

depreciation of land values in the main productive regions, by an average of 40-50%, is the result of the lack of profitability of food production, which has forced thousands of producers to sell their lands, and the land invasions promoted by the Cardoso government with its so-called "social policy."

This potentially calamitous situation could be quickly reversed, with emergency measures to establish food supply as a matter of national security. These would be defensive measures, to be applied in parallel with the establishment of a New Bretton Woods System. First, a rigorous control of food imports would be needed, preventing such from reaching the Brazilian market at below the minimum guaranteed prices established on the basis of real costs of production. This would include the necessary improvement of agricultural infrastructure both within and outside the countryside.

Second, a revival of agricultural credit on the basis of strengthening the role of Banco do Brasil and the rescheduling of agricultural debts at terms of at least 20 years, with a grace period sufficient to reestablish the productive capacities of the growers. This would include setting interest rates no higher than 2-3% a year for credit to agriculture.

Third, "parity prices" should be established, a concept adopted by law for U.S. agriculture, according to which the federal government must consider what an adequate income for a farmer's family should be, based on a formula for calculating the relationship between the prices the farmer will re-

ceive for his products, and the prices at which he should sell them to maintain his home, his fields, and to capitalize for the future. That capitalization must not only allow for improvements in productive infrastructure, but for integration into agro-industrial programs that could clearly benefit the entirety of the economy, and guarantee a secure food supply.

Fourth, a program of agricultural expansion at the rate of 10-12% a year, with the goal of reaching 130 million tons of grain annually by the year 2005. The simple reincorporation, at current levels of productivity, of the nearly 5 million hectares that have been abandoned, would mean an immediate increase of 100 million tons of grain.

Fifth, as part of this agricultural development program, one must inevitably include the development of transportation infrastructure, especially waterways, to move crops and inputs, particularly in the outlying agricultural border areas. Similarly, the warehousing system would need to be modernized and significantly expanded.

Sixth, at least 2 million direct jobs could be created, not to mention the multiplier effect through the industries of farm equipment and agricultural machinery, fertilizers, and so on. Of course, the development of agro-industry would significantly contribute to job production as well.

Seventh, scientific research and technical assistance would need to be reoriented, to allow the nation's producers to reap the benefits through improved levels of productivity.

Brazil's deal with the IMF is suicide

The much-ballyhooed \$41.5 billion bailout package for Brazil, announced in Washington on Nov. 13, is based on the Cardoso government's agreement to impose a killer three-year austerity program which the government and the International Monetary Fund (IMF) say will ensure that Brazil will make debt payments to foreign bankers, come what may. Most of the money is to be made available once the IMF executive board approves Brazil's austerity program, probably early in December.

The details of the bailout were finalized at an unusual meeting in Basel, Switzerland, hosted by the Bank for International Settlements (BIS) on Nov. 8. There, central bankers from the Group of Seven (formerly) industrialized nations were briefed by Brazil's Central Bank head, Gustavo Franco, who told the press later that he had assured them, "We are going to play the game."

Everybody chipped in—except for the private creditors. The IMF is making \$18 billion available, the World

Bank and Inter-American Development Bank are putting in \$4.5 billion apiece. A group of 20 nations guarantees another \$14.5 billion, to be centralized under the BIS. (The only detail announced on the latter, is that the United States will guarantee \$5 billion of the total.)

Brazil's letter of intent were better called a "suicide note," written at the point of a gun. Every detail of the program was negotiated with IMF officials over the last month. Its premise, is that the Cardoso government will deepen the economic austerity program, called the "Real Plan," which it has imposed for the last four years.

The letter of intent lies about the consequences the plan will provoke. The only thing that the Real Plan has secured since it began in 1994, is foreign debt payments, and that by a combination of stripping the real economy and building up a domestic financial pyramid which is now about to explode. Since its implementation, a half-million industrial jobs have been lost in São Paulo alone, the country's industrial heartland, cutting the workforce there by more than 22%. Likewise, the Real Plan accelerated the destruction of agriculture begun in 1990 when protective tariffs were first eliminated, such that today, there are 3 million fewer hectares under cultivation, and 400,000 fewer farm jobs nationwide.