

consumption. It is now being used not only for growing sugar cane, but other export products such as soybeans, coffee, and oranges. These four products currently occupy about 35% of the cultivated area of Brazil, optimistically estimated at 50 million hectares. With the 4 million hectares devoted to sugar cane, the food problems of the entire population of Brazil could be solved.

Schachtian model of slave labor

The reasons why Pro-Alcohol initially seemed to work were three:

First, oil prices were extremely high. But even assuming this condition, the Pro-Alcohol program could never have produced at prices below that of gasoline, if it were not for the other two conditions.

Second, the government granted huge subsidies to the production and refinement of sugar cane, with subsidized credits at negative interest rates, or even written off. Above all, the government stopped collecting taxes on the potential production of the area now cultivated in sugar cane, and stopped collecting the taxes owed by the landholders who owned these immense tracts of land. For these conditions the government paid, in fact, out of the national coffers, the usury of ground rent to these latifundist "patriots."

Gasohol pushed on U.S. farmers

Despite the fiasco of "gasohol" in Brazil, there is a major push in the United States for production of the absurdly inefficient energy source, combustible alcohol, from valuable foodstuffs, particularly corn. Desperate farmers are being pushed into this as a means of getting rid of surplus crops. The U.S. industry currently uses about 500 million bushels of corn to make ethanol, the octane-enhancing additive which is used in unleaded gasoline. Interestingly, this industry has "boomed" since the environmentalists succeeded in their campaign against lead in gas. The high price you pay for unleaded gas includes the subsidies to the ethanol industry.

The biggest distiller of corn alcohol is Archer Daniels Midland (ADM) of Decatur, Illinois, which has grown so rapidly that it nearly ranks with the major grain cartels. ADM in 1984 produced over 300 million gallons of ethanol, a large percentage of the industry. On the board of ADM are, among others, Mrs. Nelson Rockefeller and Robert Strauss, the former chairman of the Democratic National Committee from the days of Jimmy Carter.

Third, the most serious and the principal key to the "success" of the Pro-Alcohol program is that the country legitimized a system of intensive labor which keeps several million peasants enslaved. Whereas a peasant in one day of work, for example, in cutting cane, uses up more than 4,000 calories per day, he receives as payment the equivalent of that—for himself and his entire family. This is the reason why the president of Volkswagen in Brazil, Wolfgang Sauer, enjoys repeating, "the alcohol-fueled car is an authentic Brazilian miracle."

This model of super-exploitation of labor power was promoted by Adolf Hitler's economics minister, Hjalmar Schacht, starting in 1933, and led later to the organization of the concentration camps under the Nazi terror. Schacht imposed this program by making people believe that intensive labor was a national strategic imperative for Germany to fulfill the conditions imposed by the international bankers through the Versailles Treaty. With this same twisted reasoning, the Pro-Alcohol program was imposed in Brazil, to run 2.5 million cars with the genocide of millions of human beings who toil in bestial conditions in the fields.

Who benefits from Pro-Alcohol?

As we indicated, it was a nucleus of latifundist Brazilian and European families who discovered the horn of plenty in Pro-Alcohol. The whole business was fraudulent from start to finish and marked by the role of the transnational automobile manufacturing companies.

An irony which should not escape the reader's attention is that while Brazil's "gasohol" boondoggle has received the biggest government handouts in history, prominent among the beneficiaries are such apostles of "free enterprise" as ex-U.S. Treasury Secretary Bill Simon, a bitter foe of state intervention to foster *productive* industry and author of the introduction to the book *Free to Choose*, by Milton Friedman, the high priest of "magic of the market place" economic theories.

This has to do with a peculiar financial organization which was born with Pro-Alcohol: *Brasilinvest*. Its president, Mario Garnero, founded it in 1975, the same year in which, as director of Volkswagen of Brazil and president of the National Association of Vehicle Manufacturers, he launched the Pro-Alcohol program. He gained his Volkswagen post by marrying the daughter of Joaquín Monteiro de Carvalho, who is chairman of the powerful economic group, Monteiro Aranha. This group in turn bought up the Volkswagen stocks at the close of World War II, cashing in on previously concluded barter deals of grain for machinery, which had been worked out by the Nazi financial "wizard," Schacht.

Among *Brasilinvest*'s partners were found, when the institution was liquidated last year, Wolfgang Sauer, president of Volkswagen of Brazil, and the president of the airline company Varig, Hélio Smidt, who turned up as a former member of the board of directors, alongside U.S. Secretary