

Brazil goes insane, renounces nuclear energy for alcohol

by Geraldo Lino and Mark Sonnenblick

President Fernando Collor de Mello has renounced Brazil's ambitious nuclear energy program, and with it Brazil's hopes of becoming a technologically advanced nation by the 21st century. The Anglo-American establishment has long sought to prevent Brazil, and any other developing sector nation, from attaining or developing advanced technologies. Now, in an interview with the Toronto *Globe and Mail* released in Brazil Sept. 5, Collor said, "In my head, speaking of the nuclear question is rather like speaking of transport by horse and carriage. It is so untimely that it doesn't make sense."

In another interview with Germany's *Die Welt*, Collor resorted to science fiction to refute arguments, such as those presented in *EIR* Aug. 17, that Brazil needs nuclear power: "In the year 2050, people are going to buy energy diskettes at the stationery store. 'Give me a kilowatt of energy.' You take the paper and stick it in the computer in your house, it does its work and that gives energy. Technology is going that way. Nuclear energy, what for? To make an atom bomb?"

Collor said Brazil should instead seek new energy alternatives such as solar and hydroelectric, which he claimed were less "predatory to the environment." Atomic energy, he insisted, is "a permanent threat to the citizen."

The Brazilian President pronounced the death sentence for the "deal of the century," Brazil's 1975 nuclear energy contract with West Germany's KWU-Siemens. Had that deal been implemented, Brazil would now be manufacturing two top-quality nuclear power stations per year. One of them would help assure Brazil 12% annual electric supply growth; the other would be exported to pay the deutschemark costs of the entire program.

IMF kills development

Brazil's abrogation of nuclear energy was imposed by the International Monetary Fund (IMF) as a condition for its signing a new debt refinancing agreement with Brazil to replace its seven previous debt "solutions," since 1983, all of which failed to do anything but make the IMF known in Brazil as "inflation, misery, and famine." Since an IMF mission arrived in Brazil in mid-August, Collor officials have repeatedly told the press that an agreement would be signed "within days." The City of London's *Financial Times* has boasted that the IMF would never approve Brazil's financial program until it promised to abandon its nuclear program. The public logic of London and Wall Street is that they refuse

to loan Brazil a penny of "new money" that could go toward financing what they call a \$30 billion nuclear white elephant.

The World Bank, notorious advocate of "appropriate technologies" for the Third World, added to the pressure. At the beginning of August it leaked a special report by its Latin American and Caribbean Division in which it ripped apart Plan 2010, the strategic plan of the state electric company Eletrobrás. The World Bank accuses Eletrobrás of "privileging" expensive energy sources such as atomic energy, instead of cheaper and "more realistic" measures such as thermo-electric plants fueled by imported charcoal, gas from Argentina and Bolivia, and domestic sugar cane pulp. It favors "energy conservation" policies designed by the anti-technology Science and Technology Secretary José Goldemberg. The World Bank also vetoes the development of the 200 gigawatts of hydroelectric potential of the rivers in the Amazon Basin because of "ecological impact."

The bottom line is that Brazil faces electrical shortages of 10-19% in the next few years, which will necessarily restrict growth.

Inebriated with alcohol fuel

In concert with the World Bank's assault, the sugar cane oligarchy, one of the country's strongest lobbies, staged a comeback. The costly and inefficient use of alcohol as an automotive fuel was on the verge of being phased out in Brazil when the Mideast crisis erupted. A Reuters wire written just before this, reported "Just as the United States and Europe are waking up to the 'green' potential of alternative fuels in cars, the country that pioneered them is abandoning the idea as a failure."

This year, Brazil plans to produce 3.1 billion gallons of alcohol, but that is about 10% short of anticipated demand for the 4 million cars which use it as fuel. Brazil will import 250 million gallons of alcohol, while exporting 45,000 barrels per day of surplus refined gasoline. Widespread alcohol supply shortages caused a panic and plummeting sales of alcohol-powered cars.

The problem with the program is not supply, but the huge seen and unseen costs the Brazilian people have paid for the perverse practice of misusing sugar, a complex carbohydrate which can fuel human beings, by degrading it into fuel for automobiles. Brazil has wasted \$18 billion of its scarce capital on it, including \$6 billion directly from the government

and \$2 billion in heavily subsidized loans to the producers. Still, the alcohol, distilled from sugar cane, cost \$42 a barrel to produce when Brazil was able to import crude oil at about \$15 a barrel and bring new oilfields of its own into production for \$20-25 a barrel.

