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Marcílio Marques Moreira, former minister of finance, feels that the Brazilian government is making a mistake in adopting an economic policy that does not prepare the country for a much more competitive world after the crisis. According to Marques Moreira, who was finance minister between May 1991 and October 1992 in the Fernando Collor administration, "Brazil lacks a favorable business climate. Our regulatory framework is deficient." In an exclusive interview with *The Brazilian Economy*, he emphasized that there is a serious credit tightening in the country because the banks are, at the most, renewing existing credit lines but they are not granting new credit. "Credit lines are being renegotiated at higher rates and shorter maturities," he says. The scarce and more expensive money the minister refers to is the focal point of his interview in this edition.

Although the Central Bank announced a small increase in bank credit in January, Paulo Skaf, Chairman of the São Paulo State Industrial Federation (FIESP), argues that this apparent credit growth does not reflect the reality of the market. "To begin with, approximately 25% of the volume of credit, before the crisis, originated with the capital market and external borrowing. The companies have lost that source of financing and have therefore turned to traditional credit lines that are only available in the domestic market. Part of domestic credit growth, therefore, corresponds to replacement of external sources and the capital market."

Another factor affecting credit growth, Skaf says, is that "many companies that had lost money in derivatives transactions have sold off their positions and, in an attempt to balance their position, have resorted to bank credit. But this does not mean increased credit for production. Furthermore, medium-size businesses are now orphans, as banks are now operating with much lower credit volumes. All these factors justify the complaints from the business sector, because the truth is that credit remains rather costly and scarce. This crisis has shown us that liquidity is not credit."