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**MARCA-PAÍS COMO ENTIDADE SEMIÓTICA
A construção simbólica da Marca Brasil**

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ANEXO D – *Corpus* jornalístico

INTRODUÇÃO

O *corpus* a seguir refere-se às menções relativas ao Brasil na mídia internacional, nos 12 meses, a contar retroativamente do mês da Copa do Mundo de 2014, sediado neste país. Inicialmente, buscamos identificar a revista de maior repercussão/circulação em países-chave na estratégia da Marca Brasil, definida pelo Governo.

Der Spiegel (Alemanha), Noticia de la Semana (Argentina), Time (EUA) e The Economist (Reino Unido) foram as publicações selecionadas. Adicionalmente, um veículo de comunicação exclusivamente digital foi incluído: The Huffington Post (EUA, mas com sede em doze países diferentes. No Brasil é associado à Editora Abril, que publica a Revista Veja). Ao todo foram 405 menções, sendo 162 em mídia impressa e 243 na mídia digital, conforme abaixo demonstrado.

Veículo	Total	Positiva	Negativa	Neutra	Exclusiva	Menção	Destaque	Capa
The Economist	91	33	35	23	58	28	4	1
Time	14	7	2	5	4	4	6	0
Der Spiegel	39	10	3	26	4	31	3	1
Noticias de La Semana	18	7	4	7	8	8	2	0
Subtotal	162	57	44	61	74	71	15	2
The Huffington Post	243	85	111	47	178	33	32	0
Total	405	142	155	108	252	104	47	2

Veículo	Total	Positiva	Negativa	Neutra	Exclusiva	Menção	Destaque	Capa
The Economist	22%	23%	23%	21%	23%	27%	9%	50%
Time	3%	5%	1%	5%	2%	4%	13%	0%
Der Spiegel	10%	7%	2%	24%	2%	30%	6%	0%
Noticias de La Semana	4%	5%	3%	6%	3%	8%	4%	0%
Subtotal	40%	40%	28%	56%	29%	68%	32%	50%
The Huffington Post	60%	60%	72%	44%	71%	32%	68%	0%
Total	100%	100%	100%	100%	100%	100%	100%	50%

Aparições do Brasil na mídia (número absoluto e %)

Fonte: A autora (2015).

O site *The Huffington Post* possui o maior número de matérias sobre o Brasil, são 243 matérias, seguida pela britânica *The Economist* com 91 matérias, contra 39 da alemã *Der Spiegel*, 18 da argentina *Noticias De La Semana* e 14 matérias da revista americana *Time*. O fluxo intenso de matérias do site americano se explica pelo fato de que tal veículo de comunicação publica notícias diariamente. Já as demais revistas são impressas e veiculadas semanalmente. Além de representar o maior número de matérias, o “HuffPo” é o veículo analisado mais crítico de todos. 46% de suas menções são negativas e elas representam 69% de todas as menções negativas do *corpus*.

Ao todo foram veiculadas 91 matérias sobre o Brasil na revista The Economist. A maioria era exclusiva, ou seja, unicamente sobre o país, o que equivale a 64% das reportagens. As matérias negativas e positivas foram praticamente em igual porcentagem, 38% e 36%, respectivamente.

A segunda revista impressa onde o Brasil é mais noticiado é a Der Spiegel, com 24% das aparições. A revista americana, Time, e a argentina, Noticia de la Semana, dedicaram, no período, pouco espaço para outros países que não os próprios.

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DER SPIEGEL

Bow, Arrow, Facebook: Brazilian Tribes Fight for Their Land

By *Jens Glüsing*

DATA: 2013.08.19



Indigenous peoples in Brazil have lost their patience. Promised more land decades ago, they have recently begun forcing the issue by occupying farms and ranches. The government of President Dilma Rousseff has taken sides with the farmers' lobby.

When the helicopter appears above the tops of the mango trees, Alberto, a headman with the Terena tribe, raises his spear into the air, shouts a war cry and calls his men together. About 200 members of the tribe congregate on a meadow. Some shoot arrows at the helicopter, while others swing clubs and cock catapults. Many are wearing headdresses and war paint. "This land belongs to us!" the chief shouts. The helicopter rattles away into the distance.

The police helicopters fly across Fazenda Buriti, a large cattle range in the Brazilian state of Mato Grosso do Sul, two or three times a day. Indigenous people armed with clubs are guarding the entrance of the ranch, which they have occupied for the last three months.

Fazenda Buriti is one of 62 farms in the state that the indigenous people have overrun, part of their revolt against the government from the Amazon region to the southern Pampas area. They are fighting for their land, protecting the borders of their reservations, resisting the construction of hydroelectric power plants in their regions and protesting against the advance of the agricultural industry, which is destroying their homeland.

The occupations are a reaction to Brazil's ruthless treatment of its indigenous peoples. Thirteen years ago, the government promised to turn over the ranch's 145 square kilometers (56 square miles) to indigenous tribes. But the farmer used legal maneuvers to delay the transfer -- until the indigenous people lost patience. With the help of Facebook, they gathered together more than 1,000 members of their tribe from the surrounding region and invaded the farm in the early morning of May 15, wielding

homemade explosives, swinging wooden clubs and waving spears. Private security guards fired into the air, but they were vastly outnumbered. Together with the rancher's wife, family and members of the staff, they took refuge in the house. After tough negotiations, the owners were allowed to leave. The police moved in with live ammunition 15 days later. One of the occupiers was shot to death and another one was wounded, but the indigenous people are not giving up.

Since then, the Terena have built a village on the grounds of Fazenda Buriti. They are farming the fields, planting manioc and corn; some are driving around in the farmer's tractors. At night, they sleep in huts made of wood and plastic sheeting. "Our reservations are too small," says Chief Alberto. "If we don't get more land, my people will go hungry."

Looking for a Decent Price

When the police tried to storm the farm, the occupiers burned down the farmer's house. "We have nothing against the farmers," insists the Terena chief. "We want the government to compensate them."

The farmers and the indigenous people agree on this point. "If the government pays a decent price, I'll sell right away," says owner Ricardo Bacha, a former member of the state parliament. He is now negotiating with government officials over compensation.

Rancher Bacha is sitting in the office of the powerful farmers' association in the state capital Campo Grande, an imposing glass-and-steel structure, surrounded by organization officials. He is wearing a plaid shirt and jeans, and his face is tanned. He inherited the farm from his grandfather, who was given the land by the government in 1927.

The land used to belong to Paraguay, until Brazil annexed it in 1870, after a war. At the time, the government drew the new border straight through ethnic communities, and it had the indigenous people rounded up like cattle and locked away on reservations. Then it divided up the land among white settlers.

Once the military dictatorship ended in the mid-1980s, Brazil received a new, democratic constitution. It awarded the indigenous peoples the rights to the regions from which they had been expelled decades earlier. But the land, once covered by jungles, now consists of soybean and sugarcane plantations as well as grazing land for cattle.

The factory farms have expanded their cropland in Mato Grosso do Sul by more than 30 percent in the last four years; the state has some of the most fertile soil in the country. "We won't give up the estates voluntarily," says Bacha who, like most of the farmers, carries a weapon. "I'm not going to face off against 300 wild Indians without a gun." He has also hired a private security service notorious for its brutality.

Capitulating to the Farm Lobby

That some farmers will stop at nothing is well known. Some 564 members of indigenous tribes were murdered in Brazil in the last decade, including 319 in Mato Grosso do Sul alone. In February, three farm guards shot and killed a 15-year-old boy, merely because he wanted to fish on the estate.

