

Report from Rio by Silvia Palacios

Doing the bankers' bidding

The planned privatization of Petrobras is next on Collor's IMF agenda, but the protests are growing.

In lock-step with the Jan. 31 meeting of the International Monetary Fund's board of directors, which approved Brazil's letter of submission to that entity, the government of President Fernando Collor de Mello moved closer to imposing a full-scale monetarist dictatorship in that country by abruptly firing two high-level officials of the state oil company Petrobras.

Despite the state oil monopoly that exists by constitutional mandate, the government's *Official Daily* published a communiqué on Jan. 30 informing Petrobras directors Carlos Thadeu de Freitas and Mauricio Alvarenga that they had just lost their jobs due to their refusal to accept the government's policy of privatizing Petrobras. A euphoric *O Estado de São Paulo*, a mouthpiece for the country's ultra-liberal elite, celebrated the firings in its Jan. 31 editorial entitled "Oil Monopoly Takes a Hit."

Committed to ramming through the constitutional changes and Petrobras privatization that will favor the interests of Brazil's creditor banks, President Collor has gathered around him a coterie of like-minded men, among them, Infrastructure Minister João Santana, Strategic Affairs Secretary Pedro Paulo Leoni, and Eduardo Modiano, president of the National Bank of Economic and Social Development (BNDES) and head of Brazil's privatization program. Modiano is also the son of a prominent real estate speculator from Marseilles, France who made his fortune, so to speak, "overnight."

In a recent visit to New York on the invitation of David Rockefeller's Council of the Americas, Modiano began discussions with the banks over a planned seminar in March on the privatization of Brazil's petrochemical industry, to be held in Houston, Texas. At the same time, the president of Shell Oil in Brazil, Robert Broughton, announced that his company has already prepared a scenario in anticipation of the end of Brazil's state oil monopoly.

What these men hope to put in place in Brazil, on the model of Argentina and Mexico, is not only the privatization of this or that company, but the dismantling of each of the components of the sovereign nation-state which have guided the institutional life of the country since its founding as a republic in 1889.

A group of monetarist crazies from the Getulio Vargas Foundation, headed by its director, Citibank's Mario Henrique Simonsen, has been working on a project whose central thesis is that the modern world should be living under a system of limited national sovereignty, since the concept of sovereignty as once understood is now "obsolete."

As journalist Heraclio Salles characterized it in his column critical of the Collor government's actions in the Jan. 30 *Jornal do Brasil*: "We are immersed in a vast process of subversion of the institutions, led by the person [Collor] who is directly responsible for the social and political order of the country, insofar as he knows how to

guarantee the juridical order."

Such subversion has already prompted a reaction from the judiciary. Referring to the 147% hike in retirees' monthly stipends which was illegally suspended by executive decree in January, the director of the National Association of Federal Judges, José Ricardo Regueira, accused President Collor of attempting to install "a fascist regime. The government cannot do whatever it wants, ignoring the national Constitution." He added that the tripling of anti-government lawsuits under Collor's administration "is a total disaster."

There were similar reactions to the other recent presidential action that stunned the nation, when Collor de Mello demarcated a vast area for the Yanomami Indian reserve, without giving a thought to national security interests. On Jan. 30, a Rio de Janeiro court gave the go-ahead to a class action suit against the Yanomami demarcation.

That lawsuit, handled by noted lawyer Americo de Paula Chaves, will require President Collor and Justice Minister Jarbas Passarinho to respond to charges that they acted unconstitutionally. "The federal government threatens the public patrimony, placing national sovereignty at risk, with the demarcation of 9.4 million hectares of a territory continuous with Venezuela, pre-announcing the formation of a Yanomami nation," reads the lawsuit.

Although the U.S. State Department pretends not to notice the growing number of such protests, it is nonetheless anticipating the consequences. Anglo-American mouthpiece Francis Fukuyama told a conference in Mexico, according to the Argentine newspaper *Clarín* of Jan. 26, that he expected "the return of the authoritarian model." His principal concern was Brazil, he said, where "the democratic process is in trouble."