

Report from Rio by Silvia Palacios

Two dogs, one master

Both leading candidates for the presidential elections are members of the Inter-American Dialogue, the bankers' lobby.

The Inter-American Dialogue (IAD), still reeling from the setbacks delivered to their preferred pro-communist candidates in the recent elections in Venezuela and Colombia, is trying a different approach in Brazil: It is supporting both of the leading candidates for the upcoming presidential elections—former Finance Minister Fernando Henrique Cardoso and the leader of the Workers Party (PT), Luis Inacio “Lula” da Silva. Both are members of the IAD, albeit of slightly different political colorations.

After finally being assured that he had the support of Brazil's creditor banks, social democratic Finance Minister Cardoso resigned his post and launched his presidential candidacy. Almost immediately, the London *Financial Times*, beside itself with praise, lied that the minister enjoys “great popularity.” The London *Economist* claimed that Cardoso's entry changed the race from strong lead held thus far by Lula. The magazine reported that “merchants and businessmen were relieved. Politicians from big and small parties came together in search of a possible alliance.”

Thus, the international financial press, the creditor banks, and the International Monetary Fund endorsed Cardoso's candidacy. To boost Cardoso and maintain the illusion that he can better control Brazil's volatile economy, the IMF is even refraining from including rigid conditionalities in the umpteenth letter of intent it is signing with Brazil's government, and will limit itself to indicating “guidelines” instead. The agreement is expected to be announced on April

15, to be portrayed as Cardoso's great victory.

With Cardoso as a candidate, and with diplomat Rubens Ricupero taking over the Finance Ministry—Ricupero is not only a free trade advocate but speaks for the “universalist,” or globalist faction at the Foreign Ministry—the financial establishment is hoping to keep the current dollarization program (which originated with the IMF) in place through the first years of the next administration. In a recent interview, Ricupero stated that “stability facilitates the action of any President, and this is the first plan conceived in Brazil that will carry over to the first year of a subsequent government.”

Lula shares this approach, and openly supports the measures decreed by Cardoso. “As long as the measures succeed, they will be continued by my government,” the neo-communist asserted. Thus, as things now stand in the presidential election, the IAD stands to win no matter what happens.

There are indications that the IAD prefers Cardoso, because he is more likely to avoid an anti-IMF social convulsion, particularly in light of the enormous lack of confidence in Lula within military circles. Cardoso has gathered the backing of an influential liberal military group headed by former Army Minister Gen. Leonidas Pires Gonçalves, who has adopted a very short-sighted viewpoint, ignoring, consciously or not, the fact that Cardoso and his backers will of necessity also target the Armed Forces and Brazilian national sovereignty if he wins.

Some in the military are trying to generate more support for Cardoso within the Armed Forces, and to overcome the strong mistrust in certain of these layers that exists as a result of Cardoso's leftist past and his evident support for establishment plans to dismantle the armed forces throughout the continent. For example, General Pires Gonçalves told *Correio Brasiliense* on March 28 that “Cardoso has performed a great service to the country by supporting the continuation in the Constitution of the clause establishing the responsibility of the Armed Forces for the maintenance of internal order.” He insisted that Cardoso “is neither leftist, nor Marxist,” saying these charges were nasty slanders.

The launching of Cardoso's candidacy, and above all his ties to influential IAD members and others in the Clinton administration, has depressed the PT and its candidate Lula da Silva. It is being reported that the IAD is not supporting Lula as visibly as it was before. In fact, when Lula travels to the United States in May, his trip will be sponsored by an obscure non-governmental organization, since the IAD refused to set up meetings for him as they have in the past.

Beyond these complications, the PT had a major setback when the party voted to support abortion, homosexual marriages, and other New Age insanities, provoking a strong, hostile reaction from the Catholic Church hierarchy, which up until now has been sympathetic to Lula's candidacy. On the other hand, Lula retains the backing of the Liberation Theology movement within the church, and the aggressive activity of the lay church grass-roots movement and the pro-terrorist groups such as “Without Land,” which could tip the scales for Lula, or, failing that, could opt for other means to take power.