

In move against cartel, Brazilian military backs mining nationalization

by Silvia Palacios and Lorenzo Carrasco

Singing the national anthem and displaying a map showing Brazil's vast mineral wealth, the majority of national congressmen who comprise the ongoing Constitutional Convention on April 28 celebrated their approval of a constitutional measure ordering the nationalization of all exploration and exploitation of these mineral resources, so coveted by the superpowers and the international mining cartel.

"The use of hydro-power, prospecting, and exploitation of mineral resources and mines will only be carried out with authorization or concession from the Union, in the national interest, by Brazilians or Brazilian companies with national capital," dictates the new article in the country's draft constitution.

This measure is designed to shatter the strategy of the major mining companies like Brascan-Bronfman, Anglo-American, Rio Tinto Zinc, British Petroleum, etc. which moved silently into Brazil in hopes of controlling, among other things, the abundant reserves of strategic minerals in Brazilian territory which will eventually substitute for South African production.

Approval of the nationalization proposal was preceded by another measure which gave Brazil's national business sector a clear priority over foreign-owned or -financed companies. In one stroke, such agents of the illegal bankers' U.S. secret government ("Project Democracy") in Brazil as former Planning Minister Delfim Netto, Congressman Afif Domingos, and ex-Finance Minister Roberto Campos—who have proposed annulling all protection for national industry and liberalizing the economy—suffered a decisive setback.

Both measures were the result of an open and public alliance between the nationalist sector of the Armed Forces and a majority, multi-partisan group of congressional assemblymen. Some political observers were quick to point out that both measures were approved during the presence of former President Gen. Ernesto Geisel in Brasilia, where he was

commemorating the 50th anniversary of the National Petroleum Council, created by his predecessor, President Getulio Vargas, and considered the bulwark of Brazil's nationalist forces.

Together with former President Geisel, the commemorative ceremony was presided over by Aeronautics Minister Octavio Moreira Lima, and Mines and Energy Minister Aureliano Chaves, the very ministers known to be behind the nationalist decisions of the Constitutional Convention.

"I don't understand how some constitutional assemblymen cannot see the importance of national business, and the subsoil," said Aeronautics Minister Moreira Lima, to a group of congressmen seeking him out for support of stronger measures to defend Brazil's mineral wealth. Air Force officer Camarinha, who represents the opposition to IMF-dictated austerity policies, also made known his support for such initiatives as mining nationalization. Equally influential were a group of young officers in the National Security Council.

Until the historic nationalization measure was approved, the international mining cartels had the prerogative of keeping Brazil's fabulously rich mineral reserves under their strict control, with no obligation to exploit that wealth. This, in turn, gave them the ability to manipulate prices on the international markets. Thus, Mines and Energy Minister Aureliano Chaves declared April 28, in endorsing the nationalization initiative: "Foreign capital which comes to Brazil with the desire to participate in national development must be welcomed. That which comes to sit on top of our wealth instead of developing it advantageously, cannot be well received. If anyone is going to sit on top of our wealth, it is going to be us!"

Getúlio Vargas still scares the oligarchy

Beyond the constitutional measures themselves, that which most terrifies Brazil's oligarchs (who, as can be seen

in the case of mining, function as the nominal partners of European wealth) is the resurgence of a potential alliance between military officialdom and nationalist political forces. It was this same kind of alliance which enabled Getulio Vargas to nationalize Brazil's oil during the 1950s, before the U.S. State Department overthrew him.

The oligarchy's terror at the military's resurgence in a nationalist political role has already begun to surface on the editorial pages of *Jornal do Brasil* and of *O Estado do São Paulo*. "This was common enough in the fifties," protested *Jornal do Brasil*, "when many officers assumed openly nationalist positions. . . ." Warned columnist Castello Branco, in that same newspaper: "It was reserve officers who took the campaign, 'the oil is ours!' to the streets," Castello Branco concludes that this nationalist grouping reassembled itself during the Geisel administration, "whose nationalizing spirit produced a new generation—no longer through the Superior War College, but through the National Security Council."

