

Report from Rio by Silvia Palacios

Vulnerability to Bush's war

President Collor's alliance with Anglo-American Gulf madness means trouble for his neo-liberal economic plan for Brazil.

With the launching of the Anglo-American war against Iraq, Brazil is faced with the irony of being the most developed economy of Ibero-America (it has the eighth largest GNP in the world) and yet, at the same time, retaining a dangerous vulnerability because of its dependency on the Persian Gulf for 50% of its oil needs. On the eve of the first bombardment of Baghdad, the fact of this serious energy weakness awakened the government of Fernando Collor de Mello from its neo-liberal daydreams. In a speech to the nation Jan. 14, Collor was forced to admit that the country was unprepared for the war, and warned that "the crisis in the Middle East could bring serious problems to countries like Brazil; if the worst should happen, the price of oil will rise, aggravating a recessive tendency world-wide." As soon as the war exploded, rationing of gas was announced.

In August 1990, Collor unconditionally allied with the Anglo-American superpower and torpedoed its relations with Iraq, thus ending a long tradition of carefully forged independent Brazilian diplomacy toward the Arab world. Brazil has received nothing in return from its supposed allies; in fact, the technological boycott has escalated, and Washington fully backs the intransigence of the bankers in negotiations over Brazil's enormous foreign debt. Moreover, now it is apparent that Collor's neo-liberal program is a disastrous failure.

If Brazil is to survive, it will have to impose diametrically opposed eco-

nomical measures.

Thanks to these neo-liberal policies, the country is submerged in the worst recession in decades, with cutbacks in investment in its already weakened infrastructure and salaries, and increases in unemployment and industrial paralysis. Discontent because of the recession has been accumulating, stripping the government of its early support. Industrialists insist on a lowering of stratospheric interest rates, several of the new governors have made it clear that they will not begin their mandates by shouldering the cost of the war, and the Armed Forces are loudly demanding better wages, and a higher budget.

The urgent need for some major changes in policy is becoming readily apparent. On Jan. 17, in search of political support, President Collor held his first meeting with the newly elected governors of the country's four most economically powerful states. All demanded the same thing, that the recession be braked. "The leading advisers to Economics Minister Zelia Cardoso believe that changes are inevitable . . . [and are] seeking out less orthodox paths for their inflation policy," was *O Globo's* commentary on the meeting.

Influential columnist Castello Branco commented Jan. 17 in *Jornal do Brasil* that no matter what direction the Collor program takes, "it has come to its end." Castello Branco added that it will be necessary to recognize that "the conditions for maintaining an economic plan designed for another

world situation are disappearing."

More relevant is the fact that even President Collor's best allies in Congress are recognizing the failure of his economic plan, by sheer force of events. On Jan. 11, Congressman Gastone Righi, a leader of the PTB party, which is part of the government's support bloc in the Chamber of Deputies, predicted that the Middle East conflict could transform the geopolitical actions of the Collor government, and make way for "other long-term alternatives that supersede the economic recession." Righi offered as an example of such an option the economic program in the 1940s of President Getulio Vargas, which began the process of industrializing the country with an ambitious steel project. The Vargas five-year plan was unveiled in the midst of war, and included as well the construction of a rail transport network, the strengthening of the state-run shipping industry, and even an airplane engine factory.

To assure the nation's future survival, it would thus not be foreign to Brazilian historical tradition for the country to undertake a series of *Getulista* measures based on the recovery of a national credit program directed at building great infrastructural works of this sort.

Brazil's other option would be to continue down the suicidal path of alliance with the genocidal New World Order designs of George Bush. This is precisely the recommendation of a recent editorial in the daily *O Estado de São Paulo*, mouthpiece of a powerful faction of the Brazilian oligarchy: "The President of the Republic," asserts the editorial, "should be very careful so that, when the Persian Gulf crisis ends, whatever the results of the military action, Brazil will not be summarily excluded from participating in re-drawing the international relations that will fatefully occur."