

# Brazil's 'Biofuel Republic' Is Murder!

by Cynthia R. Rush

Several times in the course of this year, Brazilian President Inácio Lula da Silva has boasted that his nation is about to become energy independent, through the development of biofuels based on sugar cane or other feedstocks derived from soy, castor beans, and sunflower seeds among others. "In the 21st Century, Brazil will be the biggest energy power on the planet without having to use nuclear energy," Lula announced with great fanfare on May 18, while inaugurating the Petrobrás experimental biodiesel facility in the state of Rio Grande do Norte. The new kind of biodiesel produced by Petrobrás, a semi-private oil firm once fully controlled by the state, constitutes "an energy revolution in the world," the Brazilian President trumpeted. "When it comes to energy, [developing nations] will have to come to us to ask how to do this the right way."

Lula was equally effusive in an article published in the London *Guardian* March 7, during his trip to Britain to meet with Prime Minister Tony Blair. Ethanol and biodiesel are the "key components" to the government's approach to the energy crisis, he said. "We are determined to 'plant the oil of the future.' I invite you to join us in our endeavors."

Big multinational agro-cartels such as Cargill or Archer Daniels Midland (ADM), and the synarchist financiers who stand behind them, no doubt welcomed Lula's statements. They have already invested big bucks in Brazil's biofuel scam, proclaiming it the antidote to high oil prices and environmental pollution caused by fossil fuels. Why, these predators proclaim, Brazil's successful ethanol industry, first launched in 1975 as the "Proálcool" program, could make Brazil the new Saudi Arabia of biofuels. It's a "biofuel Republic" in the making, they gush, blessed with an unhindered free market (ethanol production and marketing were deregulated in 1998-99, after two decades of generous subsidies and strict regulation), cheap labor, and endless acres of land available to expand the production of sugar cane, currently the cheapest and most widely used feedstock for Brazilian ethanol.

## Globalization and Fascism

As *EIR*'s Mark Sonnenblick first documented in a September 1979 article in *Fusion* magazine, the only beneficiaries of Brazil's biofuels program—then or now—are the

financial oligarchs who see no distinction between man and beast. Sonnenblick, who passed away in 2004, pointed out that gasohol "appears 'efficient' only in a technologically backward nation that plans to stay that way, or in a nation that is being deindustrialized and made backward." In 1979, the Brazilian gasohol program employed 500,000 workers who cut sugar cane by hand at daily wages of \$3, to produce a mere 70,000 barrels of alcohol per day. Today, there are over a million people employed in 320 sugar mills and 800 distilleries, mostly men under the age of 40, whose working conditions have scarcely improved.

Sonnenblick also revealed that Brazil's gasohol program, in the late 1970s had "so diverted croplands and labor resources from food production that the nation—the world's second-greatest agricultural exporter—is running into severe food shortages, high inflation for food prices, and the need to import more than \$1 billion in foodstuffs that could be cheaply produced at home." He quoted Cloud Cray of Midwest Solvents Corp, a highly efficient U.S. ethanol producer. Cray, at that time, told a seminar on Brazilian gasohol that the only way a U.S. gasohol program could reduce foreign oil imports would be to do what "Brazil does, bring your biomass to market in horse carts and burn it, or cut your forest down and bring them in, or use some other source of energy to convert this grain or agricultural source [into alcohol.]"

A passionate student of Brazil's history and economic development, Sonnenblick concluded in his 1979 article that "alcohol fuels do not 'work in Brazil.' " Nor do they today. For the better part of the 30 years since the 1975 launching of the Proálcool program, Brazil's economy and labor force have been ground up by the International Monetary Fund's murderous globalization policies. Those who claim that ethanol will transform this nation into "Brasília-Arabia," are really proposing to send Brazil back to 16th Century when, as a colony of Portugal, it relied on slave labor to produce sugar and, as a reporter for the *Guardian* put it last March, "sugar plantation owners [became] so rich that they would send their dirty laundry to Portugal for cleaning."

## A Hoax by Any Other Name

Brazil is the world's largest sugar producer and exporter. With 13 million acres under cultivation, it is expected to produce 30 million tons for the 2005/2006 harvest, one-half of which will go into ethanol production. It is also the world's leading ethanol producer and exporter, having distilled close to 4 billion gallons in 2004, thirty-seven percent of the world total. The state of Pernambuco in the impoverished Northeast, and São Paulo state in the South, have historically been the sites of large-scale sugar cane production, although more recently it has expanded into the states of Rio de Janeiro, Minas Gerais, Espírito Santo, and Paraná. São Paulo produces 60% of the nation's sugar cane.

The public relations line on Brazil's biofuel success is

that, even though ethanol shortages and cheap oil prices in the 1980s and 1990s made the ethanol-only cars produced almost worthless, the introduction of “flex-fuel” cars three years ago—they run on either gasoline or ethanol—combined with the astronomical hike in the oil price, opened the door to a biofuel “revolution.”