The editorials of *Estado do São Paulo* are even more desperate against the re-emergence of this alliance. On April 29, it threatened: "Brigadier Moreira Lima confirmed the fears we expressed in our lead editorial yesterday: The Armed Forces are neutral with regard to the principal definitions in the section [of the draft constitution] on Economic Order, but favor an agreement 'which preserves national sovereignty and that our riches be effectively under national control'. . . . Albania, Mozambique, and Angola have become the political horizons of the military who, while neutral on economic matters, are nonetheless extremely jealous of national sovereignty," conclude *O Estado's* upset editors.

The reaction of the Brazilian "establishment" is explained by the vastness of the interests which will be affected by the new constitutional measures. According to the calculations of the National Research Council (CNPq), foreign companies control 19% of the 1.5 million square kilometers that the Brazilian government has granted for mineral exploitation up to the present time.

International apoplexy

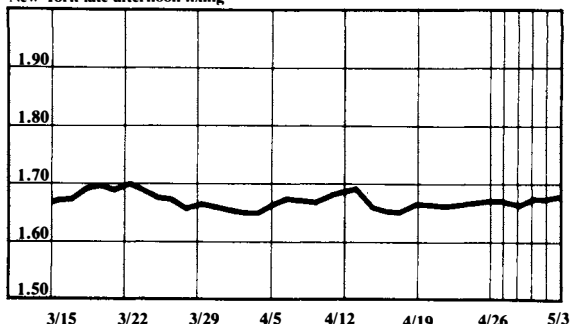
The financial mouthpieces of the international mining cartels are foaming at the mouth. A May 2 editorial in the *Wall Street Journal* screams that the nationalization measure "underscores the country's political disarray and indicates its future policies will be subjected to wild and unpredictable swings. . . . The vote was a clear embarrassment to Mr. Sarney, showing that his government lacks any steady support in the assembly. . . . Certainly, [the vote] emerged from the same unlikely alliance of industrial interests and the left, united under the banner of nationalism, that adopted the country's controversial ban on foreign microcomputer manufacturers. It showed again that the country's goal of becoming a great power is entangled in a jumble of nationalist rhetoric that is likely to leave foreign companies—as well as any IMF accord—vulnerable for the foreseeable future."

The London *Financial Times* of April 30 is equally dis-

Currency Rates

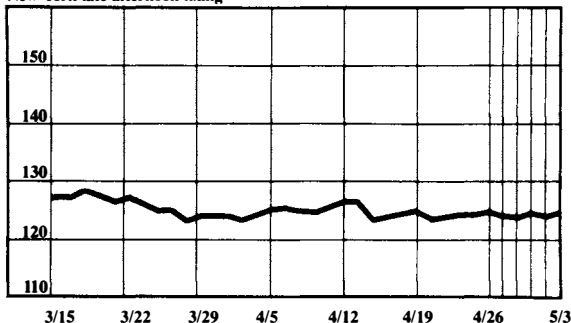
The dollar in deutschmarks

New York late afternoon fixing



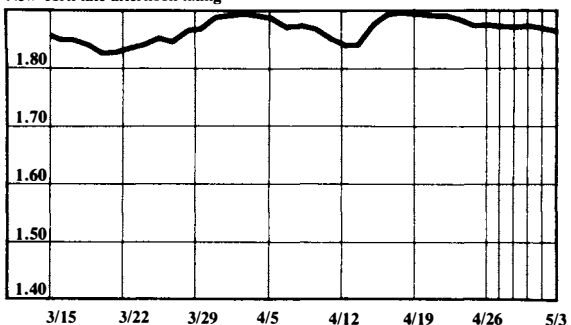
The dollar in yen

New York late afternoon fixing



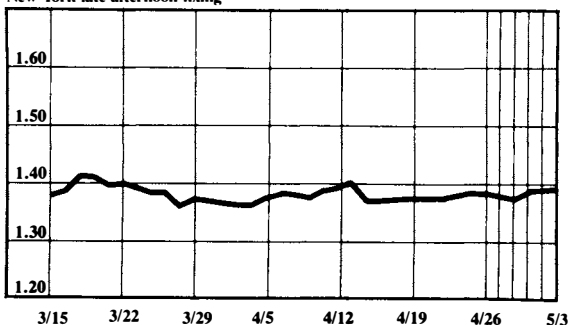
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



