

## **THE SILLY BOY**

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*Folha de S. Paulo*, July 18, 2010

John has a construction toy set. Two older and wiser boys, Gonçalo and Manuel, persuade John to trade his beautiful game for a lollipop. Once the trade is made, and the lollipop is finished, John keeps watching Gonçalo and Manoel, first, play with the construction set, and, later, fight over who would be the sole owner. Any similarity between this little story and reality? It does not take a lot of imagination to figure it out. John represents Brazil, that opened landline and mobile telephone services to foreigners. Gonçalo represents Spain and its Telefônica, Manuel represents Portugal and Portugal Telecom; both fight over Telefônica's "irresistible" offer to take over Vivo, currently shared by it with the Portuguese.

But why am I calling Brazil a silly boy? Because only a fool hands over to foreign companies public utilities, such as landline and mobile telephone services, which ensure to their owners a permanent and sure income. In the case of landline telephone services, privatization is unacceptable because they constitute a natural monopoly. In the case of mobile telephone services, there is some competition and therefore privatization is welcome, but never for foreigners.

I am thinking, therefore, in terms of the "condemnable" economic nationalism whose best justification lies in the interest shown by the governments of Spain and Portugal. In the 1990s, the Spanish government took advantage of the neoliberal hegemony of the time to subsidize its companies in different ways, so that they could buy public utilities that were then being privatized. They were successful in

this task. In this case, the Spaniards were the nationalists, whereas the Latin Americans, Brazilians included, were the colonialists, or the fools. Now, when Spanish Telefônica makes an offer to buy Vivo's shares owned by Portugal Telecom, the Portuguese government steps in and forbids the deal. The European Union already condemned this attitude as illegal, but what matters here is that, in this case, the nationalists are the Portuguese, who know that a public utility is an easy source of profits, and do not want to lose it. The silly boy is Brazil, that sees the economic nationalism of Portuguese and Spaniards and, in this case, has nothing to do but to enforce the contracts it signed.

Will we be smart again someday? I believe so. In the last few years the Brazilian government is learning again and giving support to its enterprises. To the horror of local liberals, it is helping to create national champions. That is, it is doing exactly the same as rich countries do: in spite of their praised liberalism, they also have no qualms about defending their national enterprises. If the company's economic sector is highly competitive, there is no reason for this kind of policy. But when the market is controlled by few corporations, or, in the case of public utilities, when it is monopolistic or quasi-monopolistic, there is no sense in paying another country a permanent income by making public concessions to foreign companies. The fight for Vivo between the Spaniards and the Portuguese is a confirmation of what I am saying.