

to oblige Ibero-America to hand over its state companies. They resolved then to force them into bankruptcy, afterwards auctioning them off at bargain-basement prices.

The strategy of launching the PRN as a weapon against the state sector, including ultimately modifications of the National Constitution, was clearly identified by the Brazilian press as a product of Kissinger Associates. On March 21, respected *Journal do Brasil* journalist Heraclio Salles charged that, "Whoever takes the trouble to get a closer look at the PRN will see that the government is not yet ready to ask Congress to eradicate the monopolies, but rather their deregulation . . . [which is] precisely the Kissinger formula revealed in Brazil by the U.S. magazine *Executive Intelligence Review*. Another indication of the kind of letter of intent [the PRN] has come to signify is that it refers to changing the constitutional concept of the Brazilian company, to open it up to foreign monopolies."

A year of neo-liberal disaster

The first revelations on the performance of the oncdynamic Brazilian economy following a year of neo-liberal experimentation under the Collor government, demonstrate that the country is experiencing the worst recession of the past two decades. On March 15, the first act of 23 new state governors—including at least seven of the most important states in the country—was to declare a partial or complete debt moratorium, to try to get the dire financial circumstances of their administrations under some kind of control.

The state statistical institute, IBGE, issued the results of Brazil's 1990 economic performance. The Gross National Product fell by 4.6%, considered the worst decline since 1980; the sharpest fall was in the industrial sector, which shrank by 8.6%. The agricultural sector fell by 4.4%, primarily due to the fact that the Economics Ministry's monetarists held back agricultural credit for the harvest.

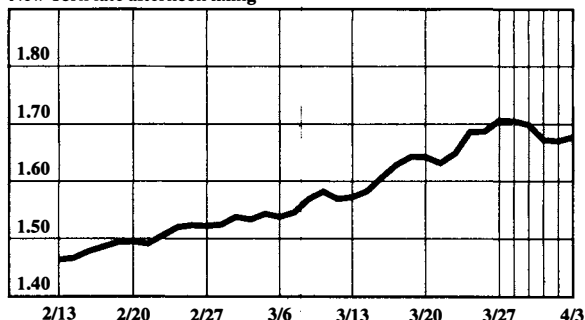
Early data on 1991's performance strip away any remaining illusions about the so-called Collor Plan. In January, the industry in the state of São Paulo—the largest in all of Ibero-America—collapsed by a stunning 20% over the same period in 1990. The decline in Minas Gerais, the second largest industrial state in the country, was 11%.

Even more shocking were the figures published by the Labor Ministry, which measure the real dimension of the recession which is flattening the country. During 1990, there was a nearly 4% fall in total employment, representing the elimination of more than 992,000 jobs. Compare this to the government's own statement last year that 1.5 million jobs needed to be created, to absorb the youth just entering the labor force. Economist Adolfo Furtado, a former Labor Minister, declared that not only did the number of unemployed grow in 1990, but that "informal" labor—that is, workers laboring without any contract guarantees or protection—had grown. In 1989, it was estimated that "informal" workers constituted 72% of Brazil's total work force.

Currency Rates

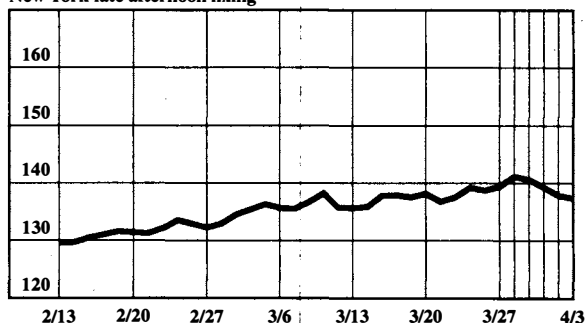
The dollar in deutschemarks

New York late afternoon fixing



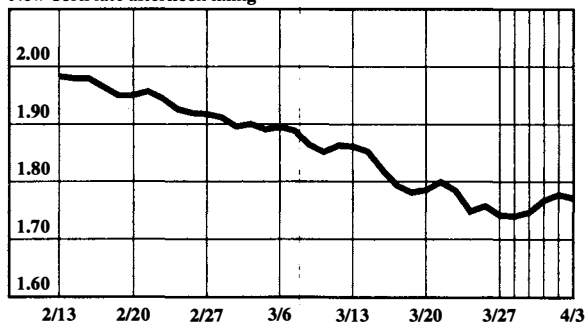
The dollar in yen

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