tressed, claiming that little help in overturning the nationalization clause can be expected from President Sarney, whose entire efforts are now directed toward ensuring himself a five-year term in office. The *Times* cites the Brazilian manager of a foreign-owned company moaning about the vote: "Mining has ended in Brazil." The *Times* comments: "While this is clearly an exaggeration, most industry experts are convinced that exploration activities are certain to decline drastically as foreign interests suspend investments."

The nationalization will, in fact, affect 20 mineral consortiums, among which the most important are British Petroleum, Brascan-Bronfman of Canada, and Anglo-American, as well as their lesser Brazilian partners such as Monteiro de Carvalho, Roberto Marinho, etc. The following are some interesting specifics on Brazil's principal minerals, and the groups which control them.

Gold: All mechanized production is controlled by Anglo-American.

Silver: 98% of production is with France's Société Minière et Metalurgique de Peñarroya.

Diamonds: 92% is controlled by the Belgian group Union Minière.

Tungsten: 55% under the control of Union Carbide and Anglo-American.

Niobium: 100% control by Union Oil-Molycorp, and Anglo-American. Brazil possesses nearly 86% of the world's niobium reserves.

Beryllium: Total control by Anglo-American.

Nickel: 85% controlled by Anglo-American.

Asbestos: 98% controlled by the French group Saint Gobain Point.

Tin: British Petroleum and Brascan control, in association, 24% of national production.

Barium oxide: 34% under control of the U.S. company National Lead Industries.

Mineral Water: 30% of national production run by Nestlé and Perrier.

Fertilizers: 30% of production under control of Anglo-American and Bunge and Born.

Fluoride: German group Bayer controls 35% of national production.

As Congressman Gabriel Guerrero noted, the mining companies "are afraid of the political situation in South Africa, and resolved to expand their investments here." Now, they will be given five years to sell off the bulk of their assets to Brazilian-owned companies.

It now remains to be seen if the nationalist alliance can sufficiently consolidate itself to derail Brazil's ongoing negotiations with the creditor banks, orchestrated by Finance Minister Maílson da Nóbrega. If not stopped, they threaten to sink Brazil in the worst economic depression in its history, putting a halt to all modernization projects, including those of the Armed Forces themselves.

EIR

Special Report

An Emergency War Plan to Fight AIDS

EIR's Biological Holocaust Task Force has prepared the world's only science-intensive "Emergency War Plan to Fight AIDS." The newest discoveries of optical biophysics and advanced laser technology can improve diagnosis and lead to research breakthroughs—if governments move now.

Contents

- I. The emergency war plan to fight AIDS and other pandemics
- II. The real story of AIDS in Belle Glade, Florida
- III. AIDS in Africa: the unfolding of a biological holocaust
- IV. The biology of AIDS
- V. Flow cytometer and other laser technology potential for combatting AIDS
- VI. The relevance of optical biophysics for fighting AIDS: designing a Biological Strategic Defense Initiative (BSDI)
- V. How Kissinger and Pugwash destroyed America's biodefense against AIDS and other deadly diseases
- VI. The Soviet command and control of WHO's AIDS Policy
- VII. Why the Reagan administration has tolerated the CDC cover-up of the AIDS pandemic
- VIII. The necessary public health program to fight AIDS

\$250.00. Order from: *EIR* News Service, P.O. Box 17390, Washington, D.C. 20041-0390. Order #85020