

## Report from Rio by Silvia Palacios

### Is Brazil on the Yugoslav path?

*Continued imposition of economic austerity policies is fanning the flames of separatism and disintegration.*

**O**n April 15, Brazilian Justice Minister Mauricio Correa called a sudden press conference to release a strongly worded statement denouncing the existence of "foreign" plans to dismember the Brazilian nation, by exploiting separatist movements. The result, he warned, could be Brazil's descent into the horrors of former Yugoslavia.

What they are trying to do to the Brazilian nation, said the minister, is "shatter it, break it, provoke its split. . . . Reducing Brazil to little pieces, taking it apart, confusing it with a Yugoslavia that never was and to whose artificial nature it could never be compared, as if the country were a patchwork quilt, is an abuse, a ruse, a cruel fallacy, and mocks those who died for a free fatherland."

At the same time, the Army minister confirmed that the Armed Forces were on "alert" status because of the growing strength of the separatist movements that are proliferating in southern Brazil.

These concerns are not exaggerated in the slightest. Ever since Brazil (under the economic austerity policies of former President Fernando Collor de Mello) entered into a critical phase of the economic depression it has suffered for nearly a decade, the demand for a new Federal Pact has circulated among the political and business classes. The argument is that financing and political representation among Brazil's states is unequal, and that if these inequalities were to vanish, economic recovery would occur as if by magic. The truth is that, even in the best of cases, such an approach would

only distribute the budgetary crumbs a bit more equally.

This view, however, is now visible even among the powerful business circles of São Paulo, as reflected in the April 14 editorial of the newspaper *Gazeta Mercantil*. Under the suggestive title "São Paulo Grows Less and Pays More," the editorial urges a new and more equitable Federal Pact.

Justice Minister Correa was answering this when he said, "There will always be work to do, since regional inequalities cannot be reduced merely to geographic inequalities, but also . . . to income distribution, access to cultural goods, to health services."

Although efforts to orchestrate separatist movements in Brazil's south go back to the past century, with the feverish activities of the masonic networks which Giuseppe Mazzini commanded in Rio Grande do Sur, the person who has introduced the debate over a "new federalism" into Brazil's influential circles is Prof. Aspacia Camargo, together with the ultra-liberal grouping of the Getulio Vargas Foundation, headed by Citibank banker and former minister Mario Henrique Simonsen.

In November 1991, the foundation held a seminar entitled "The New Federalism," which was attended not only by monetarists, but also by representatives of a number of sectors of the economy. The radicalism that permeated the seminar was so marked that even some of those attending criticized the arguments presented as "secessionist terrorism." The previous October, Profes-

sor Camargo had written several articles for the national press which openly argued the line of the international bankers, namely, that Brazil must put aside its aspirations for renewed growth through great national development projects.

Brazil, she wrote, will not in the future be able to have "national development projects," but only regional ones. "As a sign of the times, smaller units in the best style of 'small is beautiful' is what works. The northeastern [state of] Ceara, with its own resources, is the best example" of this.

The possibility that Brazil could fragment into separate regions is real enough, but the roots of this threat are to be found in the free-market economic policies which continue to be applied. It is only in this sense that a comparison can be made to the threatened disintegration of Russia and to the disintegration of Yugoslavia, under the economic tutelage of Harvard's Prof. Jeffrey Sachs.

Sachs arrived in Brazil proposing adoption of the same plan he had urged on Poland and Russia. The example of Poland, he stated, "would be the ideal path; the cost of high unemployment caused by withdrawal of subsidies to unviable industries and through the trade opening, was successfully overcome."

If there is any lesson Brazil can learn from the crises of post-communist eastern Europe, it is that its territorial stability and integrity are directly tied to stopping cold the radical free-market "shock therapy" imposed by the former Bush administration. Such insane privatization schemes as the ones Finance Minister Eliseu Rezende wants to carry out against even the giant energy and telecommunications companies, which have always served as a factor of national unity, will only guarantee that the threat of separatism will grow.