The government, meanwhile, has capitulated to the farm lobby. When President Dilma Rousseff visited Mato Grosso do Sul in April, the farmers booed her. Soon afterwards, she completed a radical shift on

indigenous policy by freezing the planned reservation expansions. She also plans to amend the approval process.

The National Indian Foundation, FUNAI — a group run by anthropologists — is currently in charge of drawing the new borders. But Rousseff now wants to consult with other organizations, including EMBRAPA, an agricultural research institute affiliated with white farmers.

"Rousseff has deprived FUNAI of its power," says former priest Egon Heck, a Brazilian of German descent, of the church aid organization CIMI. The products produced by large landowners contribute substantially to Brazil's export revenues, and ranchers can always find a sympathetic ear with the president. In contrast, she has never met with lawmakers who represent the indigenous peoples. "They have no lobby," says Heck.

There are 305 tribes in Brazil, and they speak 274 different languages. But not all tribes are as combative as the Terena. The Guaraní, for example, the largest indigenous population group in Mato Grosso do Sul, tend to direct their despair against themselves with their headmen reporting a dramatic rise in suicides recently. Some 56 Guaraní committed suicide last year alone. Most were youths.

Since the Guaraní lost their land to farmers, they have had to take on work outside their communities, working as day laborers on sugarcane plantations, for example. "Suicide isn't really part of our culture," says Wilson Matos, an attorney. "Young people are killing themselves because their homeland has been destroyed. When you take away a Guaraní's land, you rob him of his life."

Waiting for Poison

Matos, the son of a Guaraní father and a Terena mother, lived on a reservation until he was 14. Then he became the first member of an indigenous tribe in Mato Grosso do Sul to embark on a career as a lawyer. He ran the region's Indian authority, and now he defends indigenous offenders. He claims that need drives most of them to commit their crimes.

His fellow tribe member Evaldemir Cáceres, for example, lives with his extended family next to a four-lane highway on the outskirts of the provincial city of Dourados. The tribe members have patched together huts out of plastic sheeting and wood and the shantytown is home to 86 people. There is no electricity or running water, the children play in the dirt and most can neither read nor write.

They were promised a large tract of land near Dourados 43 years ago, but the establishment of this new reservation was repeatedly delayed. Instead, they were left with the miserable spot between the road and a brickyard where they now live. They receive a small amount of social welfare from the government. They grow manioc behind the huts, and pay rent to a landowner for the beds. White gunmen on motorcycles circle the shantytown at night, threatening women and children. The goal, say the tribe members, is to intimidate them.

At the end of last year, Cáceres and the other Guaraní headmen wrote in a letter to the government: "Send us poison so we can kill ourselves!"

They are still waiting for an answer.

Translated from the German by Christopher Sultan

From DER SPIEGEL

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ThyssenKrupp Under Fire: 'We Won't Be Pressured'

DATA: 2013.08.19



Debt-plagued German industrial giant ThyssenKrupp has been struggling with shrinking equity capital and having difficulty selling off unprofitable mills. CEO Heinrich Hiesinger explains how he plans to prevent the breakup of the company.

SPIEGEL: Mr. Hiesinger, you have been the head of ThyssenKrupp for two and a half years. When did you realize what a suicide mission you had gotten yourself into?

Hiesinger: I knew from the beginning that it would be difficult. ThyssenKrupp had decided for the first time to bring in an outside CEO. You don't do that when everything is going well. But what I didn't even remotely expect, and what I wasn't made completely aware of, is that our new steel mills in the Americas would not operate as planned.

SPIEGEL: When you assumed office, you believed that you could preserve the corporation in its current structure. Is that still the case?

Hiesinger: Yes, that is our objective, despite all the risks involved. We are headed in the right direction, and so far we have kept all the promises we made. We have made the company more efficient and increased our earning power. The sale of the mills in the Americas is taking longer than expected because we are taking a cautious approach. And in that respect, we are not allowing ourselves to be pressured by the public's expectations.

SPIEGEL: You're not being pressured by the public, but by the condition of the company. Your equity capital continues to shrink and is now at the lowest level among all DAX companies. This can't go on for much longer.

Hiesinger: It was clear, after we had recognized the scope of the cleanup operation, that we would be placing an extreme burden on equity capital. The loss of €1.2 billion (\$1.6 billion) that we just announced is exclusively the result of inherited problems. It's something we have to endure, and the team, which is now working hard and effectively, can't do anything about that. However, we did prepare our investors for these cuts.

SPIEGEL: Last week, your investors had firmly expected you to successfully sell off the unprofitable mills in Brazil and the United States. They were deeply disappointed. Why is the sale taking so long?

Hiesinger: There are several reasons. First, one blast furnace in Brazil isn't fully operational. No one wants to invest in something unless he can see that everything is up and running. Second, there are several parties at the table in the negotiations in Brazil. And third, long-term commitments were made in the past that need to be restructured in the course of the sale.

SPIEGEL: There was more than half a year to do that. Do you seriously believe that you can still sell the mills at a reasonable price?

Hiesinger: We are in intensive negotiations with a leading bidder. And the negotiations continue to make sense as long as we are making progress on resolving the matters in dispute.

SPIEGEL: The two mills have already cost ThyssenKrupp more than €10 billion. How could such a massive bad investment have happened in the first place?

Hiesinger: Of course mistakes were made in the planning and construction of the mills. But they could have been fixed. The important issue is that the entire environment has changed radically -- and more quickly than would have been the case in the past -- since the decisions were made. No one could have predicted how dramatically the price of iron ore would increase. This made the entire business plans no longer feasible.

SPIEGEL: So the basic decision to build the mills was correct at the time?

Hiesinger: I'm not saying that the decision was correct. Perhaps a different executive board would have decided not to invest so much money in steel and more in other businesses. What I'm saying is that, in this case, the actions that were taken were not predictably wrong or negligent.

SPIEGEL: Could the old executive board have pulled the plug at some point?

Hiesinger: I don't have to time to dwell on the past. We have to develop the company in a strategic manner, just as we intended. A great deal of progress has been made in the areas that our team can influence. For instance, we are seeing 8-percent growth in facility construction and the elevator business, which is not common at other companies in the current economic climate. We're proud of that.

SPIEGEL: With all due respect to your optimism, the company has a debt load of €20 billion. How do you expect to ever reduce that much debt?

Hiesinger: That number is too high. About eight billion of it consists of long-term pension commitments, which can't be changed in the short term. We have made progress on our net debt, reducing it by €500 million in the current fiscal year. We will complete another step with the sale of the

American steel business. In 2011, we launched a program that provided for a reorientation of the group and the sale of a quarter of the company. We have made progress on that front. If we hadn't, the situation would be very different today.

SPIEGEL: Nevertheless, there has been speculation for weeks that the company could be broken up and the steel business sold. Is there anything to it?

Hiesinger: That's complete nonsense. This is not an issue that is being considered or discussed. We embarked on our mission to restructure the company, not to break it up. What we are doing is the biggest restructuring of the company since the merger of Thyssen and Krupp in 1999. We see tremendous potential in all parts of the company...

SPIEGEL: ...which was apparently wasted in the past.

Hiesinger: At any rate, we are in the midst of a massive comeback. Many things at ThyssenKrupp have not been at industry standard.

SPIEGEL: To expand the new future business portfolios, you will need money that you don't have.

Hiesinger: I disagree. We have invested more in almost all forward-looking departments and have spent more on research and development than in previous years. Our automotive division, for example, is building four plants in China and one in India. We are getting rid of old burdens while simultaneously investing in the future, and we don't shy away from tough decisions. Seventy percent of top management was replaced, and our cost-cutting program is saving €2 billion.