Amory Lovins’ Earth Policy Institute manically asserted in a June 2005 article that Brazil’s biofuel industry could easily “produce enough ethanol to meet total domestic fuel demand by increasing the area used to grow sugarcane for alcohol from 6.6 million acres to 13.8 million acres . . . or by shifting *all* current sugarcane acreage to ethanol production.”

But today’s orgy of commodity price hyperinflation—the price of white, or refined sugar has increased 31% this year, and the price of raw sugar soared 87% over the past 12 months—underscores the precariousness of this scenario. Cane growers this year took advantage of the record-high sugar price to increase production of sugar *instead of ethanol*. The resulting supply shortages led to a 15% price hike for ethanol, and a drop in consumption that forced the government to reduce the percentage of ethanol in gasoline from 25% to 20%. It would only take a “surprise” like a drought in the main cane-growing regions to jeopardize Brazil’s new status as the world’s biofuel diva.

### ‘Satanic Sugar’

More importantly, as the case of China demonstrates, a country with 70% of its population living in poverty cannot claim to be a model of “sustainable” economic development. This is true of Brazil. With the global economy shattering, any attempt to go ahead with the “biofuel republic” model, premised on the destruction of the labor force, rather than pursue the ambitious plan to build seven nuclear plants over the next 15 years (two of them in the impoverished Northeast) as announced by Science and Technology Minister Sergio Resende last March, will doom Brazil to the brutal *primitive accumulation* typical of the British colonial plantation model that has already imposed soy monoculture on large swaths of Brazil and neighboring Argentina.

Resende reflected the battle for Brazil’s future in a May 5 opinion piece in *O Globo*, in which he stated that, “the technological wager on renewable energies, such as wind and solar, to substitute fossil fuels, has not been found to be viable on a large scale. In every study, nuclear energy is confirmed as an alternative capable of meeting demand in the larger domain, cleanly and safely.”

Absent the focus on technological development and training of skilled manpower, ever increasing tracts of land concentrated in the hands of the multinational food cartels or their local agents are displacing traditional crops grown for domestic consumption. This increases deforestation and soil degradation, and drives millions of farmers off the land into the ranks of the urban unemployed. Small and medium-sized farms produce the majority of the food for Brazil’s

domestic consumption; yet foreign-run agribusiness is driving them out of farming. Over the past 15-20 years, according to one study, sugar cane expansion in the poorer areas of Pernambuco and the Northeast has driven 40,000 people out of small-scale agriculture, and into urban slums.

In a country with a huge infrastructure deficit—a USDA officer based in Brasilia reported that total train track hasn’t grown in Brazil in 80 years—the biofuel “revolution” is literally squeezing the *bagasse* out of an impoverished rural work force. Their living conditions have not improved under Lula da Silva’s free-market economic policy, in place since 2001. The sugar barons are laughing all the way to the bank.

The cost of Brazil’s sugar production is the lowest in the world because of the “cheap and plentiful labor” of which financial vultures always brag. In the state of São Paulo, the cost of production is \$165 a ton, compared to \$700 per ton in European Union nations. According to a February 2006 study published by Brazil’s Social Justice and Human Rights Network, workers in São Paulo state are paid 2.60 reais—about a dollar—per ton of cut cane. Workers are paid according to how much cane they can cut in a day, rather than any fixed wage. Silvio Donizetti Palvequeres, president of the farmworkers union in the important cane cutting region of Ribeirão Preto, told the *New York Times* that “you used to have to cut four tons a day, but now they want eight or ten, and if you can’t make the quota, you’ll be fired.”

Workers who do the backbreaking work to cut ten, or even 12 tons per day can earn up to R\$800 a month, but then have to deduct R\$400 for food and usually miserable accommodations. Malnutrition and illiteracy plague most cane-cutting areas. Workers migrate from one region to another in search of work, leaving their families behind, as there is more than one harvest season. Where mechanization has been introduced, fewer workers are needed, as occurred during the 2001/2002 harvest in Pernambuco where 150,000 cutters lost their jobs. But since they have no alternative employment, workers are left to wander to other areas in search of work, or end up residing in urban slums or *favelas*. Job security is non-existent, and unionization becomes impossible given the large number of transient or temporary workers. With good reason, sugar cane in Brazil’s Northeast is called “Satanic sugar.”

What a contrast to the optimistic and supportive attitude offered by Franklin Roosevelt’s friend, Morris L. Cooke, who led a technical mission to Brazil in 1942, to evaluate what the country would need in order to industrialize. In his dedication of a condensed version of the mission’s final three-volume study, “Brazil on the March: A Study in International Cooperation,” Cooke wrote “May the policies and plans here discussed, bear plentiful fruit to satisfy human wants. In the forthcoming industrialization, may every lovely facet of Brazilian life be protected.”