

## Report from Rio by Lorenzo Carrasco

### Vale do Rio Doce offered to Olympus

*The President of Brazil is ready to turn over the world's richest mineral deposits to the London financial oligarchy.*

**O**n the eve of his departure for his recent trip to Europe, President Fernando Henrique Cardoso again insisted that the privatization of the Companhia Vale do Rio Doce (CVRD), the world's biggest iron mining enterprise, is one of his government's highest priorities. This insistence goes against the national clamor, which considers CVRD a national institution and an agency of regional economic development, and it points to the nature of the deals made by the Brazilian President's political group with the financial powers steered by the London-Amsterdam-New York axis, to ensure continued flows of speculative capital toward Brazil, thus giving the chimerical "Real Plan" some hopes for survival. The privatization of CVRD is really a tribute payment to those whom Cardoso considers all-powerful in the "financial Olympus."

The first step which set the privatization process into motion was the change in the concept of national enterprise enacted during the constitutional reforms of this past May and June, when any protectionist prerogative for the true enterprises of national capital was wiped out of the Constitution. This will now allow financial speculators to use front companies to exploit the mineral wealth of Brazil's subsoil.

Phase two was the bankruptcies of the State oil drilling and telecommunications monopolies, and the denationalization of coastal navigation, for which there exists no precedent in the whole world. As a result of this, and of the very high interest rates offered by the government, international financial speculators flexed their mus-

cles, by injecting into the country a net influx of \$15 billion over July and August—which allowed the government to keep up the farce that the risk of a "Mexican-style" crisis would be definitely ruled out, and that the way is opened for Brazil to join the "First World."

The CVRD privatization would be the next step in this escalation of dismantling of the Brazilian national State, but with an aspect that makes it even worse: Not only would gigantic mineral deposits be turned over, but international penetration would be permitted into sensitive areas of the Brazilian Amazon.

But this will only happen if President Cardoso succeeds in crushing the growing resistance, not just in the Congress, but also within the Armed Forces. The clearest signs of this rebellion were the statements by ex-President Jose Sarney, at the end of August. "I am against it because the CVRD is an agency of social development, it does not operate in the monopolistic sector, and it produces profits," he said. On Sept. 12, just before Cardoso left for Europe, Sarney was more emphatic: "I am against the privatization of Vale do Rio Doce because it is more than a State-owned company. It is an agency of economic and social development. I think we ought to immediately pass the amendment of the leader Jader Barbalho," the leader of the PMDB party, whose bill would exclude CVRD from the list of privatizable companies. Barbalho, for his part, reminded the government that in the last few months it spent in interest on its internal debt,

the equivalent of the value it would supposedly receive for the cash sale of the CVRD—a paltry \$8-10 billion.

What most offends common sense is that the government is trying to sell off part of its patrimony at a price far below its worth. Adm. Roberto Gama e Silva, a known nationalist leader, ran an article in the military newspaper *Ombro a Ombro* attacking the government head-on, where he shows the mineral wealth which the Vale deposits hold.

Brazil is responsible for placing on the international market 25% of the iron ore consumed in the world. The mineral potential alone of the Sierra de los Carajas, which belongs to Vale, guarantees the present rate of world iron production for the next 500 years. Carajas also contains reserves of 53 million tons of exceptionally high-grade (40-43%) manganese ore. Brazil holds third place in bauxite reserves, with 3,800 million tons, almost all within the Amazon region under the control of Vale.

Gama e Silva asserts that "reserves of a billion tons of the mineral known by the name of 'anastasiu,' a polymorphic variety of titanium oxide, turn out to be part of Vale's property. . . . In total, starting from these reserves, more than 700 million tons of pure titanium oxide could be obtained, which would place Vale as the controller of 50% of the world reserves of this metal of the future." This, without even considering the gigantic copper deposits of Sierra del Salobo, or the gold deposits.

Thus, a gigantic mineral potential would be turned over to the cartels such as Anglo-American, Rio Tinto Zinc, Alcoa, Reynolds, and Alcan, which are already hovering over the country like vultures waiting for the Fernando Henrique Cardoso government to make good on its promise to offer up Vale as tribute.