

cist solutions to the crisis is amplifying hysteria about inflation and “lack of leadership.” A prime example is Delfim Netto, who handed the country to the IMF in 1983. Delfim told the Rio daily *O Globo* Feb. 12 a story about how Hitler’s central bank president Hjalmar Schacht dumped a finance minister who wanted cash to meet the Christmas payroll and went on to “stop inflation.”

The shocktroops for a Hitlerian coup are being mobilized. A demonstration of 25,000 farmers who came to Brasilia Feb. 12 for legitimate protests against high interest rates and low parity prices was taken over by Ronaldo Caiado, an ally of the gnostic religious movement, Tradition, Family, and Property. TFP, which advocates a return to the age of feudalism, led mass rallies in 1964 calling for a coup. Another agent of the rotten Braganza and Thurn und Taxis feudal family interests in Brazil called for the new constitution to replace the President with a monarch.

Invidious comparisons between President José Sarney and Chilean President Salvador Allende fill the liberal press. Allende was overthrown in 1973, with the help of the TFP and Harry Shlaudeman, now U.S. ambassador to Brazil. But the vast majority of citizens voted against austerity in the Nov. 15 elections. The PMDB politicians they elected, the Church, and the powerful conservative nationalist sector of Brazil’s military can be depended upon to fight the “treason” Sarney named on Feb. 20.

President Sarney’s Address

‘Time for a definitive solution to the debt’

The following is an unofficial EIR translation of the speech by Brazilian President José Sarney, broadcast on radio and television at 8:30 p.m. on Feb. 20, 1987.

Brazilians, good evening:

It is with with great emotion that I speak to the nation to say that, after hearing from the National Security Council—which is made up of all the ministers of state, the president of the Supreme Federal Tribunal, the presidents of the House and Senate, the head of the Chiefs of Staff of the Armed Forces—after hearing from the National Security Council

which I convoked, I have taken a decision of grave importance in the history of contemporary Brazil. I wish to announce that the country is suspending payment on the interest of its foreign debt.

I must confess that it was not easy to take a decision of this magnitude. This is, above all, a position of courage, a position of someone who has faith in our Brazil. We are going to negotiate a solution for amortizing our debts within parameters which do not compromise national development. A solution which avoids the political instability which inevitably will follow recession, unemployment, and social crisis.

But, I must tell you that this is not a position of confrontation. Brazil is not a confrontationist country. Brazil is the eighth-largest economy of the Western world; it does not want to be an autarchic economy, outside the international community. We desire just negotiations; we have a free market economy—competitive, dynamic, modern, and with the right to grow.

We made a great effort to activate our foreign commerce, but we could not do it at the cost of a recessive policy, whose only object would be to generate significant trade balances, forgetting the unpostponeable interests of the nation.

Brazil has no desire to deceive anyone, but believes it should have special payment conditions. At the negotiating table, we will state the conditions which do not compromise the objectives of national growth. For reasons of sovereignty and national security, our reserves must be preserved. From the beginning of my government, I established that this would be our approach, to maintain a limit, and I set a limit. Now I have come to the moment of decision. I want to make it clear that we have made our decision in full awareness.

Brazil today has sufficient reserves to meet import needs for several months. Our liquid and available reserves, I can assure the nation, are \$3.962 billion. It is not customary for countries to reveal the amount of their reserves, but I want to make them transparent tonight, precisely to avoid mistaken interpretations by those who do not believe in our country. The situation is totally different from that of 1982. At that time, there was a de facto limitation. Why? Because Brazil did not have the reserves to honor its commitments; it did not even have sufficient currency to finance essential imports. We were left at the mercy of the creditors, who imposed their conditions, and we were in no condition to resist.

Brazil had to resort to the Monetary Fund under circumstances that are well known. Today this is not the case. We have sufficient resources, and with the measures taken now, we preserve our foreign exchange, strengthening our negotiating position. What we do not want are palliative or short-term solutions. The measures we are now taking demonstrate this government’s determination to create the conditions for a definitive solution to the debt question. A lasting solution, which is the outcome of a just and broad understanding, which will create stability.

