

If the bankers put Brazil up against the wall, the businessmen will support the President, entrepreneur Olacyr Francisco de Moraes told the daily *Folha de São Paulo*.

After Sarney briefed him on the meeting, Funaro reported, "President Sarney does not want to sign new contracts with the IMF, as was done in 1982 and have the country commit itself to produce for export. That means we have fewer products for the internal market [In 1982], Brazil set a policy of unemployment and reducing economic development. The President does not want to return to that policy."

But that is precisely what Brazil's creditors are demanding. So negotiations remain at an impasse. On the external front, Brazil's position remains solid. After much bluster about cutting \$15 billion in short-term credit lines after March 31, the major banks finally agreed they would keep their lines and help keep smaller banks financing Brazil's exports. After all, Brazil has kept up interest payments on those lines, and the banks would lose their money if they did anything stupid.

### Where are the masses?

The noisy assaults on Funaro woke up the government political leaders who should be supporting him. Luiz Henrique, the leader of the majority Brazilian Democratic Popular Movement (PMDB) in the Chamber of Deputies declared March 23, "The PMDB supports and will support the government and Finance Minister Dilson Funaro in their decision to sovereignly and firmly negotiate the conditions under which the country will pay the debt." He charged the banks' "campaign" against Funaro was "to make Brazil more docile toward the bankers and to surrender to their conditions." Henrique accused the bankers of trying to prevent Brazil's Senate from "discussing how much of the debt we have already paid, how the debt originated," and how much of it was stolen by the banks and their corrupt Brazilian confederates. "An agreement with the international banks executed by the IMF means: recession, unemployment, wage-gouging, and the bankruptcy of our companies," he concluded.

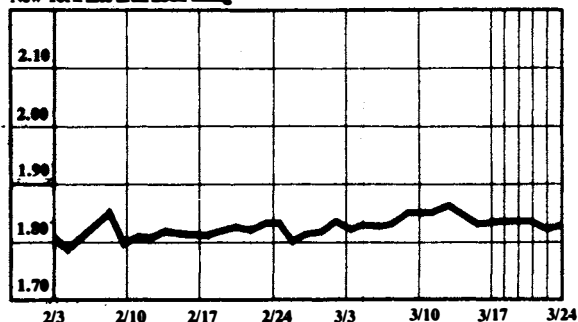
"It is strange how the PMDB, which always defended [the idea of debt] moratorium is not providing the support the government needs," Pedro Simon, the new governor of the state of Rio Grande do Sul, observed March 25. Simon, a long-time party leader, chided his fellow PMDB members for getting so impassioned by internal political intrigues that they forgot about the real world. Simon insisted that Brazil's very real internal problems could only be solved once a favorable agreement was reached with foreign creditors.

Shortly after he spoke, 2,000 mayors of cities and towns throughout the nation voted their unanimous support for the moratorium. The mayors had come to the capital, Brasilia, to look for funds. Their spokesman told President Sarney that the debt moratorium was to assure economic growth and channel "more resources to the municipalities. Therefore, I say 'no' to IMF surveillance."

## Currency Rates

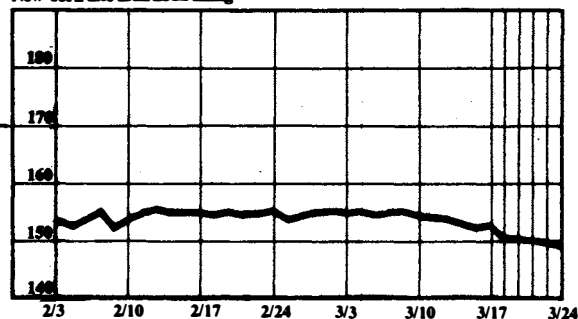
### The dollar in deutschemarks

New York late afternoon fixing



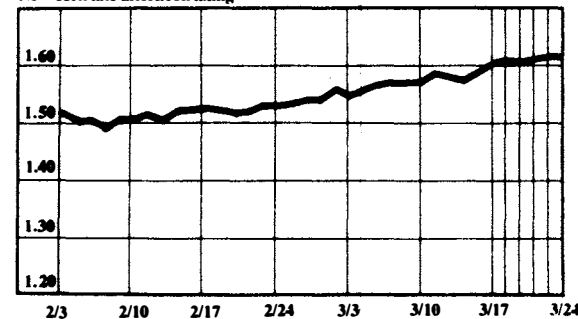
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

