Report from Rio by Silvia Palacios

But, what about Brazil?

This is being asked by the growing opposition to President Sir Fernando Henrique Cardoso and his globalization policy.

Opposition to the Cardoso government's fanatic commitment to globalization has spread into a new quarter, the São Paulo establishment. The political and intellectual elite of São Paulo, the most industrialized state of Ibero-America's Southern Cone, is moving into open rebellion against the destruction which globalization has wrought upon Brazil.

This grouping sees Brazil heading into the final stages of the Presidential election (the first round of voting takes place on Oct. 4), polarized between two unacceptable candidates who function as the Inter-American Dialogue's Brazilian Tweedledee and Tweedledum: Fernando Henrique Cardoso and Inacio "Lula" da Silva. In hopes of slowing Cardoso's globalist frenzy, São Paulo's elite is concentrating on defeating the reelection bid of the state's current governor, Mario Covas, one of Cardoso's closest collaborators.

The campaign being waged against globalization by Amb. Rubens Ricupero, a former Treasury Minister and current Secretary General of UNCTAD, who is viewed as one of the Foreign Ministry's most brilliant intellectuals, reflects the broader repudiation of the neo-liberal, free-trade program which has stripped the country's development. Ricupero has become a champion for the American System, particularly one of its founding fathers, Alexander Hamilton, and for the example of China, as a model of a country which, by industrializing, has successfully fought poverty. In an interview on Brazilian television on June 29, rebroadcast (an unusual occurrence) on July 5, Ricupero cited Hamilton's role in the history of the United States, attacked the conditions which "Wall Street bankers" have imposed on poorer nations, and argued that what the world needs now, is a "new architecture" for the international financial system.

That same week, in a seminar organized by Brazil's National Economic and Social Development Bank (BNDES), Ricupero again attacked globalization and its destructive effects. But, he lamented, because no representative from the government's economic teams was present, "we are speaking only among ourselves."

Symptomatic of the uneasiness in the São Paulo establishment, is a recent editorial in *O Estado de São Paulo,* a daily which in the past could not praise enough the benefits it claimed from neo-liberal economics, but today constantly publishes criticism of savage financial liberalism.

In a July 2 editorial, "Watch Out for Financial Deregulation," *O Estado* endorsed the warning against unregulated capital markets which World Bank Vice President Joseph Stiglitz delivered at a late June World Bank conference in El Salvador. "Stiglitz swims against the current which is transforming the free market into an ideological dogma, which pressures governments and social groups in the direction of a general and unrestricted deregulation, without prior evaluation of what the impact of the absence of clear and defined regulations is upon national financial systems, and, above all, on employment and well-being of populations," it wrote.

The uprising against the government's economic policy has been provoked by the disaster which it has brought upon industry and agriculture. Not only is unemployment rising, but Brazilian industry, which before the globalist experiment had built up significant technological capabilities, is now largely denationalized, passing, little by little, into the hands of the multinationals, and, as has happened to food, automobile parts, and household appliances sectors, being grabbed up by the oligarchical-run cartels. Forcing high interest rates on the productive sectors, and eliminating the infrastructure projects which drive the economy, have crippled Brazil.

This demented policy is backed by one of the key men of the government's economic team, yuppie economist Andre Lara Resende, president of BNDES, who believes that "the idea that the economy of a country rests on its industry, is anachronistic."

The spreading alarm over the denationalization of industry is captured by the cover of the latest issue of the magazine *Carta Capital,* in which the photos of Brazil's eight leading national industrialists are placed under the headline: "Disappeared."

A recent BNDES study reveals how profoundly the face of "Brazilian" industry has changed. In 1990, the total revenue of the 100 top nonfinancial companies was distributed thusly: 44% came from state-owned companies; 27% from foreign-owned firms; 23% from family-owned firms; 2% from cooperatives; and 4%, other. By 1997, globalization had produced a far different mix: 38% was generated by foreign-owned companies; 16% from family-owned firms; and 32% from state-owned companies—the latter of which, under the government's ruthless privatization plan, will pass over into foreign hands.