

Report from Rio by Silvia Palacios

Free trade policy takes a hit

Itamar Franco's government appears to be re forging historic links between the state sector and the Armed Forces.

To judge by the stated intentions of his ministers and by the nervous commentaries of representatives of the local oligarchy, the arrival of Itamar Franco in the Brazilian presidency is dealing a hard blow to the Anglo-Americans, who until now have managed, with few obstacles, to perpetuate their neo-liberal economic revolution under the rubric of "free trade" and "modernization" across Ibero-America.

During his inaugural ceremony on Oct. 5, President Franco gave a brief and succinct speech which showed little tolerance for the U.S. State Department-controlled propaganda merchants who usually dominate Ibero-America's government houses.

Said Franco, "The Brazilian people are taking the state back into their hands, after a turbulent period charged with uneasiness, indignation, and constraints. . . . For decades, millions of our children have been born deprived of all their rights, beings for whom life is but a short interval of sacrifice. I reject as criminal and cruel that notion of 'modernity' which denies the dignity of bread, of education, of honest labor, of health. A country cannot have modernity reserved for sectors of privilege, while the rest face hunger on a daily basis."

The first kick in the teeth to the Anglo-American establishment has been the Franco government's reform of Brazil's program to privatize state companies—a program which, under the Collor government, was synonymous with surrender of the national

patrimony. Nominated by former minister Aureliano Chavez, an old-guard nationalist, the new mines and energy minister, Paulino Cicero, accepted his post with a simultaneous criticism of the privatization program, and defense of the state oil monopoly Petrobras.

On the results of the privatization program, Cicero declared, "it is necessary to put an end to the numbers game," an explicit reference to the fraud committed against the nation with the sale of the first major state company, Usiminas; the government put it up for sale at \$1.7 billion, which was more or less its true value, but in fact only received \$450 million for it, the minister charged.

Perhaps the greatest fear of the international financial oligarchy is that the state companies, which under Franco have been "reinstated," are forming an alliance of historic interests with the Armed Forces. The military has, under the new Army minister, Zenildo Lucena, formed a homogeneous entity in explicit opposition to the Anglo-American policy of "technological apartheid" that has been imposed on Brazil from outside. In this context, the announcement that the military's aeronautic company Embraer is exempt from privatization, is exemplary of this conjunction of patriotic interests.

Petrobras and other resource-rich strategic companies were the final targets of the free trade neo-liberals, who sought to open those companies up to international speculators for looting.

The first hysterical reactions have already come from the liberal group which speaks for the "universalist" faction of Itamaraty (Brazil's Foreign Ministry), and which seeks Brazil's unconditional adherence to the so-called Agenda for Peace (read, "new world order") of U.N. Secretary General Boutros Boutros-Ghali.

The "universalists" have their mouthpiece in the daily *O Estado de São Paulo*; which, after Franco's inauguration, began to publish editorials blasting each and every one of his nationalist tendencies; one such editorial demanded preservation of a foreign policy based on the principle that "modernity also consists of replacing the obsolete concept of sovereignty with one of interdependency of nations."

Regarding Petrobras, *O Estado* on Oct. 7 lamented that Brazil was running the risk of the company "returning to military control under General Geisel's orientation. Everything suggests that in this change of government, in which Mr. Aureliano Chavez has much influence, there is a return to the time in which Petrobras will be considered a company of the highest strategic and national interest. A sacred monopoly."

The panic of this elite worsened, according to *O Estado*, when the rumor began to spread throughout Brasilia that the Franco government would soon be reopening its embassy in Iraq. Such an act would signify a dramatic change for the Brazilian nation, and a hard blow to the international Zionist lobby. It was with Brazil's sudden rupture with Iraq in 1990, to align Brazil with George Bush's new order, that then President Collor initiated a strategic change in foreign policy away from independence, and especially away from the construction of solid links with the Arab world, for which Iraq was the entry point.