SPIEGEL: Then you don't even need the increase in capital that is currently the topic of discussion?

Hiesinger: I didn't say that. An increase in capital is a possible option for us. It will certainly be easier if we can also solve our problem in the Americas soon.

SPIEGEL: Do you believe that investors would then be willing to invest in the company? Where does your optimism come from?

Hiesinger: We have been contacted by a number of interested parties that would like to be part of it. But the executive board hasn't made a decision on the issue yet.

SPIEGEL: In the past, the Krupp Foundation, which owns about 25 percent of ThyssenKrupp, was a stumbling block when it came to capital increases. Do you believe that it will be easier to implement such measures now that Berthold Beitz, the longstanding chairman of the foundation, died three weeks ago?

Hiesinger: That isn't quite correct. Mr. Beitz -- and this is very important to me -- paved the way for this step while he was still alive. In March, he said in an interview that he would not oppose a capital increase if the company had convincing reasons. It was a clear statement of intent. There was no obstruction.

SPIEGEL: Beitz and his foundation had considerable influence on developments in the company in the past. How will the vacuum be filled?

Hiesinger: I'm familiar with all of those stories. But the role of Mr. Beitz as someone who actively intervened in daily operations is incorrect. Until his death, I never received a single letter or phone call

from him on business-related issues. As the honorary chairman of the supervisory board, he attended the board meetings, but all he did was listen. The company was near and dear to him.

SPIEGEL: Do you mean to say that the great patriarch was not involved in decision-making processes at all?

Hiesinger: Yes, he was, but not in the way some have claimed. For instance, after we had decided on the sale of the stainless steel division, a transaction worth billions, we went to see him and explained to him why we felt it was necessary to sell off the traditional business.

SPIEGEL: How did he react?

Hiesinger: He said: "Mr. Hiesinger, the only thing I'm interested in is that you prepare the company for the future. I appreciate that you are explaining the issue to me, because I have a strong commitment to the stainless steel business, but you have to find the right path for the company, together with the executive board and the supervisory board. I will support in your decisions."

SPIEGEL: Your predecessors often deferred to Berthold Beitz. Could that have been described as preemptive obedience?

Hiesinger: Yes, in my view. When I came into office, I too was told that certain things couldn't be done in the company, because they were contrary to the foundation's wishes. When the executive board decided, in early 2011, to sell close to 25 percent of ThyssenKrupp to safeguard the future, that was exactly the attitude we encountered. We were immediately told: "Beitz won't go along with that." In fact, it appeared that no one had asked him about it before then.

SPIEGEL: And that wasn't an isolated incident?

Hiesinger: No, and it was the same issue with the sensitive subject of dividend payments...

SPIEGEL: ...from which the foundation derives its funding.

Hiesinger: When we decided last year, after a record loss, not to pay any dividends, I was told that it would be difficult, and that Beitz was unlikely to accept it. Once again, we went to see him, and I told him at lunch: "Mr. Beitz, you're familiar with the situation. We have this enormous write-off, and the executive board can't pay a dividend on that basis." Beitz merely said: "I already expected that. But we've taken precautions at the foundation and can deal with it."

SPIEGEL: Your predecessors, Ekkehard Schulz and Gerhard Cromme, didn't dare approach such sensitive issues. Why?

Hiesinger: I can't answer that. Mr. Cromme brought me in and, in doing so, initiated change. I believe that I was able to quickly develop a very good relationship with Mr. Beitz, because he recognized that I think and act independently. As a result, I was able to address and clarify sensitive issues with him, while giving him the respect he deserved.

SPIEGEL: You're talking about the hunting grounds that ThyssenKrupp maintained, partly for Beitz, as well as the use of company jets.

Hiesinger: There were no problems whatsoever on those issues.

SPIEGEL: Because of its 25-percent share, the foundation has certain privileges. For instance, it can appoint three members of the supervisory board, thereby establishing a defense against hostile takeovers. This protective function would shift in the event of a capital increase, because the foundation's share would shrink. Does that matter to you?

Hiesinger: No, on the contrary. It's very important that we have and preserve a reliable anchor shareholder. It's good for us. And without this support, the restructuring would be much riskier.

SPIEGEL: In other words, you are doing everything to ensure that the foundation holds onto 25 percent?

Hiesinger: No, I didn't say that. It's just that this 25-percent myth has to be rectified.

SPIEGEL: In what way?

Hiesinger: Ultimately, it isn't an issue of what percentage the foundation has, but rather of its right to appoint members of the supervisory board and of how majorities can be reached and unwanted decisions prevented within the board. To that end, you don't necessarily need three supervisory board members or 25 percent. Less than that, about 20 percent, is also sufficient.

SPIEGEL: In other words, the capital increase will be structured in such a way that the foundation doesn't slide below this critical level?

Hiesinger: (laughing) Since we haven't decided on a capital increase yet, I would not engage in such speculations.

SPIEGEL: The head of the RAG Foundation (Germany's largest coal mining corporation), Werner Müller, is offering himself as a white knight. He has held out the prospect of loans from his foundation. Did you ask him for that?

Hiesinger: No, we didn't. We have successes to show for ourselves, as well as a convincing story and prospects. If the RAG Foundation believes in that, it can buy our shares on the open market.

SPIEGEL: But within the company, you yourself are warning against a collapse. You have told your senior executives that the company would probably not survive the discovery of another cartel.

Hiesinger: Yes, addressing risks and challenges is part of the new culture. I did that when the Federal Cartel Office launched an investigation on the basis of an anonymous tip.

SPIEGEL: The investigation involve suspected price fixing in steel production.

Hiesinger: That's right. The amnesty program for employees willing to testify did not yield any information. But the investigation is only beginning. If something were discovered, the scope would be enormous. That's what I told our executives. Everyone has to realize that compliance violations can annihilate all successes.

SPIEGEL: It wouldn't be the first antitrust suit. ThyssenKrupp hasn't been able to extricate itself from headlines about illegal collusion and managers lining their pockets. How do explain this?

Hiesinger: It happens when those in charge do not rigorously prevent misconduct.

SPIEGEL: And that was the case here?

Hiesinger: All I can say is that it's no longer the case. We have zero tolerance, and we would rather accept a decline in business than any illegal intrigues.

SPIEGEL: Mr. Hiesinger, thank you for this interview.

Interview conducted by Frank Dohmen and Armin Mahler. Translated from the German by Christopher Sultan.

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Bye Bye, VW Bus: The End of an Era in Brazil

By *Jens Glüsing*

DATA: 2013.08.26



Only Brazil still produces the classic 56-year-old VW camper van, but not for much longer. With a final special edition series of the beloved vehicle wrapping up before year's end, the race is on for those looking to buy used models.

Some of them make rattling and popping noises, while others creak when heavily loaded and have rust-colored age marks. They may be old, but many are deeply cherished. New ones can still be purchased, but not for much longer, because the days of the Volkswagen Bus are numbered in Brazil, the only place the company still produces the vehicle.

Businessman Ademir Cardona, 47, gently runs his hand across a model from the 1970s. "If no one wanted them anymore, well, I'd understand that," he says. "But people are beating a path to my door to get her."

The VW Bus is feminine in Brazil, where the model, known as the "Bulli" in Germany, is called the "A Kombi." There have long been rumors about its imminent demise, but now it's official. In December, the last VW Type 2 Bus, considered a classic the world over, will roll off the line in São Paulo. That's because the vehicle is no longer up-to-date, now that Brazil will require all new cars to have anti-lock braking systems (ABS) and airbags starting in 2014. These features are simply not feasible in the 56-year-old model, VW engineers say.

