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INCOMING TELEGRAM Department of State

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Action

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Info

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IN TELEVISED PRESS CONFERENCE APRIL 3, 1967 FINMIN DELFIM NETO
MADE FOLLOWING POINTS:

NSA

DOD

AID

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COM

FRB

TRSY

XMB

A. INTEREST RATES: DELFIM SAID HIGH INTEREST RATES BOTH EFFECT
AND CAUSE OF INFLATION; FISCAL AND MONETARY MEASURES DESIGNED
BREAK THIS CIRCLE NOW BEING STUDIED AT HIGH LEVELS GOVT;

B. INFLATION: HIS EARLIER REFERENCE COMPATIBILITY 15 PERCENT
ANNUAL RATE PRICE INCREASE WITH ECON DEVELOPMENT WAS SIMPLE
HYPOTHESIS, SAID DELFIM; HE WOULD LIKE REDUCE RATE TO ZERO BUT
CONSIDERS THIS IRRECONCILABLE WITH BRAZILIAN SITUATION; HE
REFUSED PROJECT TIME FRAME FOR CONTAINING INFLATION;

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C. ADMINISTERED PRICES: DELFIM SAID FREEZE OF PUBLIC SERVICE
RATES AND RENTALS WOULD BE BACKWARD STEP; HE ADKNOLEDGED,
HOWEVER,, NEED AMEND RENT LAW IN ORDER AVOID SHARP
ADJUSTMENTS;

EXCHANGE RATE: RECENT DEVALUATION WAS NECESSARY, SAID
DELFIM, ORDER MAINTAIN EXPORT STIMULUS; NO FURTHER EXCHANGE
RATE ADJUSTMENT IS CONTEMPLATED;

E. INCOME REDISTRIBUTION: ELIMINATION PAUPERISM THROUGH INCOME
REDISTRIBUTION "PURE DEMAGOGUERY", SAID DELFIM; POVERTY WILL
BE REDUCED VIA ECON DEVELOPMENT BASED ON " SOLID MONETARY POLICY
AND JUST FISCAL POLICY";

F. AMERICAN AID: RESPONDING QUERY AS TO ADEQUACY U.S. AID TO
LATIN AMERICA IN VIEW VIETNAM OUTLAYS DELFIM SAID: "DECISION
PROVIDE ASSISTANCE AND HOW PROVIDE IT IS PROBLEM OF GIVER;
HOWEVER, MODIFICATION CRITERIA CURRENTLY EMPLOYED WOULD BE
LAUDABLE". TUTHILL

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