mors in an April 12 Rio daily that he would declare a moratorium when he visited the United States April 22 through 25. People are taking bets on the moratorium date.

Barter: Brazil's new 'safety net'

Under Delfim, Brazil has bent over backwards to please the bankers, but it has not lost all sense of its national interst. Brazil is larger than the continental United States and its leaders plan to make Brazil an advanced industrial nation. When they perceive the banker-run "free market system" as no longer providing for the national security, they will break with it—and that break could be surprisingly soon.

Brazil has prepared by setting up a series of barter arrangements which will guarantee most of its world trade when it stops paying the debt and loses access to hard currency. When President Figueiredo visits Mexico April 26 to 28, he is expected to agree on details of a $2 billion annual trade arrangement under which neither country will need to have any cash. Mexico will send Brazil almost $1 billion worth of oil and receive from Brazil the same amount in Brazilian machinery, oil field equipment, electronics, auto parts, special steels, paper, lubricating oil, soybeans, corn, and sugar.

Brazil's decisions about when and how to break with a failing economic system are political decisions, and Figueiredo is bringing with him to Mexico the leading officials of the government including most of the cabinet, his top civilian and military advisers, and the heads of the big state-sector companies who will be working out additional bilateral and triangular trade deals with the Mexicans.

These agreements and similar ones with other oil and wheat-producing neighbors in Ibero-America could provide Brazil with a "safety net" both better constructed than that formerly provided by the banks and one over which it has sovereignty. It gives Brazil and the rest of Ibero-America the protection from banker blackmail needed to secure the kind of debt postponement that will permit them to become customers again for the modern technologies and equipment which the United States should want to sell them.

Brazilian delivers a message to Wall Street

Wall Street financiers are still trying to figure out what Herbert Levy, a leading Brazilian banker and publisher, meant when he delivered a pointed anecdote at the April 11 Brazil-American Chamber of Commerce luncheon in New York. The story, Levy said, was told to Queen Elizabeth the last time she was in Brazil, and it was reportedly "the first time she ever lost her public composure."

Brazilians may not be the most literate people in the world, Levy began, but they have a certain "wiseness" that has enabled them to get along. He offered the case of a humble family in the interior of Brazil. The only item of nominal value possessed by this poor family was an heirloom porcelain dish, dating back several centuries and engraved with the coat of arms of an ancient noble house. A certain antique dealer got wind of this dish and decided to try to acquire it. Upon arriving at the modest home of this humble family, the antique dealer posed as a mere tourist, and, of course, he was invited inside. On the table was the dish.

The antique dealer struck up idle conversation with the master of the house, until a small cat walked up to the table and meowed, at which point the peasant poured some milk into the dish and placed it on the floor. The antique dealer, watching the cat lap up the milk, seized the opportunity. "What a lovely cat. Extraordinary, in fact. Tell me: would you be willing to sell me that cat? How much do you want?"

"Oh, I don't know," the master of the house said. "I guess about 10,000 cruzeiros."

The antique dealer quickly handed the peasant the money, and casually added, "By the way, I hope you don't mind, but I'd like to take the dish so I can feed the cat."

The peasant smiled and said, "I'm sorry, sir, but that would not be possible. You see, that is the dish we use to sell cats."

Levy told the story in the middle of an otherwise prepared speech that was extremely critical of the IMF, whose policies he described as "ill inspired" and "dangerous." Of Brazil's $84 billion foreign debt, he said, $26 billion is the result of oil price increases after 1975 and another $24 is due entirely to the increase in U.S. interest rates. That means Brazil is responsible for only some $33 billion of its debt, and even this must be reorganized, Levy stated.

Incredibly, the American bankers present failed to understand Levy's message. Tony Gebauer of Morgan Guaranty took the podium to disagree with the luncheon's guest of honor, saying that "much has been done" to solve the debt crisis, that he agrees with Levy's call for increasing IMF quotas (Levy said no such thing), and that everything must be done through "existing institutions," particularly an "expanded IMF."

Levy then rose a second time to make his point clearer for the thicker heads among the audience. We have had enough experience with "IMF orthodoxy," he said; it was what Brazil was told to impose following the 1964 coup. Levy added, "We broke with this policy in 1967, and that is when the Brazil Miracle began. That is when we invested in production."