"Nonsense," says Cardona. "With a little good will, they could do it." He has already installed power steering, power windows, reclining seats and air-conditioning in his VW Buses, all features the inventors never envisioned. Cardona operates a company called Cia das Kombis in the southern Brazilian city of Porto Alegre. He has 34 vehicles in his inventory, all available for purchase or rent.

The business is going well and Cardona had planned to expand, but now he's worried about the future. "It's becoming more difficult to get parts," he says. "VW is carrying the only real people's car to its grave."

'Adapted Technology on Wheels'

The first VW Buses were assembled in a large building near São Paulo in 1953. Four years later, Volkswagen do Brasil began series production. Hardly any other vehicle in the world has been

manufactured for so long. In Brazil, the VW Bus represented an astonishingly successful marriage of German engineering and the Brazilian lifestyle. More than 1.5 million have been produced in the country, where the VW Bus is the bread-and-butter vehicle for several generations of small businesses. A new bus costs 47,000 real, or about €15,000 (\$19,700), making it the most inexpensive minibus on the market.

VW Buses are ubiquitous at weekly markets and on construction sites, and they often double as mobile kiosks, ambulances and even hearses. In Rio de Janeiro, overloaded VW Buses travel up and down the hills of the city's shantytowns known as favelas, and in the Amazon region they are used to transport tourists along muddy roads and bring the indigenous people back to their villages. When a VW bus breaks down, any village mechanic with a wrench knows how to get it back on the road.

"The VW Bus is adapted technology on wheels," says Cardona. Like millions of Brazilians, he too owes his career as a businessman to the VW Bus. Twenty years ago, Cardona bought three used buses from a brewery. He sold one for a profit and rented the other two. Today his company has a reputation beyond Porto Alegre's city limits.

A customer recently had a 1966 VW Bus restored to look like the one her father once had. "During the day, he used the bus to deliver wood for parquet flooring, and at night he and his family slept in it," says Cardona.

A Fancy 'Last Edition'

Over the decades, Volkswagen has periodically made minor updates to the popular vehicle. Lights were installed to replace the old flip-out turn signals, which would occasionally hit pedestrians in the face when they popped out of the side of the vehicle. For a few years, the VW Bus wasn't just available with the legendary air-cooled boxer engine, but also as a diesel. However, the model wasn't well-engineered and was quickly taken off the market.

When new emissions regulations came into effect, VW installed a water-cooled engine. Since then, a black radiator grill has marred the classic front. But the change didn't hurt its popularity. This year alone, more than 13,000 VW Buses have been built, most of them assembled by hand. But customers don't have much to choose from. In Brazil, the VW Bus is only available as either a 9-seater or a delivery van. And it only comes in one color: white.

As a farewell gesture, VW will produce a final series of the bus in its former glory. The "Last Edition" commemorative series, consisting of only 600 buses, will be wearing the "skirt and blouse," as the Brazilians call the legendary luxury version from the 1960s and 70s. The model will even have curtains on the windows, and the only concession to modernity is an MP3 radio with a USB port. VW will charge 85,000 real, or about €27,000 for the collector's edition.

There is no successor to the VW Bus in sight. Volkswagen has no vehicle in its lineup that could even approach the Bus in terms of space and pricing. For this reason, anyone who owns a VW Bus today, says Cardona, should be paying attention, because prices for used models are on the rise.

Translated from the German by Christopher Sultan

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Capital Flight: Currencies Plunge Rapidly in Asian Economies

By Wieland Wagner

DATA: 2013.08.26



As the credit glut in the US nears an end, the currencies of developing countries like India, Thailand and Indonesia are plummeting. Now there are fears that a redux of the 1997 market crash is on the horizon.

Indian customs officials are out in full force these days in their attempt to stop the illegal import of gold. At the airport in Kochi, in the south of the country, officials recently caught a man who had hidden two kilograms (5.5 pounds) of precious metals in his socks — he was given away by his odd gait. Other customs officers on the border with Nepal stopped a truck with 35 kilograms of gold hidden in its bumper.

Their battle is a frustrating one. For every kilogram of gold seized, it is estimated that another makes it into the country unnoticed. Gangs pay smugglers up to 50,000 Indian rupees (around €575 or \$770) to bring them gold from, for example, Dubai, a favorite source. Indians are obsessed with gold right now — and not only because of the approaching wedding season. As the rupee has dropped dramatically in value, many Indians have turned to tangible assets. The government has increased its tax on gold imports as a way of shoring up the country's currency, but that has only caused wary investors to flee further.

The government comes up with new ideas for slowing the rupee's fall almost every day: by imposing customs duties on flat-screen TVs — which Indians could previously bring into the country unobstructed — for example, or by making it more difficult for company managers to export capital and invest it abroad.

None of this has helped. Since May, the rupee has lost 17 percent of its value against the dollar.

There are two primary reasons for this crash. The first is that investors have lost faith in India's economic miracle and in Indian politicians. Growth has dropped by nearly half, the country's trade balance continues to slip further into the red, stock prices are practically in free-fall and inflation is deepening the divide between rich and poor.

The second reason, though, is something over which authorities in New Delhi have little control: the coming end of the credit glut in the United States.

No More American "Hot Money"?

Much of the money the US Federal Reserve Bank released onto the market as a way of stimulating the economy eventually made its way to India or other emerging markets, where it drove up property values and stock prices.

In May, Federal Reserve chair Ben Bernanke hinted at a change of course. Since then, investors have speculated about a coming end to quantitative easing — a strategic program the Americans adopted in an attempt to lower interest rates and push up prices in the US — and increasingly to pull their money out of emerging markets. Currency value is now dropping in many countries that previously profited from foreign capital, like Brazil, Russia and South Africa, but hardly anywhere is the phenomenon as extreme as in India.

Until recently, the so-called BRICS countries — Brazil, Russia, India, China and South Africa — were seen as winners in the 2008 global financial crisis. Economists even predicted that these ascending countries would be able to "decouple" themselves economically from crisis-ridden Europe and the US. Instead, those countries are now quaking at the prospect of an end to the flow of so-called "hot money" from the US.

It is true that the leading BRICS country, China, is not directly affected by the current currency crisis, since the yuan is not freely convertible — meaning, it cannot be immediately converted into major reserve currencies. But the country's Communist rulers are struggling with their own banking crisis and an urgently needed reorientation of Chinese industry toward more domestic consumption.

Trapped Between Two Economic Giants

As China's economy falters, its imports of raw materials from other newly industrialized countries declines as well, which means China's southeast Asian neighbors in particular are suffering on two fronts. Indonesia, Malaysia and Thailand are now not only exporting less to China, they are also forced to stand by and watch as investors flee en masse from the Indonesian rupiah, the Malaysian ringgit and the Thai baht.

Prasarn Trairatvorakul, head of Thailand's central bank, has tried in vain to calm the markets. The general economic situation is "still okay," he declared, adding that the baht was moving in line with economic fundamentals.

Indonesia's central bank governor, Agus Martowardojo, has likewise played down the seriousness of the situation, saying, "the worst times of capital outflow in June and July are already over. Pressures against the rupiah are unlikely to continue." However, financial experts have doubts about the Indonesian government's ability to combat the crisis effectively. "We do not think there is a magic bullet that can turn things around," stated a team of Barclays analysts headed by Prakriti Sofat.

A Repeat of the 1997 Crash?

All this brings up some unpleasant memories: It is precisely these so-called "tiger economies" that, following a period of artificially inflated growth, triggered the 1997 Asian financial crisis. That debacle began in Thailand, where the newly rich middle class constructed skyscrapers and mansions and purchased luxury cars, all on credit. When this bubble became apparent, hedge funds in London and New York began speculating on a baht crash.

