

Report from Rio by Silvia Palacios

The privatization of Eletrobras

President Cardoso meekly carries out a coup instigated by Henry Kissinger and the international bankers.

Immediately upon his return from his trip to the United States, for a visit steered by British agent of influence Henry Kissinger, President Fernando Henrique Cardoso unexpectedly ordered the privatization of the electrical energy generating sector of the country, considered one of the crown jewels of the national economy, and which by itself represents more than half the installed electrical energy of the whole of Ibero-America.

In submitting the privatization scheme to the principal four regional subsidiaries of the state-owned company as well as to national Eletrobras as such, which make up almost the entire electricity sector, with liquid assets of \$60 billion, President Cardoso showed his eagerness to obey the demands of the bankers and their mouthpiece Henry Kissinger—with whom he met during his state visit. They are demanding the real assets of the economy in exchange for the illusion of maintaining Brazil as a haven of tranquility safe from the “Mexican hurricane.”

Ever since the Mexican debt crisis broke out last December, the Brazilian government had vacillated on its privatization program, and it seems to have only become convinced to go ahead with it after Kissinger, as the representative of the Anglo-American financial elite, showed up offering them a hemispheric condominium deal.

The President and his team are desperate over the erosion of power which his government has suffered in only 100 days. Part of this is the oppo-

sition which the government is facing in the National Congress, which has resisted approving a series of constitutional reforms, especially those which loosen state control over strategic enterprises like Petrobras, the electricity sector, and telecommunications. Cardoso feels that his entire “Real” monetary program is teetering on the brink, and so now he is resorting to any and all means to hold it together.

For example, two months ago Cardoso held a meeting with the directors of the public companies, and told them he would not tolerate actions by opponents to the government’s programs. To keep his threat, just two days after the scheme for privatizing the electricity sector was announced, the managing director of the oil company Petrobras was suddenly fired, just because he wrote an article opposing the privatization plan for that company, calling it “crimes of injury to the fatherland, frivolous, criminal, and mainly illegal.” The ouster caused so much scandal in Brasilia that even a left-wing parliamentarian commented that not even the military governments had committed such arbitrary violations of elementary civil rights.

International pressure to privatize has been coming down on Brazil for some time. For example, this past January, the British vice-minister for foreign relations with Latin America, David Davis, descended on Brazil, indicating that there are groups of investors in his country who wanted to participate in the program of privatization, especially in the electrical,

chemical, pharmaceutical, and telecommunications sectors. He also announced that in the next week, Lord Prior, chairman of the General Electric Company, would arrive in Brazil to explore investment opportunities.

Davis also put out the word that this year at least four British ministers would be passing through the country. The high point of his visit was the invitation he brought to President Cardoso to take part in the May 6-7 celebrations in England of the 50th anniversary of the victory in World War II, making him the only chief of state in Ibero-America invited to the festivities. The Brazilian President has already confirmed his presence.

Before the announcement of the privatization of Eletrobras, various English banks, like Warburgs and the bankrupt Barings, as well as Wall Street’s Bear Stearns investment house, had recommended in voluminous studies on the Brazilian electrical sector—albeit discreetly—the purchase of stocks in the electrical energy companies of the Brazilian states, anticipating that there could also be regional-level privatizations. This possibility is now quite near.

Meanwhile, before the trip which President Cardoso took to the United States, his Secretary for Strategic Affairs (SAE, the country’s intelligence service), diplomat Ronaldo Sardenberg, a faithful spokesman for the one-world diplomacy of the Brazilian Foreign Ministry, was charged with carrying out various measures to open up the economy. According to his own statements, he traveled to the United States for discussions with businessmen in the sectors of basic sanitation, transportation, and electrical energy who are interested in privatization. After his return, the SAE held a pompous seminar in Brasilia on the law which regulates public service concessions.