

International Credit by Galliano Maria Speri

The Russians, and De Benedetti's blitz

The Olivetti chairman's ploy to buy up Société Générale de Belgique has strategic implications that few understand.

The new coup which financier Carlo De Benedetti is carrying out, with his attempt to buy up control of Société Générale de Belgique (SGB), has set international finance into uproar, and with good reason, even if few grasp the strategic implications of the move.

First, SGB is not a company but an empire, born even before Belgium was a nation, a colossus which controls 1,261 firms in 67 countries, in sectors which range from mineral to military to high technology. To control SGB means to penetrate right into the heart of a financial-industrial empire which has played a key role in European and world history for over a century and is at the crossroads of modern economic colonialism. That implies a bloody battle ahead over the De Benedetti bid.

The Olivetti chairman hit his first target, acquiring, with backing from the French bank Dumenil Leblé, 18.6% of SGB; then he launched a public offer of the remaining stocks, with the aim of getting 30-35% of the capital and becoming the *primus inter pares* of the stockholders.

The reaction of the old controlling group was to immediately increase capitalization, so as to deluge and belittle De Benedetti's 18.6%. As we write, the Belgian courts have not yet made a final ruling on De Benedetti's public offer or the countermove by the old controlling group, but it seems unlikely that the advances of the De Benedetti group and the international forces behind him can be stopped. To grasp the scale of this clash, though, we have to take a look at both the

engineer from Ivrea and at the Société Générale de Belgique.

To the public, De Benedetti tells the fable that in 1992 the European markets will be unified, and that he wants to get there first with the "first truly European holding company." Actually, there is one specific sector in the myriad of SGB's holdings, which interests De Benedetti and his pals; to a journalist's question, he admitted that "mining activities and particularly rare metals are strategically interesting, as well as the energy sector." Whatever engineer De Benedetti's motives, we have reason to think that he was telling the truth.

SGB means above all Union Minière, one of the largest international mining companies. Founded by King Leopold II in 1906, it soon became synonymous with the most brazen colonialism and sacking of the African continent, particularly the Belgian Congo and its Katanga province. Today called Shaba, this province is still the richest reserve of strategic minerals—uranium, cadmium, tungsten. Although the nominal owner of the deposits is Zaire (ex-Belgian Congo), it is still Union Minière which collaborates in the management of the companies, to market the ores and get financing.

When, after 1960, the Congo won independence, Union Minière set up a puppet state in Katanga province headed by Moïse Tshombe, who started a war against the Patrice Lumumba government. Fanning the flames were the big U.S. and Swedish mining companies who tried to exploit the chaos to expel the Belgians. The

brother of then-U.N. Secretary General Dag Hammarskjöld (who died in a suspicious air accident right after visiting Katanga) was a trustee of one of these firms, while the Swede, Sture Liner, U.N. commissioner for Congo operations, was actively engaged in protecting the interests of Swedish steel concerns.

From that period on, the Soviet Union has worked to lay its hands on the strategic minerals. Twice, the Russians organized separatist movements in Shaba (ex-Katanga) province, trying to set up an independent state. Only French paratroops stopped the coup. Today, Moscow is running a shrewder, long-term game, aiming to destabilize South Africa (also a trove of strategic minerals) and to use its strong military presence in Angola, bordering Shaba, to squeeze Zaire.

With submarine bases and airbases that handle long-range bombers, the Russians are the main military power in the area. Were the South Africa situation to worsen, they would be sitting pretty to grab the strategic minerals. Soviet plans could get a quick boost from having the likes of Carlo De Benedetti atop SGB, which controls Union Minière. In January 1987 he proposed a "gigantic Marshall Plan for the socialist countries, as the Americans did to help Italy." From SGB, he will not only be able to open the way to growing Russian influence over Shaba but, since the Belgian conglomerate runs high-technology firms, could satisfy Soviet Foreign Minister Shevardnadze's demands for elimination of the clauses vetoing Western high-technology trade with the U.S.S.R.

The Soviets could then gloat over putting their Trojan Horse inside the European financial system; not scorning to shake the hands of the old colonial butchers, but happy to finally replace them.