Thailand had pegged its currency to the US dollar. To maintain the exchange rate and fend off speculators' attacks, the country introduced nearly its entire foreign currency reserves onto the market within a very short space of time. Ultimately, the country's central bank had to capitulate to the hedge funds. Thailand abandoned its peg to the dollar and the baht tumbled in value. The country's debts also increased because most loans had been in dollars. Thailand ended up practically broke.

Next, trouble hit a number of banks in Malaysia and Indonesia, where enraged mobs looted shops owned by Chinese businesspeople; Suharto's dictatorship collapsed soon after. South Korea, too, only narrowly escaped national bankruptcy thanks to a \$58 billion International Monetary Fund loan.

This time around, newly industrialized countries are better armed against capital flight. Having learned a lesson from the Asian financial crisis, they have increased their foreign currency reserves and partially reformed their banking sectors. Even more importantly, their currencies are no longer pegged to the dollar.

Flimsy BRICS

But the capital flight currently taking place also illustrates how far the BRICS countries and the Asian tigers still are from overtaking Western industrialized countries -- and to what degree these countries' accomplishments are now in jeopardy. According to analysts at Morgan Stanley, the central banks of developing countries, with the exception of China, lost a total of \$81 billion between just May and July through the selling of dollars to protect their currencies.

Indonesia's foreign currency reserves have shrunk by 18 percent since the beginning of the year. Until recently, the world's largest Muslim country was a favorite for foreign investors. Thanks to its boom in raw materials, the country's manufacturing was still growing by over 10 percent in April, faster than almost any other country in the world. Companies from Europe, the US and Japan have built car and electronics factories in the country because, in addition to other factors, they also have faith in Indonesia's impressively well-functioning democracy.

At the same time, nearly half of Indonesia's almost 240 million inhabitants live on less than \$2 a day. The rupiah's drop has forced the country's poor to cut back on food even more, while their newly rich neighbors search feverishly for a way to protect their wealth. As a precaution, the central bank in Jakarta has forbidden the withdrawal of dollars from ATMs.

These developing countries are in a tight spot. To curtail rapid capital flight, they would need to raise interest rates considerably, but doing so would cause the country's economy to stall. Indian economist Jayati Ghosh warns that this would lead to social unrest. The governments of India and Indonesia are particularly leery of causing that sort of nightmare scenario: both of these large democracies have elections in the coming year.

Translated from the German by Ella Ornstein

From DER SPIEGEL

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Economist Jayati Ghosh: India's Woes Foretell 'Chaos and Violence'

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Indian economist Jayati Ghosh believes her country's current financial problems are of its own making. She also warns of widespread chaos and an increase in violence if India's economic imbalances are not tackled head on.

Jayati Ghosh, 58, is an economist specializing in globalization and international finance. She teaches at Jawaharlal Nehru University in New Delhi and acts as an advisor to the Indian government. She also recently co-authored a book titled "Economic Reform Now: A Global Manifesto to Rescue Our Sinking Economies."

SPIEGEL: Ms. Ghosh, when the global financial crisis broke out in 2008, the demise of the West seemed to be sealed. Now, however, China is suffering from a banking crisis, and in India the situation is even more dramatic. Economic growth has almost halved, and panicking investors are abandoning the rupee. Is the Asian Era over before it has even begun?

Ghosh: Our two countries have big problems, but the situation is completely different. China is fundamentally strong; it has a huge trade surplus. India, however, suffers from a huge current account deficit, which we are trying to partly fill with hot money, or speculative investment, from abroad. China first and foremost has to control its illegal shadow banks, but that is not at all comparable to the mess that we are now facing in India.

SPIEGEL: Overall, money inflows into emerging markets are beginning to slow, and investors are also reacting to the possibility raised by US Federal Reserve chief Ben Bernanke of an end to quantitative easing.

Ghosh: Certainly, countries like India and Brazil have a problem if suddenly less hot money flows in. But our government in particular cannot simply put the blame for the fall of the rupee on external factors like Bernanke. This can only explain to a small extent why the rupee is now one of the worst performing currencies among developing countries.

SPIEGEL: How threatening do you think the present rupee crisis is? Does the government have the situation under control?

Ghosh: Our government reacts with panic measures. For example, it desperately attempted to attract more capital into the country by easing rules for external commercial borrowing. This, however, only worsens the structural causes of the rupee crisis. Our much vaunted economic boom was essentially a debt-driven consumption spree, financed by short term capital inflows. Those who profited were mostly construction companies and the real estate sector. India's boom was also peculiar in that it did not generate any new jobs, but instead deepened the gap between rich and poor.

SPIEGEL: China also suffers from an inflated real estate sector, when its state-sponsored capitalist system artificially pumped up the economy after the Lehmann crisis of 2008. Is that now coming back to haunt China?

Ghosh: I am fundamentally in favor of a bigger role for the state in order to direct investments and control banks. However in China, as in the rest of Asia, a big real estate bubble was created. Instead, China should have strengthened domestic consumption in order to free itself from the dependence on exports.

SPIEGEL: Does this mean that the decoupling of Asia from the West — which experts have been predicting for a long time — is moving further into the future?

Ghosh: China won't be able to break away from the West for a long time. And since the rest of Asia depends on China — it's the biggest trade partner for many — they also cannot break away. To be sure, China strives for a leading global role. But for the time being, the weight of traditional industrialized nations is still too strong.

SPIEGEL: Indeed, parts of the West look surprisingly strong just now: Innovations like the iPhone are being created above all in the United States.

Ghosh: If I look at the 21st century I see a huge imbalance. The most important economic currents flow from South to North: the trade in ever-cheaper products which the emerging markets produce; the capital investments — because these countries invest their surpluses in US bonds; the cheap labor which they export, and with which they help solve the problems of those aging societies. But why does the North still dominate? Because it still invests a lot of money into research and development, and it controls intellectual property.

SPIEGEL: India in particular is falling behind in the race to catch up to industrialization. Why is it so much more difficult for your country than for China to escape poverty?

Ghosh: We can't manage the simplest things, because our starting point was completely different. When China began its reform process at the end of the 1970s, almost everybody there already had enough to eat. There were roads in almost every village, and there was medical care. In China, society was by and large equal. In contrast, a third of Indians still don't have electricity. We fight against the legacy of a caste system which condones inequality and discrimination. India's elites put up with conditions which are extremely damaging.

SPIEGEL: So you wouldn't blame democracy for India's problems? In a democracy, you can't simply order progress to happen as you can in communist China.

Ghosh: The problem is the nature of our democracy, which developed on the basis of a strictly hierarchical society. We actually need more democracy. Only democracy can create the necessary social pressure to eliminate crass injustices.

SPIEGEL: Could India's chronic corruption problem then also be overcome?

Ghosh: Corruption is a question of development. The more developed a society is, the less it will tolerate corruption.

SPIEGEL: In contrast to China, India does not owe its economic miracle to industrial mass production. India started from above, as it were, with software companies that employ well-educated, English-speaking programmers. Now, however, many of those experts are becoming redundant because computers can do their work faster and cheaper. Does India need a new development model?

Ghosh: Many Indians believed we could become a service economy straight away and leapfrog industrialization. But that's ridiculous, it doesn't work. Even now, the IT sector only employs around 2.5 million people in our country — compared to a working population of almost 500 million. We can't avoid the hard task of industrializing our country from the bottom up. Almost 60 percent of our population are younger than thirty; these people need jobs. We are sitting on a ticking time bomb.

SPIEGEL: Your government promises to open up the country further for big foreign corporations like Wal-Mart and Ikea. Is this really the way to create enough new jobs?

