

Report from Rio by Lorenzo Carrasco

Citibank pushes Dr. Schacht's program

Former Planning Minister Mário Simonsen is promoting Hitler's economics minister's anti-hyperinflation program.

Citibank international vice president and former Planning Minister Mário Henrique Simonsen wrote in *Jornal do Brasil* on July 31 that the only cure for Brazil's 1,000% inflation rate is to repeat what Hitler's economics minister, Hjalmar Schacht, did. His success, according to Dr. Simonsen, "was the end of German inflation in November 1923, when the rentenmark replaced a trillion old marks, the central bank became independent, and the exchange rate was fixed at 4.2 new marks to the dollar. . . . The weapon Dr. Schacht used to defeat speculators was star wars with interest rates, which reached 10% per day."

Simonsen's Schachtian program is being mercilessly enacted by Brazil's finance and planning ministers. The central bank began by sharply increasing interest rates in late July to above 30% per month. High interest rates will be followed by drastic budget and investment cuts, advancing tax due dates, massive layoffs of public employees, liquidating state entities, and further reducing all real wages.

"It is important to note," Simonsen wrote, "that in the above program the reducer [chisling on wages and prices] is merely anesthesia. The surgery lies in fiscal and monetary policy. And, it is obvious that, without the surgery, anesthesia is absolutely useless."

But, "the Sarney government's lack of legitimacy" makes the shock therapy which Simonsen dictates for the international banks hard to implement. Finance Minister Mailson da Nóbrega himself admitted this to *Fol-*

ha de São Paulo daily July 25. That is why Simonsen has repeatedly refused to take da Nóbrega's place and has preferred to act through his favorite disciple, the obscure Planning Minister João Batista de Abreu.

It is revealing that Dr. Simonsen avoided telling the rest of the Schacht story, how Schacht got rid of the "political obstacles" to his brutal program. Schacht was key to the implementation of the Versailles Treaty, whose war reparations caused the Weimar Republic's hyperinflation. He was imposed by the Reparations Commission in 1923 as the head of the Reichsbank to guarantee reparations payments through shameless looting of the German economy.

In 1930, he helped create the Bank for International Settlements, as a supranational body of central banks independent of their respective governments. The BIS dictatorially controlled the world economy. Before returning to Germany to promote Hitler's rise to power, he left organized in Switzerland the channels which later would be used by the Nazis to get their fortunes out of Germany. The argument Schacht used to convince German oligarchs to support Hitler—already backed by the bankers—was that he was crazy. Only a madman like Hitler would be willing to impose draconian austerity on the demoralized German masses. As Hitler's economics minister from 1933 to 1938, Schacht initiated *primitive Bauarbeit*—slave labor to build the war economy's infrastructure—which led straight to the concentration camps.

The only political group which

supports José Sarney's government is the ultra-liberal group commanded by Communications Minister Antônio Carlos Magalhães, which likes Schachtian policies. This group came together politically in 1967-74, during the Costa e Silva and Garrastazú Medici regimes. On the geopolitical thesis of increasing economic *Lebensraum*, these governments implemented, with help from Henry Kissinger and Vernon Walters, a slave labor system to build uneconomical and export-oriented projects.

In 1984, this group, supported by the international banks, tried to impose Col. Mário Andreazza as President. He promised to enact a shock plan designed by then-Planning Minister Delfim Netto, similar to that outlined today by Simonsen. Their defeat did not keep them out of the future coalition government, which today they totally dominate.

This same Antônio Carlos Magalhães group has been joined by Brasília state governor José Aparecido to work to bring ex-President Jânio Quadros to the presidency in next year's election. *Jornal do Brasil* analyst Fernando Pedreira wrote May 29, "Why not return Jânio Quadros to the presidency? Sana Khan, the famous São Paulo astrologer, who some years back was the favored adviser of our top politicians and businessmen, prophesied Jânio would be elected a second time. . . . [Soon after being sworn in as President in 1961, Quadros resigned, leaving political chaos.]

day needs a President less than it needs a purgative . . . which unblocks and disinfects the guts of that inflated and rotten political machinery. . . . Jânio Quadros could be that purgative. . . . He is a purgative, nasty to swallow and even more disagreeable in the effects it causes. But there are times when such a remedy is necessary to treat the patient."