

# Itamar Franco's inauguration: a great opportunity for Brazil

by Silvia Palacios and Lorenzo Carrasco

Itamar Franco's inauguration as President of Brazil, as a result of the unprecedented impeachment proceedings against former President Fernando Collor de Mello, offers the country a unique opportunity in its republican history: It could become a leader in the continental battle against the monetarist free-market order imposed by the Anglo-American establishment.

Brazil has the precious opportunity to restart its industrialization project and thus occupy the position in the world to which it has always aspired. The Anglo-American establishment is determined to ensure that this does not occur. While portions of Franco's first address to the nation on Dec. 30 were excellent, other aspects reflected the influence of Foreign Minister Fernando Henrique Cardoso, a top Anglo-American asset.

Franco has the qualities required to bring about positive change. He is appalled by the social inequality and hunger afflicting many Brazilians. In his address to the nation, one day after his swearing-in, he stated that "in the articles proclaiming our objectives and principles, the Constitution of the Republic embodies and summarizes the nation-state's *raison d'être*—the building of a free, just, and sovereign society; guaranteeing development, ending poverty, eliminating the inequalities among the country's people and regions, and promoting the common welfare without prejudice or discrimination of any type."

The new President was categorical in recognizing that Brazilian society is profoundly unjust. "In unjust societies such as ours," he said, "the only thing which is equally distributed is fear. Let us not hide with false illusions that fear which dominates us. No one feels safe, and the weakest, hemmed in by the desperation of their misery, feel tempted to place themselves under the protection of criminals who organize simulated states and foment violence using the perverse argument that this is a substitute for justice. The state's duty is to maintain its monopoly of force, ensure compliance with the law, and eliminate these foci of banditry. But we should also recognize that these groups don't emerge by accident, nor are they encouraged only by organized crime. Crime finds its means of sustenance because the state has absented itself from the poorest regions."

"We shall not resolve Brazil's social problems," Franco said, "until each of us is capable of looking into the faces of all Brazilians—children and elderly, city or rural dwellers—

and see them as our own children, our own parents, our own brothers. We cannot look on the poor with the pity felt for the miserable, but with the sense that we stand before human beings like ourselves, who share our same fate within these borders, under these same skies, and as part of this same history. Our survival as a nation depends on our ability to unite and work together."

## No to 'savage capitalism'

President Franco emphasized his intention of seeking development and combatting the international banking system's voracious usury, which he identified as a sign of "savage capitalism." This latter suicidal policy has sacrificed tangible production to a parasitic culture which his predecessor and many other Washington-owned Presidents euphemistically called "modernization." Franco stated: "In the almost three years since false modernity was proclaimed as the program of government, the results have been a setback for the economy. Tomorrow, Dec. 31, statistics will show that the GDP for 1992 will be 3.7% less than for 1989. Since the population increased during those three years, the per capita drop is almost 10%. In sum: The much-heralded slogan of modernity has impoverished the country by 10% in only three years."

The President then touched on the suggestion of putting a cap on interest rates—an issue which causes bankers to quake. The Brazilian Constitution states that rates cannot exceed 12% annually, but thanks to the monetarism which has been applied since the heyday of former Finance Minister Delfim Netto's megalomania, high interest rates have become the chief source of parasitical wealth in Brazil. Franco said that "the policies of modernity and fighting inflation cannot be based on maintaining high interest rates. The real interest rate paid to refinance the federal public real estate debt, that is, to refinance the paper held by the banks, was until recently 2.2% monthly or almost 30% annually. How can we possibly invest in productive activities when the government itself pays so much for credit? And where will the government find the resources to pay its creditors at such high rates? Gentlemen, we are dealing here with a dream, a nightmare from which we must awaken."

"There are still among us," he charged, "practitioners of a savage, anachronistic, and predatory capitalism. They are the ones who hasten to make—and dissipate—fortunes. Impartial observers have confirmed that in no other country in

the world does capital enjoy such a privileged position. . . . I am certain that the economic and financial operatives will now understand that social peace and tranquillity are also in their permanent interest."

Franco promised to restart investment in infrastructure and social programs, and restore to government financial institutions to their role as promoters of economic development. He announced changes in the program for privatizing state companies. "What changes in this process," he explained, "is its ethical orientation."