Ghosh: These measures only destroy jobs. Everybody knows that retail multinationals employ much fewer people per product and per turnover than the small shops that dominate in India. Instead, we have to invest in the basics, in infrastructure: A road to every village. Water, electricity and housing for everyone. Access to bank credit for everyone — not just for rich entrepreneurs. We have to concentrate on things that create jobs. Then India's economy will grow on its own.

SPIEGEL: Ahead of the parliamentary election next year, nobody believes the government has the courage to reform. What happens if your country falls even further behind in the process of catching up?

Ghosh: Then we will face political and social chaos on a mass scale, and an increase in violence against women, as we are already seeing.

SPIEGEL: So the shockingly high number of rapes in India has economic causes?

Ghosh: Yes, and the degree of viciousness has gone up. Many unemployed young men see no future for themselves. They hang around on the streets, they see how others are enjoying their wealth, and that drives them mad. Then they go out and rape women, or vent their frustration at Muslims or members of lower castes. We will see much more of this kind of violence. It really scares me.

Interview conducted by Wieland Wagner

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The Reluctant Giant: Why Germany Shuns Its Global Role

An Essay by Ullrich Fichtner

DATA: 2013.08.26



The world admires Germany and would like to see more active engagement from the country. But Germans themselves are reluctant and Chancellor Merkel has steered clear of taking on more global responsibility. Berlin should rethink its role in the world.

When a German reads current travel guides about Germany, written by foreigners clearly enamored of the country, he feels noticeably better afterwards. The travel guides praise Germany as a colorful, high-energy, beautiful country, a European power center in every possible way, a miracle world of culture and technology, inventive and with an entrepreneurial spirit, "truly ... a 21st-century country."

That's what Rick Steves, a Germanophile American, writes in the latest edition of his "Germany" travel guide, published at the beginning of the year. Of course, he doesn't omit the clichés about schnitzel and the Oktoberfest, the Black Forest and Neuschwanstein Castle, but he is most enthusiastic about the modern, bustling Germany, which has "risen from the ashes of World War II to become the world's fifth-largest industrial power."

Steves raves indiscriminately about Germany's ICE trains, gleaming cities, world-class museums, the new Berlin and the Germans themselves, who he describes as people with bold "Type A" personalities. "Their cars are legendary," Steves writes, "BMW, Mercedes Benz, Volkswagen, Audi and Porsche. We ride German elevators and trains (ThyssenKrupp and Siemens), take German medicines (Bayer), use German cosmetics (Nivea) and eat German goodies (Haribo's Gummi Bears)." Similar, more or less eulogistic descriptions appear in many new travel guides on Germany.

'Most Popular Country'

Today, 68 years after the end of the war and 24 years after the fall of the Berlin Wall, we Germans are respected, admired and sometimes even loved. The fact that we generally don't know what to do with all this admiration, because we collectively still seem to assume that we are not likeable and therefore must be unpopular, is a problem that very quickly becomes political. It's obvious that Germans' perception of themselves and the way we are perceived by others differ dramatically.

Even if some would not consider a travel guide to be the most credible basis for political reflections, it's easy to find other sources of praise for Germany and the Germans. The BBC conducts an annual poll to name the "most popular country in the world." Germany came in a clear first in the latest poll, and it

wasn't the first time. Some 59 percent of 26,000 respondents in 25 countries said that the Germans exert a "positive influence" in the world (and not surprisingly, the only country in which the view of Germany is overwhelmingly negative at the moment is Greece).

In the "Nation Brands Index" prepared by the American market research company GfK, which surveys more than 20,000 people in 20 countries about the image of various nations, Germany is currently in second place, behind the United States. This index is not some idle exercise, but is used as a decision-making tool by corporate strategists and other investors. GfK asks questions in six categories, including the quality of the administration and the condition of the export economy, and Germany is at the top of each category. But when Germans do acknowledge their current standing in the world, they always seem to be somewhat coy or even amused.

The rest of the world doesn't understand this (anymore). The rest of the world is waiting for Germany. But instead of feeling pleased about Polish Foreign Minister Radoslaw Sikorski's historic statement that he fears Germany's power less than its inactivity, we cringe anxiously over such sentiments. When US President Barack Obama calls Germany a leading global power, we hope that he doesn't really mean it. And when politicians in Israel say that Germany should wield its power more actively, we don't interpret it as a mandate to become more committed, but are puzzled instead.

We Germans? Exercise power? Take action? Lead?

A 'Europeanized' Germany

The German Society for International Cooperation (GIZ), Germany's government-run aid organization operating in 130 countries, made a concerted effort in 2012 to question decision-makers around the world about their views on Germany. Instead of quickly flipping through a list of questions, the GIZ conducted real, in-depth conversations with participants, and essentially arrived at two conclusions: Germany's reputation in the world is sky-high, yet Germany is considered anything from spineless to completely incapable when it comes to investing this "soft" capital in an effective way for the benefit of everyone.

The positive image we enjoy worldwide is fed by a large number of widely dispersed sources, but it's obvious that Germany's accounting for its Nazi past, its clear acknowledgement of historic culpability and its development of a model democracy in the West laid the foundation for the Germans to be given a new chance in the 20th century.

But it is also clear that Germany's reputation has received its biggest boost since the fall of the Berlin Wall and German reunification. Since then, the Germans have managed to demonstrate repeatedly that they are capable of producing economic miracles, which is precisely what reunification and the development of the former East Germany are. At the same time, Germany was able to dispel widely held fears of the return of a gloating major power in the middle of Europe. To everyone's relief, especially that of our European neighbors, Germany has kept its feet on the ground, only waving its black, red and gold flag during football matches.

Perhaps the European financial crisis — and the key role Germany is playing in the effort to overcome it — has rekindled unease among our neighbors at the moment. But even if there is disagreement over the right way out of the crisis, and even if the German government has often proved to be too intransigent, no European in his right mind fears that Germany is pursuing some sort of secret plan to dominate the continent once again. Instead, Germany has "Europeanized" itself, both intentionally and

credibly. But now it's time to share Germany's rich experiences along the winding paths of the 20th century with the rest of the world.

History as Obstacle

Foreign Minister Guido Westerwelle has a tendency to stress a supposed certainty of German policy, which became stuck in a post-World War II way of thinking and which the country actually seemed to have overcome: namely that "the history" of our country, which only means the years between 1933 and 1945, is an obstacle in foreign policy in every respect. But from today's perspective, there is every indication that the opposite holds true, namely that "history" has given us reformed Germans in the 21st century the mandate to play an influential role in all of the world's affairs precisely because of that experience.

Who, if not we Germans, is as well versed in emerging from the swamp of overthrown dictators? Who, if not we Germans, could advise war-torn countries on how to find their way back to peace? Who, if not Germany, whose path to liberal democracy was long and rocky, could help other countries along this path? And who, if not we Germans, would be destined to warn the Americans, for example, that absolute national security doesn't protect freedom but instead destroys it?

Seen in the cold light of day, we have no other choice. Germany may have resolved never to become a major power again, but opted instead to somehow dissipate into the big, wide West and the many multilateral organizations. For a long time, it was easy to abide by this resolution, because Germany was indeed no longer a major power. Divided into two countries and occupied by foreign troops, its national sphere of influence was de facto limited. That changed after 1990.

