
Brazil

Dope, Inc. retains its Amazon empire

by Mark Sonnenblick

In an impressive ceremony in Brasilia on Jan. 25, representatives of Daniel K. Ludwig transferred ownership of the vast empire he had built on the shores of the Amazon River to a Brazilian consortium. Brazilian President João Figueiredo celebrated the long-awaited "Brazilianization" of the huge Jari paper pulp project, and stressed that the project would remain in *private* hands, though the state is putting up \$180 million of the \$280 million transfer price.

Brazilian manganese magnate Augusto Antunes, who gained practically total control of the project under the deal worked out with Ludwig, dusted off his best nationalist rhetoric to assure, "Never again will Jari fall into foreign hands." A similar stirring nationalist speech in the 1950s won Antunes the concession for a rich manganese mine not far from Jari. As soon as he had won, he set up a 51-49% joint venture with Bethlehem Steel. Antunes also has long served as front man for Hanna Mining, a variety of Ludwig enterprises, and properties belonging to publicity-shy European family fortunes that Ludwig also represents. Ludwig has life-long associations with criminal circles, including the Bahamas gambling and dirty money interests of Miami mob leader Meyer Lansky (*EIR*, Dec. 22, 1981). Antunes not only supervised channeling illegal offshore funds into the 1964 Brazilian coup conspiracy, but afterwards helped write the laws which opened wide Brazil's doors for Ludwig and his ilk.

Ludwig had set up Jari with little expectation of living to see a profit from it. He wanted the Zürich-based family fortunes he represents to have a powerful force in one of the world's great untapped regions which could shape what happens in the whole region. Due to Ludwig's unscientific management, the project has been losing money, and may never break even.

Ludwig sought to pull Jari out of the red with a new round of exemptions from import restrictions and taxes, subsidized credit from government banks, and clear title to additional lands, so that he could sell them. He found,

however, that nationalist elements in the Brazilian government not only refused him further gifts, but even violated his domain by opening up a tax office and by permitting labor unionists to organize.

Ludwig sought to force the nationalists' hand with a bitter October 1980 letter to Brazil's chief strategist, General Golbery do Couto e Silva. Ludwig threatened to "paralyze or sell to third parties," should the government not yield to his demands. Golbery did not yield.

Ludwig followed through on his threat with a systematic stripping of the project's assets. All that remained was the paper pulp mill and the cutting—though not replanting—of trees to feed it. He fired 3,300 of the 7,300 direct employees.

Nationalist currents sought a "Jaribrás" in which the state would take over Jari management as well as its debts and projected further losses. Antunes, however, was granted majority control of the Jari board of directors. His role is camouflaged by the token participation of 22 prestigious Brazilian businessmen who were arm-twisted by Planning Minister Antonio Delfim Netto to help make the deal with Ludwig work. This "private sector" cover is required to provide political justification for the public bailout of Jari.

Ludwig knew full well when he threatened to abandon Jari amidst loud screams alleging the Brazilian government to be "predatory toward foreign investors" that his acts would harm Brazilian efforts to obtain foreign financing for the nearby Carajás mineral project. His threats have been echoed by Washington.

Kissinger, Ludwig, and Antunes

The deal with Ludwig coincided with the long-postponed confirmation that President Figueiredo would visit the United States May 12. Figueiredo has been trying since 1980 to arrange the visit in order to ensure U.S. markets and banking channels would remain open for Brazil's economic needs. There have been hints from Washington that Figueiredo would not receive a welcome mat until Ludwig had been satisfied. Soon after Henry Kissinger's Nov. 15-19 trip to Brazil, all government obstacles to Ludwig's efforts to bequeath control of his empire to Antunes disappeared.

In our Dec. 22, 1981 issue, *EIR* was the only publication in or out of Brazil to focus on the Kissinger trip's relation to the dirty D. K. Ludwig and the Amazon. Kissinger met with Antunes at a dinner party at the mansion of Kissinger's prime mover in Brazil, Israel Klabin. Klabin's Rio de Janeiro state bank now is acting as the midwife for the capitalization of the new "Brazilian" Jari consortium.

Dope Inc.'s D. K. Ludwig and Henry Kissinger have succeeded in influencing Brazilian policies toward the Amazon and toward the United States. Is that success part of a more general "deal" concerning Brazil?