

Report from Rio by Silvia Palacios

IMF sabotages the nuclear program

The IMF and World Bank are granting loans conditional on the government's abandoning nuclear energy development.

A strong protest against the International Monetary Fund and the World Bank was delivered in Brasilia, Oct. 27, by the director of Brazil's National Commission for Nuclear Energy, Rex Nazaré.

Speaking to the Congress's joint budget commission, Nazaré declared that the IMF and World Bank were blackmailing Brazil. He said they were making their loans conditional upon Brazil reversing its historic policy of autonomous development of nuclear energy and opening up its nuclear program to international supervision.

Nazaré charged, "Efforts to impede the technological advance of the developing countries, which were restricted to the policy of creating difficulties for the transfer of technology, goods and services, have now moved to the financial and economic field," he said, according to the Oct. 28 *O Estado de São Paulo*. "They are trying to decide externally the country's plans and its destiny," Nazaré concluded.

He was accompanied by Navy Minister Admiral Henrique Saboia and ex-Minister of Science and Technology Renato Archer. They went to Congress to seek support for Brazil's nuclear program. Brazil's new Constitution, which went into effect Oct. 5, gives the Congress responsibilities for the budget.

The Achilles heel of the Brazilian economy is the terrible lack of energy. Archer, who has fought for nuclear energy since he was a congressman in the 1950s, indicated, "We need to escape the trap in which we are caught, which makes hydroelectricity our only

source of energy. We must couple it with nuclear energy. I think the hour has come to use our potential nuclear energy."

Brazil's Navy was responsible for the breakthrough announced last year: Brazil's mastery of the complete nuclear energy cycle. Thus, the Navy minister tried to persuade congressmen not to stop investments in research programs which would permit "us to construct a nuclear-powered submarine, when we have the means."

For years, the press has been calling for eliminating nuclear research, although Brazilian military and civilian leaders have repeatedly stated they were not working on nuclear weapons.

The liberal oligarchy which controls the media was not happy with Nazaré's denunciation of the World Bank. On Oct. 30, *O Estado de São Paulo* accused him of "useless bravado," which could spoil supposed loan commitments from the World Bank.

A State Department functionary limited himself to commenting, "There is nothing new. Our policy always was to insist on inspection of the nuclear program."

In reality, from the new accusations, and from the way in which the World Bank has behaved in financing Brazil's electrical sector, the secret clauses signed with creditors during the latest round of renegotiation of the foreign debt several months ago are coming to light. They are imposing grave technological restrictions.

For example, the World Bank more than two years ago "approved" a \$500

million loan for rebuilding and extending Brazil's electrical system. That is only a drop in the bucket compared to the \$7 billion needed every year simply to expand the system fast enough to meet growth in demand. Brazil must increase its installed capacity by 7% every year from now until the year 2005.

Such investments have simply not been made since January 1983, when then-Finance Minister Delfim Netto promised the IMF that Brazil would not begin any new development projects and would stretch out those under way as long as possible.

The results have been generalized blackouts and rationing. Given a dependence on hydroelectric generation for about 90% of electricity, the problem has been especially severe in regions of the country afflicted by droughts.

The World Bank's latest pretext for delaying disbursement of the \$500 million is that the nuclear program was put under the aegis of the state electric holding company, Eletrobrás, and that it wanted to be sure none of its money was used to complete the two nuclear power stations still under construction.

At the September IMF meeting in Berlin, World Bank officials went around braying that they would only release the \$500 million after Brazil accepted inspection of its entire nuclear program by the International Atomic Energy Agency.

Even though Brazil has received next to nothing from the World Bank, the government is assiduously raising electricity rates faster than inflation, in order to guarantee surpluses to pay the sector's foreign debts.

Although there has been some noise from "environmentalists" inside Brazil, there is no doubt who the true "greenies" are: the IMF and the World Bank.