

czar, had his aides release a study this month which shows that Brazil lost \$18.4 billion this year due to the U.S. Federal Reserve Bank's jacking up of interest rates. The study gives a conservative figure of \$3.4 billion for extra interest payments on Brazil's debt, but calculates that due to the depression factors noted by Penna, Brazil's painful export drive will yield it only \$21 billion this year, instead of the \$36 billion which would have been earned under 1979 conditions of trade. It observes that the \$18.4 billion loss is approximately what Brazil has to borrow from bankers this year just to pay debt service and make ends meet.

The Brazilians are coming to understand that they have gained nothing but trouble from throwing their economy into a politically dangerous recession in order to show bankers how "well-managed" their debt structure is.

'Without the U.S., no Brazil'

Also keeping a close eye on Figueiredo's planned United Nations activities is Brazilian Army Minister Gen. Walter Pires, who was invited to spend the duration of Figueiredo's New York trip fraternizing at the Pentagon and U.S. military bases. Pires was invited by Vernon Walters, the roving ambassador for the Harriman-Kissinger tendency in Washington, on Aug. 23 during Walters's marshaling of anti-Figueiredo military elements in Brasilia. Pires is reportedly working with the most repressive military factions in Brazil to scuttle any moves toward representative government, and is thus a visible internal threat to Figueiredo's presidency. General Richard Cavazos, commander of land forces, U.S. Army, landed in Brazil Sept. 6, to curry the favor of the army's anti-Figueiredo factions.

Cavazos surprised Brazilians by declaring that Brazil and the United States were so interdependent that "without Brazil, there will be no United States, and without the United States, there will be no Brazil." The daily *O Estado de São Paulo*, a traditional mouthpiece for U.S. geopolitical interests in Brazil, responded, "It may be asked whether these elegies and professions of closer relations between Brazil and the United States are of any use to us when other parts of the Reagan administration—those responsible for economic and trade policies of the great nation of the North, deny in practice all those good intentions."

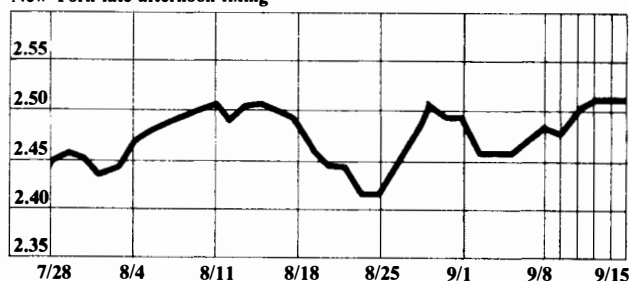
The U.S. threats and blandishments toward Brazil may have an effect contrary to those intended by their authors. An American professor just returned from extensive talks with his friends in the Brazilian military confirms that most Brazilian officers blame Paul Volcker's policy of high interest rates for their country's economic difficulties. "Pires could be dumped by younger generals if he appears to be the U.S. catspaw," he prophesied.

Figueiredo himself shows no sign of wavering. His spokesman told the press after the President had received Shultz's sharp warning that the U.N. speech would focus on two points: disarmament and the need for a more just international economic order.

Currency Rates

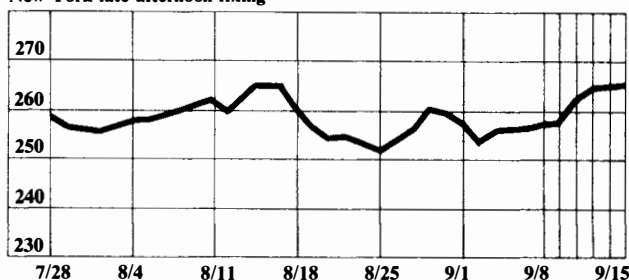
The dollar in deutschmarks

New York late afternoon fixing



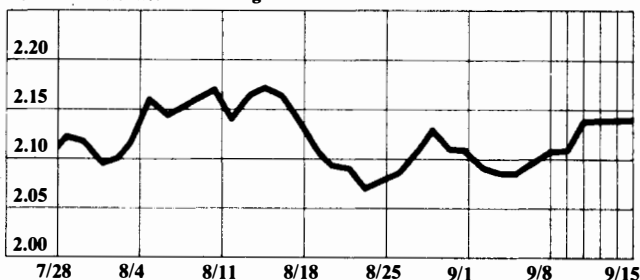
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

