

within a publicly announced band. The band was lowered three times, effectively devaluing the Real, between February and July 1995. The most recent shift in the exchange rate band, on 22 June, was announced the day after Cardoso said that Brazil would not alter its exchange rate. This latest shift had the effect of devaluing the Real by 6%.¹⁷

The Menem government has also carried out a successful program of privatisation. This program, which continues, has radically reduced the involvement of the Argentine government in the economy. As of June 1994, privatisations had raised over \$9.7 billion in cash for the government and allowed the retirement of \$13.4 billion in public debt.¹⁸

In parallel with its privatisation programme, the Menem government has sought to reduce government regulation of the economy. Wage controls were abolished; price controls were liberalized; ten regulatory agencies and their associated regulatory mechanisms were eliminated; sectoral promotion schemes for the steel, shipbuilding and aeronautics industries were ended and a wide range of regulations affecting the provision of goods and services was done away with. Regulation of economic activity by the federal government has been significantly reduced, although there remains regulation at the provincial and municipal levels that continues to impede economic efficiency.¹⁹

The Brazilian government, on the other hand, controls much of the Brazilian economy through state-owned companies in many key sectors. The State has extensive interests in the banking, industrial and transportation sectors. The Cardoso government is working to amend the Brazilian constitution to end the state's monopoly in the oil, mining and telecommunications sectors. There was some privatisation under Presidents Collor and Franco (state-owned steel and petrochemical firms were privatized)²⁰, but most of the State's interests in the economy have not

¹⁷ "Brazil Exchange Band Move a Devaluation - Analysts", Reuter News Service, 23 June 1995. "Currency Devalued Again to Curb Deficit", Australian Financial Review, Reuter Business Briefing, 26 June 1995.

¹⁸ Felipe A. M. De La Balze, *Remaking the Argentine Economy*, (Council on Foreign Relations Press: New York 1995), pp. 91, 96.

¹⁹ *Ibid.*, pp.99-104.

²⁰ "Brazil: Survey - The Many Virtues of Privatization - Slimming the State", *The Economist*, 29 April 1995, on Reuter News Service.