'Auschwitz Never Again'

After the deliberately quiet approach taken by the former Chancellor Helmut Kohl, this sphere of influence was understood around the turn of the millennium. The government of then-Chancellor Gerhard Schröder and Foreign Minister Joschka Fischer, a coalition of the center-left Social Democratic Party (SPD) and the Green Party, handled the new German sovereignty both casually and boldly, by saying yes to the mission in Afghanistan but no to the invasion of Iraq. That administration was hardly in office before it led Germany, alongside its NATO partners, into the war in Yugoslavia, both to prevent an impending genocide in Kosovo and to give new meaning to the maxim "Nie wieder Auschwitz" (Auschwitz Never Again).

Fischer fostered the ambition to use German experiences of the 20th century to develop ideas for the world of the 21st century. His plans and position papers on the conflict in the Middle East and Europe's future enriched international politics. They also enhanced Germany's reputation as a country that doesn't just sit on its wealth, but is willing and prepared to get involved, to participate, to contribute financially and to energetically tackle the eternal construction of a better world.

Chancellor Angela Merkel and Westerwelle have taken us back to the tired 1990s, and our "history" must serve, once again, as justification for German inaction that extends all the way to denial of assistance. Listening to Westerwelle, one would think Germans were a bunch of narrow-minded people whose love of peace knows no bounds.

In fact, we are repugnant hypocrites. We like to talk about our pacifism, and we even use it to generate a warm feeling of moral superiority, and yet we supply large numbers of German weapons to buyers all over the world. Those weapons often end up in countries where regime critics are suppressed with armed force.

What is missing in Germany is an understanding of obvious geopolitical circumstances, an understanding of the fact that obligations, demands and hopes arise from a country's economic and military importance without any political assistance, and that there is clearly a need to consider at length our role in the world. But that doesn't happen, or at least it happens far too rarely.

In Germany, foreign policy is a specialized, niche subject, even at universities, which is downright absurd. In light of our situation and our leading global position in so many fields, and in light of our ongoing title as the world's export champion, foreign affairs ought to be a top issue at all times. And yet in Germany foreign policy is viewed as a burdensome nuisance and cost factor within the context of managing our wealth.

There is no doubt that the German ambassador to the United Nations in New York occasionally has to introduce a politically correct, ineffectual resolution that — on paper, at least — is intended to protect children in war zones. But when the time comes to concretely prevent the massacre of children and adults in Libya, we abstain from voting and, to be on the safe side, withdraw our warships from the Mediterranean. And although we recognize that the threat of a terrorist coup in Mali could have far-reaching consequences for our own security, we would rather let the French step in to prevent it.

Germany's maneuvering in the crisis over a united Europe is even more depressing. Neither Merkel nor Westerwelle, nor anyone else in the administration, has given a single memorable speech on the subject of Europe in the last four years. It's humiliating that, for the last four years, it has seemed somehow unclear whether the German government's stance on Greece differs significantly from the slogans printed in the tabloid newspaper *Bild*.

Critics have said, and will continue to say, that the chancellor naïvely equated the euro with the entire European project, and the thousand options for taking action were reduced to a single brutal program of austerity measures. In fact, when the time came to fight tooth and nail to defend every German cent, especially the money deposited in German banks, the chancellor felt called upon to display her full power, which then alienated Germany's European partners.

Getting Involved is a Duty

It would be nice to see Germany pursue a different, better foreign policy, with a horizon extending beyond our own borders. From the government of Europe's strongest economy, we should expect programs for an improved Europe, and we should demand that the government come up with a tangible plan for reforming its institutions and its financial system, a plan it can implement, if necessary.

The only problem is that this German government has absolutely no clue when it comes to foreign policy. Aside from a few catchwords, does anyone know its position on the crisis in the Middle East? Has it come up with any good ideas on the Arab spring? Is there a German Africa policy? Does anyone in Berlin make an effort to understand Asia? Are we part of the solution or part of the problem in Afghanistan? Could we improve the situation in Iraq? Could we help Egypt? Does Syria concern us? And how do we feel about Turkey? And Brazil?

For a country as important as Germany, getting involved is a duty, not a choice. The role of being an active player falls on us, whether we want it or not. And when it comes to the stability of entire regions of the world, or the crises of individual countries, we are called upon to contribute our ideas and our money and to throw our full weight behind our efforts.

It is debatable whether Germany considers itself an active and driving member of the global community or a passive player in contemporary history. It is worth discussing, as the newspaper *Die Zeit* wrote so pointedly, why Germany always wants to profit but never wants to intervene. And worth considering is the dream that Germany has made it its mission to utilize its experience to make the world a better place.

Being a Role Model

In the second decade of the 21st century, Germany has to get used to the idea of being a model for other countries. We will never be able to see our country as a model society for the entire world, as the United States and France, with their more fortunate history, do as a matter of course. Today, other countries and peoples want us to be a role model, a teacher and a partner. That demand cannot be satisfied with a few Goethe Institutes, with posters by political graphic designer Klaus Staeck hanging on the walls, or with endless screenings of the film "Goodbye Lenin!"

Germany's fans in the world want more involvement than that, and they hope that we don't just export our machines, but also our knowledge about government or our experience with ecological renewal. African countries, as well as nations in South America and South Asia, are no longer waiting for benevolent aid workers, but would rather see people with ideas and investors, and are looking for momentum. They want to know how government administration works, how to organize an education system, how to plan factories, how to decentralize a country, how to write a constitution and how a democratic police force works. They want to learn from us, the Germans, because we have acquired so much authority in these fields.

There is enormous potential in this. In the course of a more active foreign policy, Germany could promote and disseminate throughout the world the values and principles it has recognized as right. At the same time, it could also network internationally in a way that would make the future less daunting.

Uninspired Development Policy

This globally involved Germany could easily become a magnet for people seeking a new home, not just out of need, but also out of interest, curiosity and inclination. They certainly won't come just because a few officials mention the need for skilled personnel every few months. They will only come if they get to know Germany as a generous, progressive, modern nation, one that is willing to share.

But that country has to develop first. So far, Germany has only sullenly performed what it sees as its duties abroad. Otherwise, it pursues a great deal of old-fashioned, uninspired development policy under Development Minister Dirk Niebel, whose claim to fame seems to be his propensity for finding senior government posts for as many of his fellow members of the Free Democrats (FDP) as possible — and who openly considered giving the tons of frozen lasagna illegally containing horse meat to the poor (which is truly crazy).

The aforementioned study by the GIZ, titled "Germany in the Eyes of the World," reads in part like a guideline for a new foreign policy. The respondents, from India, Pakistan, Britain, South Africa, Morocco and France, don't just know a lot about Germany, but they also clearly recognize its strengths and weaknesses. They want to see more German involvement in practically all areas, in other words, more active German participation in what happens in the world.

In the study, an Indian is quoted as saying that Germany has "no pressing poverty or security problems" and should, in light of "these healthy conditions, assume a greater role in international policy." A South African says that Germany is a leader in science and innovation, but doesn't sufficiently allow others to share in its advantage. An American says that the Germans should "finally put on bigger shoes." An Israeli says: "The Germans could be shaken once in a while and asked what's wrong, and what happened to their emotions and their enthusiasm for the future."

Somewhere to Dream?

Enthusiasm for the future. In the age of Merkel governments, this isn't the kind of expression that occurs to a German anymore. And shouldn't we pay attention to the Chinese artist who, in the GIZ study, says that he goes to Germany to work "and to France to dream?"

We, too, want to dream again, of a better Germany in a better world. We want to dream of the chancellor announcing, in prime time, that freedom-loving Germany is granting refugee Edward Snowden asylum, for example. Such a bombshell would have set the cliquish world in motion and would have catapulted Germany's worldwide reputation into the stars, and of course Merkel would have given a perfect speech about freedom and friendship, and she would have assured the Americans that Berlin's goal was not to offend them, but rather was to not betray Europe's experiences. Of course, this would merely be a dream.