The state oil company, Petrobrás, paid an average of \$800 million a year to subsidize alcohol to make it competitive with gasoline. That subsidy caused inflation rates of up to 1,000% by forcing high prices for gasoline. It also wasted capital needed to find more oil and build petrochemical complexes.

When Collor was elected in March on a populist platform of "ending all subsidies and privileges," the sugar cane oligarchy to which his family belongs may have felt its boondoggle was over. Its fears were ended Aug. 29 when Collor opened the First International Conference on Energy from Sugar Cane in his home state of Alagoas by stating, "although it is only 4% of the national energy matrix, alcohol has a fundamental strategic role, since it represents the best liquid fuel alternative to petroleum derivatives." He defended the alcohol program as "Brazil's patrimony, a concrete proof of what we are capable of doing."

A renewed federal bailout of the alcohol monstrosity is being arranged in the form of big new subsidies for the sugar barons to burn bagasse (sugar cane pulp after the juice is

pressed out) to generate electricity. Collor huddled Aug. 17 with the Dark Ages faction of his cabinet (including Goldemberg, Energy Secretary Rubens Vaz da Costa, and Environment Minister José Lutzenberger). Goldemberg emerged to claim that electricity could be generated with a capital investment of \$1,000 per installed kilowatt and that the sugar mill owners would make so much selling it to the government at guaranteed prices, they could cut alcohol prices by 30%. He revealed the President's "enthusiasm" for the idea and also the opposition of Infrastructure Minister Ozires Silva, a former president of Petrobrás. Goldemberg said, "the infrastructure people prefer to increase oil prospecting."

Silva confirmed the same day that he felt it would be much better to restore the 50% cut from the oil prospecting budget. He also noted that diesel fuel from petroleum was "used even in the machines, tractors, and harvesters of the sugar and alcohol mills themselves."

There are indications that, following the October congressional elections, the sugar barons and the Dark Ages forces will attempt to oust Ozires Silva, a pragmatic manager willing to sacrifice some state companies, while trying to save a few key ones. The press speculates that he would be replaced as infrastructure minister by the current energy secretary, malthusian Rubens Vaz da Costa, who is earning

Obituary: The Brazil-German nuclear deal

Brazil ordered its first atomic energy plant from Westinghouse in the 1960s. This power station, sited at Angra dos Reis, south of Rio, had the same defects as many of its model, and only became a full-time energy producer 20 years later.

After the 1973 oil shock hit, Brazil's President Ernesto Geisel realized the country would need large-scale nuclear power to complement its hydroelectric potential. The government first asked the United States, but was turned down by the Gerald Ford administration, whose argument followed Henry Kissinger's thinking that no Third World nation should be allowed access to the secrets of nuclear energy.

Brazil turned to Germany and in 1975, signed for the complete nuclear cycle. KWU-Siemens would sell Brazil the technology for mining, concentrating and enriching its uranium. While the components for the first two power stations were being built in Germany, it would build in

Brazil a state-of-the-art facility for making nuclear plants. Eight power stations were to be in full operation by 1990. The Westinghouse plant is a "black box" whose technology is kept secret. The German deal provided for training thousands of Brazilian engineers and technicians not only in how to operate plants, but how to design, build, and improve them.

Financing was arranged by Jürgen Ponto of Dresdner Bank. Ponto, who felt that social tensions in Brazil, South Africa, and the Mideast could only be solved through rapid development, was assassinated by terrorists in 1977. In that same year, the World Bank's Peter Knight argued in a report that Brazil's "biggest defect" was that its rapid growth had filled it with "excessive optimism that all problems could be solved by growth."

Brazil was hit by the foreign debt crisis in 1982. Two weeks after Brazilian Finance Minister Antônio Delfim Netto held a conclave with bankers at New York's Plaza Hotel, on Dec. 20, 1982, he ordered that no new development projects of any kind be begun and those under construction be completed as slowly as possible. Shortly thereafter, the International Monetary Fund approved an agreement to refinance Brazil's unpayable foreign debts.

Collor's Sept. 5, 1990 proclamation that the German deal "must be rethought" is the final nail in its coffin.

the nickname of "Vazdecta Costa" by pioneering vasectomies of millions of poor Brazilian men. Vaz da Costa sits on the board of directors of the Brazilian Family Welfare organization which directs sterilization programs around the country. He also works closely with the genocidal Club of Rome and is a former World Bank employee. The World Bank agreed Sept. 4 to provide \$100 million for a commission under *his* direction mandated to remodel Brazilian energy policy.