Franco made special mention of Brazil's Armed Forces, one of the key institutions in the resistance to the "new world order," and a target for dismantling by the Anglo-American powers. During Collor de Mello's three-year rule, the Armed Forces were subjected to a regimen of misery and destruction. Franco said, "I have a word for our Armed Forces which, with their renewed democratic and patriotic commitment, have contributed to our overcoming our difficulties. I know they face immense challenges, given the inadequacy of equipment, in defending our borders, our skies, and our coastline."

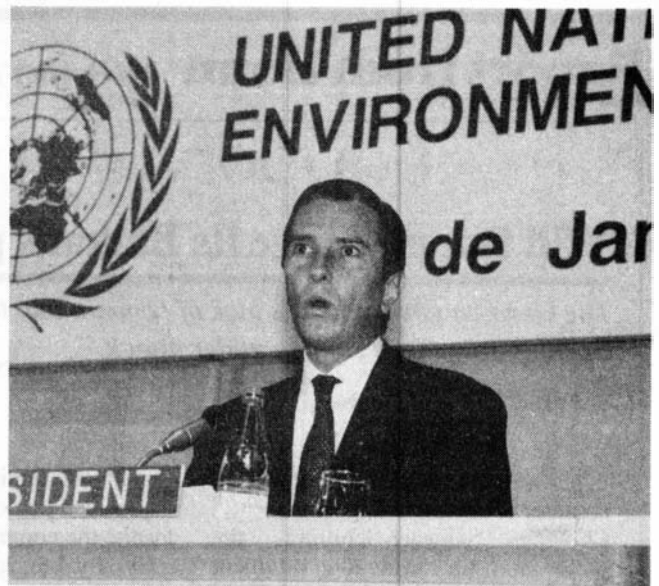
### The Inter-American Dialogue's trap

Franco's first presidential address also showed weaknesses, which could turn this historic moment of great hope into a national tragedy. There is no way to reconcile the economic nationalism which the new President desires for Brazil, with the universalist, or "liberal," view which is reflected in the foreign policy domain, due to the influence of Foreign Minister Fernando Henrique Cardoso, who has never displayed any independence or dignity vis-à-vis the Anglo-Americans.

Cardoso's influence is evident in the second part of the address, in which the President propitiates international bankers by promising to comply with austerity agreements with the International Monetary Fund, the primary cause of the domestic economic depression. Moreover, Franco took up the same environmentalist agenda spawned by foreign interests, which the Collor government had attempted to impose.

The foreign minister's influence is also visible when Franco praises "a universal political society" and lauds the use of "appropriate technologies" and the panacea of "sustainable development" promoted by the World Bank. He promised that Brazil will "participate in the international control of nuclear activities and technologies which can threaten world peace." These are the new world order's demands to establish technological apartheid, one of the issues which has sparked the most outrage within the Armed Forces.

These ideas are all dictated by the Inter-American Dialogue, the Washington-based policymaking group which joins a select group of people from the Anglo-American establishment and their Ibero-American toadies such as Cardoso. Since 1986, the Inter-American Dialogue has demanded the dismantling of Ibero-America's armed forces. Together with former U.S. Defense Secretary Robert McNamara, Cardoso belongs to the World Resources Institute, which calls



*Out of office, and not a minute too soon: Fernando Collor de Mello.*

for cutting military budgets so as to use the "saved" resources for environmental projects.

Since prominent Dialogue members will occupy influential posts within the administration of U.S. President Bill Clinton, pressures on Brazil to march in step with the new world order will intensify. Foreign Minister Cardoso will serve as the group's Trojan horse within the Franco government. He is a longtime friend of Secretary of State-designate Warren Christopher, dating back to the days of the Carter administration, when Christopher directed destabilization campaigns against Brazil, using a phony "human rights" issues as a pretext. In 1976, this led to a break in U.S.-Brazilian military agreements.

It's clear from the schizoid structure of Franco's address, that the near future will bring a showdown between nationalist forces and those of the social democracy, who want to make the new President into a more respectable version of Fernando Collor de Mello. Before the corruption scandals broke out, Cardoso's group was prepared to join the government. Now, from the Congress, they are putting together a political coalition, in which the Workers Party (PT), led by Luiz Ignacio "Lula" da Silva—also a member of the Inter-American Dialogue—could participate in an attempt to impose the social democratic agenda.

Respect for "consensus" under these conditions is Franco's weak point, as noted approvingly by a representative of one of the multinational companies based in Brazil. Quoted in the weekly *Relatorio Reservado*, this individual explained that foreign companies aren't worried about Franco's possible nationalist measures, due to the fact that "he has no parliamentary bloc able to give him a majority in the Congress." This would make Itamar Franco a "Collor without Collor."