

# Project Democracy exposé shakes Constituent Assembly in Brazil

The political circuits in Brasilia were blown out by an *Executive Intelligence Review* report on Brazilian links to Oliver North's Project Democracy. While some of those implicated have virtually confirmed the allegations made in the report, others are reacting with total hysteria and are seeking a full-fledged parliamentary inquest to look into the charges. According to the daily, *O Globo*, the Constituent Assembly writing Brazil's new constitution convoked such an inquest, June 23.

The "bomb" went off June 10. Deputy Luiz Salomão from Rio protested from the floor of the Constituent Assembly that seven National Endowment for Democracy (NED) agents inside that body were trying to write the new Constitution so as to leave Brazil's economy exposed to the ravages of international looters. Salomão inserted the memorandum (excerpted below) into the record of the Constituent Assembly.

The memo was written in Washington by the *EIR* team monitoring the House-Senate hearings on the Irangate scandal. It is a preliminary report based on mountains of evidence presented to U.S. congressional committees and other sources. It was written in response to persistent inquiries from Brazilian *EIR* subscribers, who read about Project Democracy operations to destabilize the governments of Mexico, Panama, and Peru and suspected something similar must be afoot in Brazil.

Brazil's best-known monetarist, Sen. Roberto Campos, virtually confessed that the report hit its mark by issuing countercharges that Brazil's left also receives money from the NED. Former Finance Minister Antonio Delfim Netto, took an equally pragmatic posture. He said he is going to make a list of the leftists who are receiving aid from Cuba, the Soviet Union, Nicaragua, and Czechoslovakia.

Deputy Amaral Netto, the vulgar thug who repeatedly slandered ex-Finance Minister Dilson Funaro, raised the biggest stink. Netto rose to the podium, June 11, to call Deputy Salomão, "rabble and a shameless liar." For days, Netto pursued Salomão through the halls of Congress shouting his epithets. Finally, Salomão replied, "Your Excellency himself is the rabble."

For a week, the dispute was the hottest item on Brasilia radio and TV news. The press reported that Salomão's based

his charges on the *EIR* document. Sometimes the press reported accurately Salomão's charges of "an international conspiracy to prevent the new Constitution from asserting Brazil's economic sovereignty" (*Correio Brasiliense*). Sometimes it exaggerated by saying "the constituents received money from Colonel Oliver North" (*Jornal do Brasilia*).

*EIR* was also subject to considerable public abuse by the deputies named in the report. Deputy Amaral Netto and banker Deputy Ronaldo Coelho were quoted in the Brazilian press calling *EIR*'s Brazil correspondent "a Mexican drunkard." They also slandered *EIR* founder Lyndon LaRouche. Yet, despite the noise, inquests, and threatened lawsuits, none of those named have refuted the facts contained in the report nor demonstrated that the lobbying the U.S. parallel government was sponsoring through the Confederation of Brazilian Commercial Associations was not intervening in the writing of Brazil's new Constitution. Until that is done, the report stands on its own merits.

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## Documentation

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*Excerpts from the EIR preliminary report on Project Democracy's Brazilian links follow:*

Oliver North, with his key function in the United States National Security Council, is the operative head of the great destabilization machine, which, under the name of Project Democracy, directs its efforts against sovereign republics, especially in Ibero-America. . . .

In Brazil, [Project Democracy] is trying to seize control over crucial affairs of the new Constitution being written, especially those directed toward setting a sovereign economic policy; and, as will be seen further ahead, it was the main orchestrator of the campaign to overthrow Finance Minister Dilson Funaro. . . .

Project Democracy primarily seeks in Brazil to disperse

the forces which made possible the convoking of a National Constituent Assembly, trying to avoid, at all costs, that precepts which deepen economic and political nationalism predominate in the new Constitution. To achieve such ends, Project Democracy's representatives in Brazil specifically seek to politically radicalize the democratic transition process between extremist forces, relegating crucial economic and social affairs to a secondary plane.

The forces which Project Democracy has targeted range from nationalist military factions to businessmen and politicians who consider state direction of the economy to be necessary. It calls these groups "mercantilists" because they adhere to Colbert's economic doctrines. The Project Democracy policies opposed to them are characterized by their strong adherence to genocidal malthusianism.

For such motives, Project Democracy is involved in various events in the country.

