outrageously high, the real transfer of resources from the productive sectors and the poorest Brazilians into the hands of the bankers and speculators, is around 10% of the Gross Domestic Product through the end of 1989. The result of this policy, inflation—today at 40% per month—could surpass 70% in March 1990, when the new President takes office (unless Sarney steps down early, as Raúl Alfonsín did this year in Argentina).

The internal debt at the start of this year already surpassed the foreign debt, with the aggravating factor that interest payments on the internal debt are 10 times greater, in real terms, than on the foreign debt. Hence, in 1990, interest payments alone on the internal debt could amount to $18 billion.

Whoever wins will be reinforced with more than 40 million votes, which will give him a 60-90 day breathing space to undertake substantial reforms of the banking and financial system. The measures he *should* take must include:

- Maintaining an indefinite suspension of interest payments on the foreign debt, while pressuring for a transformation of the international monetary system.
- Immediate reforms of the national financial and banking systems, to free public credit from the stranglehold of the speculation on the exchange and stock markets. Maturation of government bonds, which are today negotiated on a day-to-day basis, should be rescheduled for a minimum of 10 years, with a real annual interest rate fixed at 2-4%.
- Plans for a 7% annual growth of the GDP to ward off any possibility of recession, meaning investments of at least $35 billion a year in communications and transport, irrigation, urban and social infrastructure, etc.
- Restructuring of the tax and credit systems to provide financial resources of approximately $15 billion for the investments in infrastructure. National private initiative is capable of making equivalent investments, if one considers that a part of the resources today concentrated on the financing of the public debt could be re-channeled immediately into productive investment.
- Welcoming the French-German initiative to open up investment funds for the development of countries such as Poland, since consumer goods, from textiles and shoes to grain surpluses, could be exported to those countries in a triangular trade arrangement, through which Brazil could receive the capital goods it so urgently requires.
- An emergency food program for the most depressed zones of the country.

The presidential election showed that Brazil is heading toward a social explosion, delayed by the election itself, which is seen by millions of dispossessed as the last chance to carry out profound reforms of society. Failure to do so, either through incompetence, ignorance, or vain radicalisms—liberal or Marxist—could mean the beginning of a process of total anarchy, and would lead into the worst social catastrophe of Brazil's history.

Currency Rates