

Report from Rio by Lorenzo Carrasco

Swiss oligarchs approve 'Cruzado Plan'

The cat is out of the bag: Brazil's "heterodox" economic reforms are an electoral ploy worked out with IMF complicity.

One month since the Brazilian economic plan, called Cruzado, was launched, it has become clear that its real purpose is merely psychological and artificial: to guarantee that the government of President José Sarney gets the popular support that would allow him to win the next elections for the constituent assembly, come November. Once those elections are over, the government will have no obstacles in the way of passing from its so-called "heterodox" reforms to the most "orthodox" and bald-faced austerity measures.

The international banking oligarchy pins its hopes on that process, for Brazil to comply with its backroom promise to sign on with the International Monetary Fund.

The newspaper *O Estado de São Paulo* reports that sources in the Union of Swiss Banks, which is in charge of negotiating the debt with Brazil, revealed in Paris that Brazil promised to come back to the International Monetary Fund (IMF) after the constituent assembly elections, "a promise which was reportedly recently made by the Brazilian negotiations with the U.S. creditor banks."

According to the same sources, the promise was the basis on which the Swiss banks ratified the deal reached in New York.

The editorial of *O Estado de São Paulo* of April 1 goes on to boast: "The news does not surprise us, since, despite the inflammatory invectives of the government against the interna-

tional agency, people knew of the existence of an understanding with the IMF management, which is used to this political stage-show."

Further, *O Estado* states that Brazil, "after having criticized the institution that emerged from Bretton Woods, is now launching a program which, despite the drapery in which it is dressed, may find itself a lot more austere than that which the orthodox IMF would have demanded, perhaps without furnishing the needed results. . . . And it seems that Mr. Jacques de Larosière accepted playing the role of *whipping boy* so that Brazil should stage its theatrics against IMF imperialism," concludes *O Estado de São Paulo*.

The comedy that has been staged with the Fund's collaboration is based on the experience of the previous stage show put on by the President of Argentina, Raúl Alfonsín, under the name of the Austral Plan. As in the Argentine experience, the government thinks to keep its popular support up to the November elections. At that time, not only the constituent assembly, but also the state governorships are coming before the voters.

Once that test is passed, the government thinks it will have its hands free to work out different kinds of economic measures with the international banks, measures which amount to greater looting of the economy and population of Brazil.

This deception game of the Brazilian government was confirmed by the private statements of another im-

portant Swiss financier, made in mid-March in Freiburg, Switzerland. Referring to the possibility of a joint Ibero-American action toward its creditors, the Swiss banker stated that all the chatter about a debtors' cartel in South America "is an illusion, because the Brazilians want exactly the opposite. The Brazilians are in no way for a general solution to this problem. They believe, and I agree, that each country has its own interests."

The Swiss banker gloated: "The Brazilians have explicitly said, that they will not get involved in any of these generalized initiatives. This was said by the economics minister. This constitutes a declaration of independence from the other countries of South America."

In fact, the economic policy run by the economics minister Dilson Funaro, has been concentrated on haggling to reduce the commissions and interest on Brazil's foreign debt. But Funaro's policy is in no way focused against the unjust conditions on the foreign debt, which, clearly, he rejects only as a rhetorical device to gain popular approval.

EIR was tipped off by sources at the University of Campinas who are close to Minister Funaro, that the economics minister has stopped being concerned with the unjust conditions of the foreign indebtedness, so that he can concentrate his efforts "against the protectionism of the developed economies." Funaro starts from the premise that by keeping up the growth of exports, i.e., the economic looting of Brazil, the country will have the wherewithal to pay its debt.

To shatter this illusion one would only have to confront the minister with the reality of the economic "crack" which the United States economy will be facing, at the very latest in the beginning of 1987.