Report from Rio by Silvia Palacios

Will Kissinger deceive Brazil again?

Kissinger and his associates are offering Brazil "special treatment"—the sacrifice of economic sovereignty.

With the bait of softening some of their conditions, the International Monetary Fund (IMF) and the creditor banks are trying to lure Brazil into the "New Marshall Plan" proposed by Henry Kissinger. In exchange for a few promises, Brazil would turn over majority stock control in its strategic state industries.
have the aim of buying time to keep Brazil away from the policies of the Peruvian President, Alan García. Henry Kissinger is thus attempting to make Brazil "scab" against a joint economic action of the Ibero-American continent, just as he did in 1975 when he offered Brazil special treatment. What Brazil got then, was a terrible economic recession.

To boost the Kissinger plan, avowed genocidalist William Draper III, head of the U.S. Export-Import Bank, landed in Brazil on Sept. 17. Draper is the scion of an Eastern Establishment family which in 1930 actively defended Adolf Hitler. Today, it is among the families behind the IMF, whose policies have already caused more deaths than the Nazi concentration camps.

Draper arrived at a critical moment: President José Sarney was preparing his trip to the U.N., and Finance Minister Dilson Funaro was on his way back from his first meeting with the IMF in Washington. Draper's message was clear—either make peace with the IMF or there will be no deal with the creditor banks. He pressured Brazil to reduce state intervention in the economy. Other Eastern Establishment families made the same point at the New York Council on Foreign Relations breakfast for President Sarney on Sept. 24, attended by Henry Kissinger and David Rockefeller.

Inside Brazil, the Kissinger plan has various allies. The Eximbank set up a trip to Japan for ex-Central Bank president Carlos Longoni, to lay before six major Japanese banks "his" plan to swap foreign debt for equity in the Brazilian companies.

Moreover, on Sept. 9, the National Bank for Economic and Social Development (BNDES) announced that it will sell equity in the state oil company, Petrobras. Although the shares up for sale are non-voting, the president of the Sao Paulo stock market, Eduardo Alfredo Levy, made clear the intention: On Sept. 11 he said, "selling stocks to the public makes no sense if there is no transfer of control."

BNDES president André Franco Montoro, of the Sao Paulo political group formerly headed by his father Franco Montoro, the state governor and a Kissinger chum, stated that there are plans to transfer stock control of the bank and to sell off shares in state enterprises such as Petrobras and Vale do Rio Doce, which has oversight of the Gran Carajas project, the plan for development of the "iron mountain" of Carajas. That company risks becoming controlled by private interests; the government only retains 52% of the shares.

André Montoro's attacks on the great development projects can only be compared to what Ana María Jul, who handles South America for the IMF, did in 1982, when she said that Brazil should "forget" about Gran Carajas. Since 1982 the BNDES has been dramatically reoriented: Today it prefers other business, such as a gold-mining partnership with South Africa's General Union Mining, to defending the state companies.

Sympathy for the Kissinger schemes reaches into governmental ranks and a faction of the business group which has become a key constituency of the government since the new economic team was set up in August. According to the *Jornal do Brasil* of Sept. 21, at the finance ministry's behest, Sao Paulo lawyer Geraldo Frobes has prepared an alternative proposal to renegotiate the debt. Among other points, it suggests "paying the debt to the banks with manufactured goods," Kissinger's old scheme for an International Resources Bank, which would let foreign banks open agencies to finance civil construction. In exchange, the country can get "a reduction in interest on the overall debt."

Banker Celio Borja, a Sarney adviser, circulated a proposal so brazen that he tried to keep it anonymous because of expected resistence in nationalist sectors, above all in the military. Evoking the crudest maxims of British colonialism, he suggests that the state no longer control monetary exchange. "The Brazilian foreign debt is private. . . . It would be enough for the government just to loosen up the centralization of exchange to situate the debt renegotiation in different terms." He adds, "by ending centralized exchange, space is opened up for foreign creditors to bring dollars into Brazil. The opening of two strategic sectors, such as the financial system and the information sector, to foreign capital will make possible a political negotiation of the foreign debt."