agreement to promote and protect foreign investment which, on the demand of the United States and, in particular, of banker David Rockefel-

ler, dramatically reforms the investment agreement that has reigned since 1964. The new agreement does not require congressional approval, and is so in violation of national interests that it even includes the creation of a special court to settle all disputes, and incorporates broad guarantees in case of nationalization, according to the daily *Gazeta Mercantil* July 7.

Given the likelihood that a presidential collapse would be followed by the installation of Vice President Itamar Franco, a known opponent of the Collor government's irrational privatization program, as President, Washington and its spokesmen have begun sending an unequivocal message. On June 30, the press commented that during his stopover in Brazil two weeks earlier, banker Rockefeller had vetoed Franco during a social event by calling him "unacceptable."

The Brazilian oligarchy, which controls the country's northeast, also presented its veto. Through the voice of Bahia Gov. Antonio Carlos Magalhaes, known for rubbing shoulders with the highest circles of the U.S. State Department, President Collor was assured of support in the National Congress. Magalhaes added that Franco was "unacceptable."

Anglophile pressure to preserve Minister Marques as their guarantor of Collor's free-market program has been so great that his permanence in the post has even been endorsed by the military ministers.

The so-called Inter-American Dialogue has also played a role. Its Brazilian member, Sen. Fernando Henrique Cardoso, declared June 30 that if Vice President Itamar Franco were to assume the presidency, he would have to put aside "his personal ideals," without interrupting the process of "reform and modernization" of the economy, the shopworn euphemism for economic liberalism.