Pope John Paul II was very clear when he spoke recently of this matter. He said that the problem of the foreign debt is also an ethical problem. That is, a moral problem. Indebtedness must not harm the basic living needs of a people.

We will negotiate from a position of autonomy, and with a clear sense of long-term objectives.

Now, I wish to respond to a question which must be in the minds of all Brazilians. Why have our financial reserves dropped? When I assumed government, in March, 1985, they were \$7.8 billion. In 1984, the previous year, until my assumption of the presidency of the republic, \$9 billion in new money entered Brazil.

In 1985 and '86, the two years of my government—we did not gain a single dollar of liquidity. On the contrary, during these two years, we had a loss of \$1.4 billion; our exports fell more than 10% in 1986. Nearly \$3.3 billion less. Why? Because the internal market grew; we imported food and other necessary goods for our supplies. But, on the other hand, the prices of our principal products and manufactured goods fell in foreign markets, a tendency which has been occurring for a long time.

Now, another fact for the Brazilian people. In the last five years, Brazil paid \$55.8 billion in interest alone. I repeat, we cannot pay the debt with the hunger of the people!

At the United Nations, I warned two years ago . . . that, crushed by the weight of the enormous foreign debt, the countries of Latin America are enduring serious difficulties, whose internal repercussions translate into recession, unemployment, and inflation, an increase of misery and violence. I also asserted that the debt, undoubtedly because of its high social and economic costs, will be paid at the expense of our freedom if maintained in the current situation, because a debt paid through misery, surely is an account paid at the price of democracy.

I meditated, I evaluated the consequences, because measures of this nature, naturally, imply risks. But I could find nothing, absolutely nothing, which structurally proved an insurmountable obstacle for Brazil. We have no reason to fear any catastrophe. Now, we must have a sense of time. Brazil has to prepare itself for the 21st century, and for this, it needs a clear and coherent path to travel. . . .

Now, I know that everyone has one more question for the President. What about the future? The first step, is the decision which I am announcing: the suspension of payment of interest on the debt, in order to negotiate solutions which do not compromise our economic growth. Second, we must put into effect a severe containment program, implement a consistent program for stabilizing the economy, consolidating our growth and maintaining essential jobs. . . .

Now, I must say that in order that Brazil and its people not suffer what it cannot withstand, the unity of all Brazilians in this struggle is necessary, so that together we see that this is the hour of responsible patriotism. [We will tolerate] no treason against the country on the pretext of criticizing the

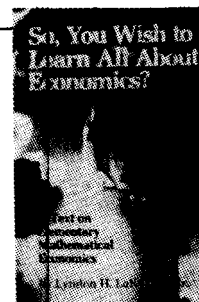
government, which has just inherited this debt from the past, and which will pay it, but without mortgaging its future generations. Brazil has made its decision, and I believe it has the unanimous support of its people, who for a long time have hoped for a stronger stand on the question of solving the foreign debt.

We need to sit down at the negotiating tables abroad, as a government supported by its people.

Second, [we need] national understanding to defeat inflation, to leave recession behind, to maintain the level of employment to reestablish confidence, so that investments return, and to maintain the real buying power of our workers. In short, to end the cycle of cheap labor power which functions as an irritant. To achieve such ambitious goals, the measure we have taken today is necessary, within the context of our economy policy. Its purpose is principally to improve the lives of our people.

I call upon politicians, workers, businessmen, labor, and capital, the active forces of the nation, liberal professionals, students, churches, the people as a whole, Brazilians all, to aid Brazil at this moment, to aid Brazil in this hour. A grave hour, but one which will be surpassed through our work, our dignity, and our unity. Unity! This is the watchword for today, because the future is ours.

For my part, I ask you: Have confidence. Thank you; thank you. May God bless us. Good night.



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