

## Report from Rio by Lorenzo Carrasco

### Laundering leftist Lula

*The Marxist is leading his Workers Party toward an alliance with the IMF's man, Finance Minister Cardoso.*

São Paulo Cardinal Paulo Evaristo Arns, chaplain of Ibero-America's Marxist "theology of liberation" movement, is leading the effort to launder the Marxist leader of the Workers Party (PT), Luiz Inacio "Lula" da Silva, to make him appear moderate enough to win next October's presidential election in Brazil.

Since "Lula can only win 30% of the votes," Arns stated publicly, he must make alliances in order to come to power—having in mind an alliance with the Brazilian Social Democratic Party (PSDB) headed by Finance Minister Fernando Henrique Cardoso, a founder of the Inter-American Dialogue.

"He is a very trustworthy and competent minister. I have worked with him for more than 15 years and I know that, apart from being capable, he is wise and persevering," Arns said, endorsing Cardoso and the current economic team that is imposing a violent austerity program in the name of economic stabilization.

Citibank Vice President William Rhodes, head of the bankers advisory committee for Brazil, agrees in his assessment of Cardoso, telling *Gazeta* newspaper on Dec. 17 that "I have confidence that the Brazilian Congress will pass Cardoso's economic stabilization measures." Rhodes told a journalist recently that Cardoso "has proposed serious, objective, and excellent measures in recent weeks. The IMF [International Monetary Fund] mission will be there in January, and I believe it will consider these measures sufficient for an accord with the IMF. I am very confident, since [Cardoso]

is very popular today in Brazil. Despite Brazil's political problems, I think that the minister is very popular and respected, and will therefore surely receive the backing he needs to get the economic measures approved."

With the blessing of Arns and Rhodes, the leaders of the PT and PSDB are already working out their alliance. "The PT and the PSDB are already openly talking about aligning their parties in the Congress in the event that one of the two wins the presidential elections," *O Globo* reported Dec. 22. "This political alliance could prosper in 1995 in the name of governability," Lula is quoted saying. "Obviously, I would prefer to come to the presidency with a functioning economy," he added.

This pragmatic accommodation of Lula's PT, reported in numerous news organs, fits with the new policy of the Anglo-American elites, of trying to prevent nationalist insurgencies from coming to power on the back of popular discontent caused by free trade economic policies. Americas Society Vice President Susan Kaufman Purcell, in a recent article, described this as the transformation of "neo-liberalism" into "social liberalism," as defined by Mexican President Carlos Salinas de Gortari, which she saw likely to happen also in Brazil and Venezuela.

According to *Gazeta Mercantil* on Dec. 13, Purcell sees Lula as the instrument of this approach in Brazil. "For Brazil, Lula *could* mean reversing privatization, heavily taxing the rich, maintaining the bloated bureaucracy and scaring away foreign

investors. . . . This would worsen inflation, the economy would enter an out-of-control spiral, and the Army would be obliged to take power. . . . The global economic realities are pushing them [Lula and the PT] in the direction of an intermediate position that combines social expenditures with responsible economic and fiscal policies."

Lula and his PT have been making public "pragmatic" genuflections in this direction since taking part in Inter-American Dialogue activities starting last year. Since then, Lula has conducted a series of meetings with leading domestic and foreign businessmen to win their support, or at least neutralize them. On Dec. 13, Lula met for five hours with the American Chamber of Commerce, during which he proposed changing Article 171 of the Brazilian Constitution dealing with foreign capital. In previous meetings, Lula has had to disavow the PT's radical programmatic positions, promising that his program of government is not yet defined. *Tribuna e Imprensa* reported also that Lula was fêted by the Brazil-Israel Chamber of Commerce at a luncheon at one of the most exclusive clubs in Rio de Janeiro.

This talent for accommodating himself to the demands of the Anglo-American establishment earned Lula a prominent article in the Dec. 27 *New York Times*, highlighting his "transformation": "In person, Mr. da Silva is a lot more flexible than his party literature. Although doctrinaire leftists won the upper hand at a party congress in June, Mr. da Silva's personal prestige gives him autonomy to chart a more centrist course, forging alliances with center-left parties. 'I have nothing against foreign capital,' he said, recalling a series of recent meetings with foreign and national businessmen. 'No topic is closed. Anything can be discussed.'"