Pestilence of Usury by Valerie Rush

Brazil to impose 'conditions' on IMF?

While Sarney plays tough, Argentina's Alfonsín should be alarmed that Milton Friedman approves of his program.

JOSE SARNEY, Brazil's new President, in his first meeting with a group of 90 anti-IMF congressmen from the opposition PMDB party, declared that he would "get tougher, but without being immature," in negotiations with Brazil's international creditors.

Sarney's claim that he had no commitment to the IMF apparently delighted the congressmen. Deputy Aírton Soares told the press afterwards, "Sarney wasn't the one who signed the agreement with the IMF, and therefore, he has his hands free to seek better terms for Brazil." Soares was referring to the now notorious "secret" deal Sarney's predecessor Tancredo Neves had made with the IMF, granting that institution extensive surveillance rights over the Brazilian economy, an agreement presumably left null and void by Tancredo's death.

Observers have identified the Sarney meeting with the anti-IMF faction of Congress as an indication of the "political pact" Sarney is hoping to forge, a pact designed to give him some muscle in light of his unexpected entrance into the presidency without a political base of his own.

Sarney will need all the muscle he can get. His own finance minister, Dornelles, just signed a contract in May with the law firm of Arnold and Porter to hire one of its partners, William Rogers, as Brazil's adviser in debt talks with U.S. bankers. Rogers is also a member of Kissinger Associates. Rogers, Kissinger, Felix Rohatyn, and Preston Martin have all made several recent trips to Brazil, part of a Kiss. Ass. deployment to push the Aspen Institute's debt-for-equity plan on the Sarney government.

Sarney, however, is showing resistance, and has reportedly succeeded in stalling on further talks with the IMF. In September, he is expected to give a major presentation to the U.N. General Assembly in New York, which will feature on the subject of the debt crisis.

The *New York Times*, voice of the Eastern Establishment, is upset at President Sarney's failure to cooperate. In a June 23 piece by Latin American correspondent Alan Riding, Sarney's government is scored for its paralysis on economic policy due to a split in the cabinet between the pro-austerity Wall Street faction, and those like Planning Minister Sayad who are fighting against "surrender to the IMF." "As a result," complains the *Times*, "not only has a new standby credit from the IMF been delayed, but Brazil has been unable to resume negotiations with foreign banks. . . ."

MEXICO, TOO, is coming under increased pressure, particularly in light of growing reports inside Mexico of a cabinet fight over whether or not to stick to the IMF's killer austerity regimen. The word beginning to circulate is that President de la Madrid will probably change his compliant policy on the debt due to the new oil price crisis, a change perhaps facilitated by Peruvian President-elect Alan García's outspoken anti-IMF position.

Whether the reports are true or not, President de la Madrid was treated to a lecture during his recent tour of Germany over the propriety of paying one's debts.

In a meeting with Wolff von Amerongen, president of the German Industry and Commerce Association and co-founder of the Trilateral Commission, the Mexican head of state was told, "We are all quite conscious of the sacrifices demnded of the Mexicans. But we think this is a viable way to consolidate the economy."

ARGENTINA'S CURRENCY reform, introducing the austral, was supported by Milton Friedman in a recent syndicated column for the *Los Angeles Times,* saying that President Alfonsín's program did not yet go far enough for a debtor nation. The program calls for drastic cuts in the state budget, including the military sector, and lifting of all export taxes.

But in a June 16 interview with Argentina's *Semana* magazine, Friedman, the fascist who proposes legalization of drugs and designed Chile's economic catastrophe, said he considered Alfonsín's new "shock therapy" to be not yet adequate. Said the "Chicago School" founder, "There is no way Argentina can solve her economic problems without eliminating public spending. . . . In the Argentina case, I would begin by privatizing those companies which are in the hands of the state and have big deficits. You ask who would want to buy them? Well, I'll give you an idea: The state should pay anyone who would take them, and even so, it would be a good deal." He approved the currency reform, but criticized Alfonsín's wage-price controls, arguing that prices should be allowed to rise to discourage domestic consumption.