Party vs. minister

Will Brazil's renewed courtship of the IMF last? The upcoming national PMDB convention could make a difference.

The national convention of the Brazilian Democratic Movement Party (PMDB) on July 18 could prove a turning point for the future of Brazil's stability. Since the government began to execute the "New Cruzado" austerity program, copied from the "recommendations" of the IMF, the party has opened fire against Finance Minister Luiz Carlos Bresser Pereira; it is expected that the convention will unanimously reject Bresser's plan outright.

When the convention concludes, Bresser Pereira and his negotiating team are expected to head for Washington, for a new round of negotiations with the IMF and the creditor banks. That is, unless something intercedes.

In its economic program, the PMDB has remained consistent in its defense of a growth policy without submission to the genocidal orthodoxy of the IMF, for real recovery of wages, and for a change in the present heavy orientation toward export to earn foreign exchange solely to meet debt service obligations.

The difficulties between Bresser Pereira and the PMDB began shortly after Bresser assumed his office, when it became clear that he had taken part in the conspiracy to unseat his predecessor, the nationalist Dilson Funaro. Funaro became a folk hero with Brazilians after his design of Brazil's debt moratorium.

The split in the party has since become exacerbated, to the point that Bresser has been publicly booed by party members and leaders each time he has attempted to defend his wage-looting measures, a key feature of the "New Cruzado" program. By freezing wages, Bresser condemned minimum wage earners to take-home pay of less than $40 a week, the lowest level in 20 years.

Whistles of protest and mocking laughter virtually prevented Bresser from giving a speech at the regional PMDB headquarters in São Paulo June 27. The howls of protest grew louder when he insisted that the wage freeze would actually allow for a 10% increase by the end of the freeze period. "Why don't you go to the supermarket and see how the prices are doing?" shouted one regional leader. Prices are *supposed* to be frozen, too. When Bresser answered—shouting at the top of his lungs—that last year's wage hike was so large that "the economy couldn't support it," the audience broke out into loud guffaws.

Things didn't stop there. On June 30, when Bresser appeared before the Chamber of Deputies to defend that same wage policy, the response was even stronger. PMDB deputy Irajá Rodrigues declared that the situation had reached such extremes that "instead of resigning the PMDB program, one should resign the minister."

In the face of such challenges, the flustered Bresser could only demand that the PMDB behave itself and turn into a social democratic party that would tamely accept his looting policy. In particular, he had in mind as a model the Spanish socialist Felipe González, who had just concluded a visit to Brazil and had strongly defended the Kissinger scheme of exchanging debt for equity, dismantling state industry, and keeping the creditor banks happy.

In the past, said Bresser, "I always defended a movable wage scale. . . . I am a PMDB economist, but first I am a thinking animal, and as such I can change my mind." He went on to insist that "the PMDB should withdraw the moving wage scale from its program, like the social democratic parties do when they get into power." Thus, Bresser was calling upon the social-democratic infiltrators in the party, beginning with himself, to close ranks around a formal agreement with the IMF.

It is this same faction of PMDB social democrats who earlier had launched the campaign that the IMF had "changed its Satan's face." They are the same ones who are keeping Bresser in power, such as Senator Fernando Henrique Cardoso, the only one who has publicly dared to claim that Bresser's plan bore "great similarity to the party program."

Nonetheless, the implementation of Bresser's plan has violently convulsed the nation. On June 24, there were protests in Rio de Janeiro when a 50% hike in transport costs was decreed; buses were destroyed, stores burned down. Inflation in June reached 25.8%, and nearly 16,000 workers were fired in São Paulo alone, comparable in numbers only to August of 1983.

Responding to this crisis, the powerful PMDB Senator José Richa warned July 6 that the only threat to democracy he saw was the economy: "Never was there a greater contrast beween official Brazil and real Brazil. In the eighth-largest economy in the world, 41% of the economically active population receives somewhere between zero and the minimum wage each month. . . . Hunger threatens democracy, that is the real challenge we face."