Collor surrenders sovereignty

Brazil's President offers creditors the right to make decisions which belong to a sovereign head of state.

Just as his government negotiating team was preparing to begin definitive talks with creditor banks, President Fernando Collor de Mello indicated in an interview published in the July 16 *New York Times* that he was prepared to hand over to the banks that which any nation, no matter how poor, holds most dear: its national sovereignty.

In his interview with the *New York Times,* granted one day after his lengthy meeting with John Reed, president of Citibank, Brazil's primary creditor, Collor described his nation as "Brazil, Inc., a company gone bankrupt." In describing Brazil this way, Collor accepted the demands of the bankers' cartel to treat nations and state-sector companies merely as businesses going through bankruptcy proceedings.

"The shareholders," Collor said, referring to last December's elections, "fired the old board for incompetence. In 120 days, the new board has taken a series of steps to straighten out Brazil, Inc.'s business. Creditor banks can't view this new board as they did the old one—we want to be good partners, deserving of credit."

Finance Minister Zelia Cardoso de Mello and Infrastructure Minister Oziris Silva have indicated the same willingness to surrender sovereign decision-making to the creditors. In a July 17 statement in which he attacked Brazil's policy of protecting its computer industry, Silva hysterically lied that "in Europe, countries are kicking national sovereignty around in the streets."

While Collor was courting the bankers, Finance Minister Cardoso explained in a July 15 television interview the purpose of her upcoming trip to Europe where she would be meeting with bankers, governments, and businessmen. "I'm going to sell Brazil," she stated. A few days later, while reporting on the economic achievements of the Collor government before a select audience at the "New Market for Exporters" seminar in England, Cardoso described her "product." Brazil, she said, "has a broad base of natural resources and modern services infrastructure as well as an abundance of manpower, including personnel specialized in key sectors of the economy."

Antonio Kandir, the Finance Ministry's Secretary of Economic Policy, has traveled to Washington, meanwhile, to meet with the International Monetary Fund, taking with him the promise to cut the public deficit from its current level of 9% of GNP down to 1%. This would mean a 39% cut in public sector investments, guaranteeing an economic recession which, during 1990, could collapse 8% of industrial activity, with dangerous social consequences, due to unemployment and wage cuts.

The *New York Times* interview, combined with these ministerial statements, culminates a number of actions and agreements made by the Collor government to establish in Brazil a free-trade economy subject to the fluctuations of the moribund U.S. economy. The July 2 issue of *Relatorio Reservado,* for example, reported that Collor had made a number of secret agreements with John Reed regarding renegotiation of the foreign debt. And, at a July 3 press conference, Collor de Mello admitted that the issue of foreign debt, which had been defined as a priority in his government program, "had lost momentum."

In this context, Brazil's ambassador in Washington, Marcilio Marques Moreira, an enthusiastic attendee of Trilateral Commission meetings and backer of George Bush's recent "Enterprise for the Americas" free-trade proposal, has now taken on the unofficial role of finance minister plenipotentiary in the U.S. capital. In 1987, Marques Moreira was known for his successful organizing activities to overthrow then Finance Minister Dilson Funaro, architect of Brazil's 1987 debt moratorium and defender of the principle that national sovereignty can't be bargained away for a few dollars. An article in the May 5 *O Estado de São Paulo* depicts the Brazilian ambassador as the key figure in future foreign debt negotiations. His initiatives, the article stated, will be decisive for "putting an end to the deterioration" in Brazilian-U.S. relations.

What is questionable here is not the effort to improve relations with the United States, but rather the endorsement of economic liberalism predominant in Washington, which is contrary to the U.S.'s own sovereign interests, as so eloquently expressed by U.S. Founding Father Alexander Hamilton. Hamilton, considered to be the father of U.S. industrial capitalism, wrote in defense of sovereignty in the *Federalist Papers* that "the contracts between a nation and individuals are only binding on the conscience of the sovereign, and have no pretensions to a compulsive force." Hamilton asserted that such contracts "confer no right of action independent of the sovereign will."