

(PROER)—disbursed \$5.7 billion to cover Bamerindus's rotten portfolio.

This radical intervention by HSBC into the Brazilian banking system bothered even the former owner of Bamerindus, Jose Eduardo Andrade Vieira, who commented with surprise that he did not understand why the Central Bank had proceeded in this manner, selling to a foreign bank, when two Brazilian banks had proffered good bids for Bamerindus.

But there is no great mystery behind the bank handover. Very simply, President Fernando Henrique Cardoso is complying with the extensive political and financial commitments he has undertaken toward Great Britain—and, as one intelligence source told *EIR*, “You don't play around with the British Empire.”

In fact, Banco Bamerindus's delivery to HongShang was achieved through the personal intervention of President Cardoso, by means of a decree published in a special edition of the *Official Daily*. That decree asserts that up to 100% foreign participation by HSBC Holding and its subsidiaries in Bamerindus is deemed to be “in the interest of the Brazilian government,” despite the fact that the transaction violates the Constitution, which prohibits the entrance of foreign banks into Brazil without reciprocity. Cardoso had already used the same formulation last year, when he authorized the Swiss bank Union Bancaire Privée (UBP)—also notorious as a dirty money laundry, one owned by a family of the Aleppo Mafia—to participate with its Brazilian partner Banco Excel, in the purchase of Banco Economico.

According to Presidential spokesman Sergio Amaral, the government is going to authorize investments in the financial system any time those investments are in “the national interest,” confirming that other banks are in trouble, and also hinting at the possible fate of the various state banks that are waiting their turn to go to the slaughterhouse.

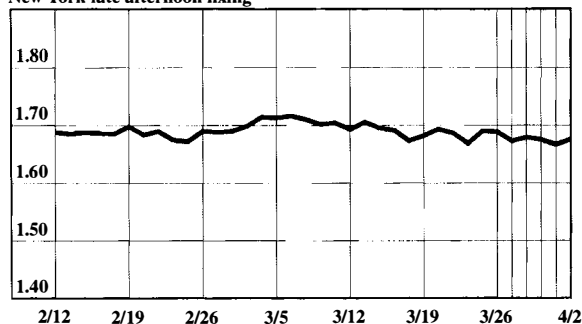
Instead of “national interest,” read the government's desperate need to maintain a constant inflow of speculative capital into the country, for reasons documented elsewhere (see article p. 11). This urgency has increased due to the recent hike in U.S. interest rates. Thus, the Brazilian government has opened the door to all kinds of funds from abroad, no questions asked, even if this means playing host to narcotics.

In offering shelter to these financial interests, Brazil is converting itself into one of the world's largest drug-money laundries. The general coordinator of the Analysis and Investigation Division of Brazil's federal tax authority, Deomar Vasconcelos de Moraes, said as much when he opened a recent international seminar on money-laundering, held in Brasilia. In Brazil, he said, monetary stability, deregulation of the economy, and local rules on bank secrecy have turned into a “sufficiently attractive combination” for drug money. And, he added, the speculative capital that has entered Ibero-America's emerging economies is nothing but legalized “narcodollars.”

Currency Rates

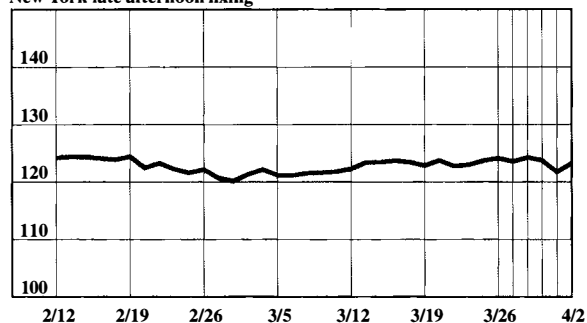
The dollar in deutschemarks

New York late afternoon fixing



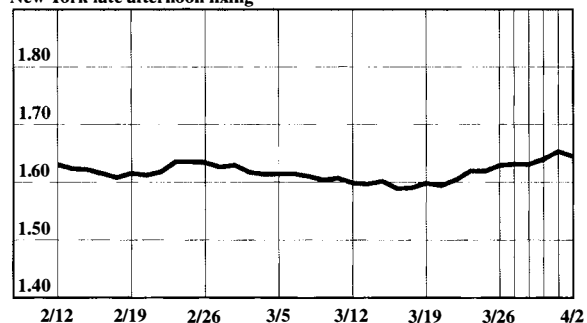
The dollar in yen

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