Silva, however, has his protectors among top military leaders and energy experts, according to *Tribuna da Imprensa* journalist Ricardo Bueno Aug. 28. Bueno reminded that Goldemberg, to defend and extend the alcohol program, wanted to import technology from the Soviet Union to produce wood alcohol.

Paulo Richer, a former energy official, noted in *Jornal do Brasil* Aug. 31 that the alcohol program itself consumes 22,000 barrels of diesel fuel per day, 5.5% of national diesel consumption. He calculated that if all the trucks in the canefields used alcohol, they would consume 60% of the total alcohol output. He concluded, "the idea that alcohol gives the country autonomy in the energy field is very dangerous, to say the least. . . . On the contrary, the distortions in Pro-Alcohol [the National Alcohol Program] increase our dependency on petroleum."

Richer also reminded Brazilians that sugar cane for alcohol has evicted food producers from millions of acres of the best agricultural lands since the program started in 1975, with a \$300 million loan from the World Bank. In the town of Sertaozinho, São Paulo state, for example, 60% of the land had been used for food; now 98% is planted in sugar cane. That has increased hunger and malnutrition in Brazil.

Environmentalists pollute

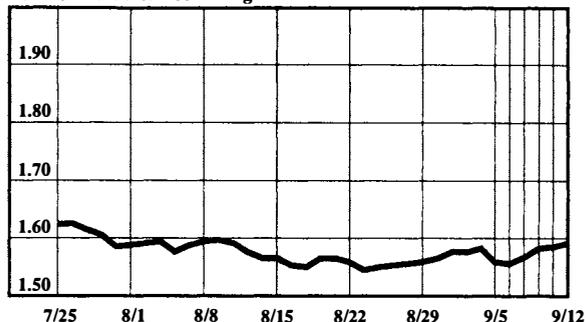
Although the "greenies" say alcohol is less polluting than gasoline, the worst polluters in Brazil are the distilleries. The residues they dump into the rivers of São Paulo state do more to "kill" the rivers by sucking up suspended oxygen than the raw sewage from 14 million people also dumped into them. "Natural, renewable" biomass energy is the most unnatural. Burning bagasse to power the sugar mills and burning wood for charcoal pumps more pollutants and carbon dioxide into the air than all of Brazil's urban industries combined. A larger area of canefields is burned each year just before cutting than Amazon forests.

The expanding cane plantations took over lands farmed by hundreds of thousands of small landowners. Many of them migrated to the Amazon frontier to burn new land, resulting in devastation of rain forests, atmospheric pollution, and deaths of many of the settlers. The "environmentalists" and the World Bank, which are successfully sabotaging non-polluting nuclear and hydroelectric energy while promoting cane and wood alcohol, are thus once again proven responsible for environmental degradation and genocide.

Currency Rates

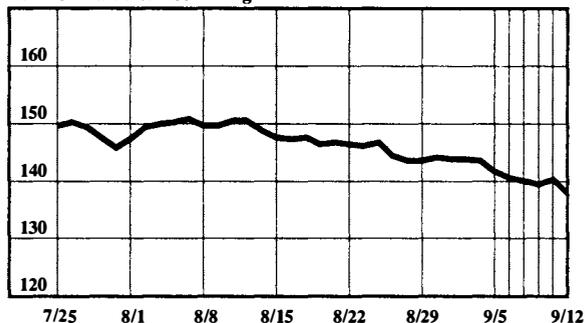
The dollar in deutschemarks

New York late afternoon fixing



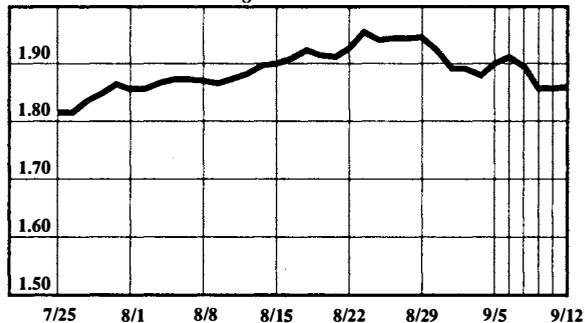
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