The Brazilian connection of the business wing of the National Endowment for Democracy, the Center for International Private Enterprise (CIPE), is the Confederation of Brazilian Commercial Associations (CACB) directed by businessman Amaury Temporal.

The CACB has suddenly become the center which brings together diverse forces striving to destroy the state sector of the economy, promoting Adam Smith's colonial liberalism. (Attached is a clipping of an article by Amaury Temporal attacking France's Colbert, one of the great architects of the idea of creating a sovereign industrial state, free from usury's power.)

In CIPE's official bulletin of Feb. 4, 1987, regarding Brazil and CACB it writes:

The Confederation of Brazilian Commercial Associations (Confederação das Associações Comerciais do Brasil—CACB) will design two seminars on government relations. The first seminar for government authorities will examine the function and purpose of business-government relations and lobbying, and discuss business lobbying techniques in the U.S. and other democracies. CACB will direct the second seminar toward its memberships, and will cover this same topic in addition to presenting explanatory sessions on the legislative process, legislative cycle, organizing grass roots action and alliances, political endorsement and rating program and regulatory lobbying. Since Brazil's Constitution is still in its formative process, CACB views these seminars as a timely way to demonstrate the value of private sector participation in the legislative process to government authorities and business executives.

Since the period before the November 1986 elections and with a view to winning deputies in the National Constituent Assembly who promote free trade—which is Project Democracy's program—a group organized itself around the

CACB. It is composed of, among others:

Deputy Afif Domingos (Liberal Party, until recently president of the Commercial Association of São Paulo;

Deputy Delfim Netto (PDS);

Deputy Amaral Netto (Leader of the PDS in the Chamber, the most visceral opponent of Dilson Funaro);

Deputy Francisco Dornelles (PFL);

Deputy Ronaldo César Coelho (PMDB, frontman for British interests and Royal Dutch Shell);

Deputy Alysson Paulinelli (PFL, ex-minister of agriculture, with strong links to Ronaldo Caiado, leader of the UDR, which is sponsored by the TFP [Tradition, Family, and Property, a royal restorationist cult]);

But the star is, without any doubt, Sen. Roberto Campos.

Additional components organized around the CACB are:

The Sociedade Rural Brasileira, presided by Flavio Telles, linked particularly to the Associação Comercial de São Paulo and to Deputy Afif Domingos. The National Banking Federation (Fenaban), and most particularly its vice-president, Teophilo Azeredo Santos, (the rebellion against Funaro came out of Fenaban when he tried to begin regulations to lower interest rates, reducing the speculative spread which the banks charged.) Ney Figueiredo, political adviser to Fenaban and other business sectors, plays a significant role.

Several members of the Maksoud family, the owners of hotels which carry their name and *Visão* magazine sympathize with the group's theoretical leadership.

Another organizer is Jorge Flores, a chief of the Getulio Vargas Foundation and former president of David Rockefeller's Chase Manhattan Bank, and today a director of Sud Americana de Seguros.

All of this Project Democracy organizing came to light with its open manipulations to impose its points of view on the subcommissions of the National Constituent Assembly (to illustrate the case, a clipping from *Jornal do Brasil* of May 27, 1987 is attached.)

At the same time, in well-informed circles there is a strong suspicion that the electoral campaigns of some who are today constituent deputies were financed by means of CIPE money. Something like that would not be impossible, since CIPE financing has already occurred in other countries (Mexico and Panama).

### **Roberto Campos and the Bukharin networks**

The case of Roberto Campos is singular because it is an example of the type of political intelligence network characteristic of the National Endowment for Democracy (NED)'s plan.

Campos, like Delfim Netto, came out of pro-Soviet Marxist networks, or so-called Fabian Socialism. Campos went through an apparent and "inexplicable" transformation, passing to represent supposedly contrary positions, now sheathed in "anti-communism." This transformation was not due to an analysis of conscience, but to an international

change in the political networks to which he belonged, associated with the Nikolai Bukharin networks. . . .

### **TFP, UDR and the Sovereign Military Order of Malta**

It is important to stress the relation between Deputy Afif Domingos and the Sociedade Rural Brasileira, chaired by Flavio Telles, to explain that Project Democracy coordinates in Brazil with the landed families linked to the old European oligarchy which owns great *latifundia* [landed estates] in Brazil.

