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Changes In Brazilian Economic Adjustment Plan Announced

by John Neagle

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On Oct. 27 Brazilian Finance Minister Dilson Funaro announced that the Cruzado plan will undergo adjustments, but that the latter does not include elimination of the price freeze. According to local economists, bankers and political analysts, changes in the economic stabilization program were inevitable because of growing shortages of beef, poultry, eggs, milk and other consumer goods, and the reappearance of inflation. The latter is obscured in that while prices are under strict legal controls, consumers are obligated to pay a surcharge which is not included in the sales slip. The expected adjustments include price increases which will then be frozen, a tax increase and mini-devaluation of the cruzado. On the same day, President Jose Sarney told radio interviewers that the adjustments are directed at "increasing production to ensure supplies for the domestic market." Planning Minister Joao Sayad told a group of economists at the University of Sao Paulo that "changes in the Cruzado Plan are aimed at obtaining an economic growth target of seven to eight percent." (Basic data from PRENSA LATINA, 10/27/86)

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