

After elections, Brazil's fight over IMF begins

by Mark Sonnenblick

There is an element of hyperbole in the comment, "The opposition is now the government" offered *EIR* by a Brazilian military strategist as early returns came in from Brazil's Nov. 15 elections. But the insider is right to stress that Brazil is now a different place.

In the first nationwide elections since the 1964 coup, moderate opposition parties picked up control of almost half of Brazil's 23 states; and those include most of the more modern, industrialized states.

In the key industrial state of São Paulo, which has been most afflicted by the past two years of recession, moderate opposition candidate Franco Montoro won by a surprisingly large margin; but the working class rejected Workers' Party leader "Lula," a radical solidarist who came in a poor fourth, and lost even his home city, in which he had led dramatic metalworkers' strikes. The population was voting for reforms, and the new lower house will reflect that. There, the government's party, the misnamed Social Democratic Party, has lost its majority and will have to form a coalition.

Ultimate authority certainly remains in the hands of the division generals in the Army High Command. But the fact that broad layers of the civilian population for the first time in a generation *believe* they have a say in Brazil's destiny makes it more difficult to predict how Brazil will respond to the immediate question facing it: Brazil's \$86 billion foreign debt is tottering on the brink of default (see *EIR*, Nov. 23).

While the opposition won as much or more than was expected, the elections were also a personal victory for President João Figueiredo. They were, indeed, held with relative smoothness despite the efforts of a small military faction associated with the dark days of repression under President Medici (1969-74) to sabotage Figueiredo's political opening. Also, the mass vote for the PDS was not so much for its lackluster candidates, nor even the government resources they used to buy votes, but an expression of faith in "João." And no act by the President did so much to galvanize the hope and admiration of the population than his Sept. 27 United Nations speech in which he documented the failure of the present world economic system with its high interest rates and collapsing world trade to provide even the possibility of survival for developing countries.

That speech is now serving as the rallying point for diverse sectors of the population who see the alternative of a

new international economic order outlined by Figueiredo as preferable to their nation being torn apart in a vain attempt to keep up with debt obligations. The Rio Store-Owners Club, for example, ran a full page newspaper advertisement on the eve of the vote reminding Figueiredo of his U.N. speech and his "unbreakable commitment to keep open not just the ballot boxes . . . but also the factories, stores, public works, and other employment."

The ad was prompted by the universal belief that Brazil would, in the words of the merchants, "after the 15th take measures which are incompatible with the country's social and economic development objectives." As anticipated, Finance Minister Ernana Galvêas revealed on Nov. 17 that Brazil was signing with the IMF for a \$1 billion "compensatory financing facility." He denied that Brazil was negotiating for any of the IMF tranches which impose conditionalities, such as those accepted by Argentina and Mexico.

There is an almost unanimous understanding in military sectors that submitting to IMF "surveillance" and "recommendations" is the equivalent of allowing a foreign power to rip up national sovereignty. Civilians know the price of what Planning Minister Delfim Netto tagged, not long ago, "The Fund's inflexible, obsolete, and counterproductive methods."

Military factionalization

Civilian political dynamics are increasingly shadowy projections of a behind-the-scenes battle between military factions over the 1985 succession to the presidency. The old Medici grouping has been winning back state power at the expense of the faction around former president Geisel and his advisor Golbery, who believe Brazil can only be a world power if it develops every line of high-technology industry and has a participatory political system. These two military factions have barely coexisted inside the Figueiredo regime. Each faction focused its campaign energies on different PDS candidates and on coopting "opposition" support in the 1984 electoral college, primarily composed of officials just elected.

A case study may be found in the strange behavior of Leonel Brizola, governor-elect of Rio de Janeiro and *bête noir* of the military hardliners. Brizola worked hard to split the opposition vote in the state of Rio Grande do Sul, thereby giving a surprise plurality to an unsavory hatchetman for the Medici wing of the regime's party, precisely the faction which had overtly threatened to prevent "socialist" Brizola from taking office.

And don't be surprised to see a plethora of operations designed to prematurely erode the Figueiredo presidency, to tie his hands from following through on his U.N. commitment to help lead the world out from under its crushing debt problem. Decisive moves against domestic and international financial sector asset-stripping would, on the contrary, serve to consolidate his presidency. Cognizant of that, one New York banker moaned, "Maybe he'll pull one like Mexico; so the guy makes himself a hero right before he leaves by nationalizing the banks and nobody would dare to reverse it."