It is already in the public domain that the UDR, presided by Ronaldo Caiado, grew with the support of the rural associations which gave money and political support to block agrarian reform. Overnight the UDR became a private army of the latifundists.

The UDR, it turns out, also received money from the Nazi Tradition, Family, and Property (TFP) group and there are signs that financing came directly from the French Rothschild family. TFP is the paramilitary arm of Prince Luiz de Orleans e Bragança, financed by the Thurn und Taxis family. Prince Luiz, in turn, is an executive member of the Sovereign Military Order of Malta, an agency which has collected money for the Nicaraguan Contras, and to which belong, among others, Alexander Haig and the recently deceased William Casey (CIA director when Irangate exploded).

Another notable of this oligarchic circle—which is willing to take arms to stop agrarian reform—is the German-born Wolfgang Sauer, proprietor of Volkswagen do Brasil. Sauer is also a knight of the Sovereign Military Order of Malta.

Sauer has recently devoted himself to a ferocious campaign against the big state companies. In a May 21 seminar in Rio de Janeiro, Sauer proposed opening up the big state companies to the debt-for-equity scheme. He said that this scheme could convert \$30 to \$40 billion of the Brazilian foreign debt, which would literally mean denationalizing the economy.

The debt-for-equity scheme, a weapon against the sovereignty of states, was proposed by Henry Kissinger in 1983 at a meeting in Vail, Colorado. He ratified the same policy in his May 24 [1987] *Washington Post* article in preparation for his visit to Brazil.

The debt for equity scheme is actively promoted by the ambassador to the United States, Marcilio Marques Moreira and by ambassador Rubens Ricupero, ex-international adviser to President José Sarney.

### **Project Democracy against Funaro**

The destabilization which brought the fall of minister Dilson Funaro included two aspects, one internal and the other external. On the internal front, the UDR which, as we indicated above, has its links with Project Democracy played an important role. Later, it was PDS Deputy Amaral Netto,

partisan of the CACB, who practically prevented Dilson Funaro from appearing before the National Congress.

On the external front, the campaign of attacks and discrediting of Funaro came not only from bankers, but from one of the most influential people in the National Endowment for Democracy (NED), Charles Z. Wick, director of the United States Information Agency. In that capacity, Wick administers the official provision of funds given by Project Democracy's NED. At the beginning of April, Wick visited Brazil for meetings with the executives of Brazil's major TV networks, among them Roberto Marinho, owner of TV Globo.

Starting with the Marinho-Wick meeting, TV Globo made a dramatic change and stopped favoring the moratorium. TV Globo's Washington correspondent received orders to reduce to a minimum coverage of the activities of Dilson Funaro, who was then in Washington. The order received was that coverage focus on the complaints of bankers about the "disastrous" Brazilian situation. On April 10, TV Globo decided not to cover Dilson Funaro's press conference in the Brazilian embassy in Washington. . . .

### **The dirty linen of 'Irangate': Edmund Safra**

By following the trail of the Swiss banking apparatus which Oliver North used to transfer arms and money to the Contras, we are led directly to banker Edmund Safra and the Anti-Defamation League (ADL), the Zionist lobby which has numerous adepts in Brazil.

One of the key components of the Contra supply operation is the Swiss "financial consulting" house, Compagnie de Services Fiduciaires (CSF). It turns out that CSF is also a tentacle of the business empire of one of the main financiers and backers of the Sandinistas: Robert Vesco, whose lawyers before he fled prosecution included Kenneth Bialkin of the ADL. . . . The airplane which then-NSC director Robert McFarlane used on his secret visit to Iran belonged to CSF and Republica New York Air Transport Services Corp., a business jointly owned by CSF and Republic National Bank of New York, in which CSF also had some accounts. . . . Bialkin was the most active intermediary in the merger of American Express with the Safra interests.

### **Labor movement**

The National Endowment for Democracy (NED) includes the Cultural Institute of Labor among its Free Trade Union Institute programs. The São Paulo-based Cultural Institute of Labor is the American Institute for Free Labor Development's (AIFLD) main enclave in Brazil.

The Cultural Institute of Labor received from the NED, Project Democracy's most important organization, at least \$395,000 to finance a series of seminars. Roberto Magri, the general secretary of the Cultural Institute of Labor, is the president of the São Paulo Light and Power Union, affiliated with the CGT union federation.