Anyone who has that dream is derided as being naïve, even though the idea of asylum for Snowden wouldn't be nearly as inconceivable as everyone in the government would have had us believe. It was only inconceivable for those who always portray their own actions as being "without any alternative," who dismiss every contradiction as being childish and for whom visions and dreams departed from the realm of ideas long ago.

When it comes to foreign policy, Germany is oddly idle. Germany is being administered, not governed. It could be a soft giant, but when it looks in the mirror, it still sees itself as a gray mouse. But that's just an optical illusion.

Translated from the German by Christopher Sultan

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Outmaneuvered: Merkel Weakened by Blunder in Syria Debate

By *SPIEGEL Staff*

DATA: 2013.09.09



German Chancellor Angela Merkel's delay in signing a US-backed resolution against the use of chemical weapons in Syria is being portrayed as a major misstep. Now, as Washington continues its diplomatic offensive, Merkel faces a political backlash at home.

German Chancellor Angela Merkel always seems to enjoy the return journey after a political summit. Exhausted but finally able to unwind, she is full of anecdotes and happy to be on her way home.

That's how it was on Friday afternoon as Merkel returned from the G-20 summit in St. Petersburg. Her ride home, a German air force Airbus, had already passed over the Latvian capital of Riga when the chancellor appeared with a paper coffee cup in her hand and cheerfully began recalling her impressions of the G-20 summit in St. Petersburg to the on-flight press corps. She noted that the plane was due to land in Berlin at 5 p.m. and that, after their arrival, she was looking forward to taking the evening off.

The previous evening, American diplomats had put out feelers among their German counterparts to find out if they were prepared to sign a joint declaration. They said that this would be a sternly worded appeal for a decisive international reaction to the use of chemical weapons in the Syrian civil war. The idea was to support the US course on Syria, they said, but without mentioning the intended military strike.

The Germans expressed reservations, yet the Americans refused to give up. The next morning, they met again, but the Germans remained evasive. Merkel and her aides referred to a meeting due to take place the following day, Saturday, between the European Union foreign ministers and their US counterpart John Kerry in the Lithuanian capital of Vilnius.

The goal there, the Germans argued, was to agree on a joint European position on the Syrian conflict, adding that this would be jeopardized if the large EU countries of Germany, France, Spain and Italy had already sided with the Americans at the G-20 summit.

Merkel's Miscalculation

Merkel knows what normally happens in such situations. Small European countries like Luxembourg and Austria feel marginalized by the large member states — and they react by voicing their opposition. The Germans told the Americans that this wouldn't do the US any good and had to be prevented. Furthermore, Merkel had already made it clear to US President Barack Obama on the summit sidelines that she could not support his resolution. She said they would have to wait for the report by the chemical weapons experts.

That afternoon on the flight back to Berlin, the chancellor was nevertheless satisfied with what she had achieved. She appeared to have repelled the US proposal — and it looked like she had the other European countries on her side. Only the British had broken ranks, but the Chancellery doesn't expect much from them anyway.

Merkel had no way of knowing that at that very minute she was probably suffering the biggest diplomatic defeat of her term in office. She had simply left too early. The Americans had used her absence to bring the other Europeans into line. Shortly after Merkel landed in Berlin, the White House posted a joint declaration regarding Syria on its website. It contained the following sentence: "We call for a strong international response to this grave violation of the world's rules."

In addition to the US, 10 other countries signed the document, including the four European G-20 members Britain, France, Spain and Italy. Only the largest EU member state was missing: Germany.

Attempting Damage Control

Merkel and German Foreign Minister Guido Westerwelle scrambled the next day to correct the misstep. Merkel agreed Germany would sign the statement once it had been signed by all 28 EU members, which happened Saturday when EU foreign ministers issued a similar statement at talks in Vilnius calling for a "clear and strong response." She explained the delay by saying that Germany had first wanted to establish a common EU position on Syria.

On Sunday, the German chancellor once more justified her actions. "I don't believe it's right for five countries to agree on a united stance without the other 23 that can't be there, knowing that 24 hours later all 28 will be gathering around the same table," she told a campaign rally in western Germany. "That's why I said, 'Let's see to it that we have a united stance by all 28.'" The remarks were widely interpreted as criticism of Britain, France, Italy and Spain.

But the damage had already been done. It is a major embarrassment for Merkel. Europe's most experienced stateswoman allowed herself to be outsmarted by Obama. Merkel, who as a member of the conservative opposition in Germany unconditionally sided with the US during its 2003 invasion of the Iraq, now looks as if she has deliberately distanced herself from the Americans on the issue of Syria.

The opposition in Berlin, fighting an uphill battle to oust her in the September 22 general election, could hardly believe their luck. "The supposedly most powerful woman in the world didn't even have a meeting

with Russia's President (Vladimir) Putin," criticized Sigmar Gabriel, the chairman of Germany's left-leaning Social Democratic Party (SPD). "She and Guido Westerwelle are responsible for a total failure of German foreign policy," he said.

Strategies and Double Dealing

In actual fact, though, Merkel merely wanted to rekindle an initiative from this past spring: to have the International Criminal Court in The Hague investigate the regime of Syrian autocrat Bashar Assad. Berlin's strategy was to slow the pace and put the brakes on the Americans without antagonizing them in the process. Merkel felt secure in her rejection of the US resolution because she believed she had the support of EU Council President Herman Van Rompuy and European Commission President José Manuel Barroso.

When Obama noticed that he was getting nowhere with the chancellor, he spoke behind her back with Spanish Prime Minister Mariano Rajoy and his Italian counterpart, Enrico Letta. Merkel had no idea that these two politicians would deviate from the line that had been jointly established on Friday evening. After all, just the previous evening, Italian Defense Minister Mario Mauro vehemently argued against a military strike on Damascus without a United Nations mandate.

In the days running up to the joint declaration, Italian Foreign Minister Emma Bonino had also repeatedly underscored the need to wait for the UN inspectors' report. Spanish Prime Minister Rajoy didn't appear to be doing any saber-rattling either, especially in view of what happened to his predecessor, José María Aznar, who was voted out of office for his support of the Iraq War.

But Obama's lobbying was successful. Letta and Rajoy eventually caved in — as did French President François Hollande. Even during the closing press conference of the G-20 summit, Hollande had stressed that France would wait for the inspectors' report. Merkel and Westerwelle rated this as the successful fruit of their diplomatic efforts. It was a spectacular miscalculation.

Winners and Losers

Consequently, the summit ended with a coup. But it didn't look at first as if Obama would manage to scrape together even a shaky coalition.

Most of the participants at the summit were undecided, skeptical or outright opponents of a military strike against Assad. Shortly before Obama flew back to Washington, he had to admit that the majority of the G-20 countries wanted a mandate from the UN Security Council to intervene in Syria. This won't happen, however, because Russia and China would veto such a measure.

But the real loser in St. Petersburg is Syria. The summit ultimately revealed that most of the 20 leading countries in the world are unwilling to intervene in the Syrian disaster. It's an unpleasant matter, of course, but what business is it of theirs? They have their own problems. The case of Syria may be regrettable — but it is primarily a diplomatic annoyance.

Perhaps these world leaders are quietly hoping that the problem will somehow resolve itself. Even those who have signed Obama's declaration are playing for time — and calling for the UN to play an important role. After all, the UN is the great foot-dragger of global politics. They insist that it is absolutely essential

to wait for the interim report by its inspectors, although the result is already clear: On August 21, chemical weapons were used in Syria. Of that, no country in the G-20 remains in doubt.

They can be thankful for the existence of the UN Security Council, which prevents the question of who is behind this attack from even being asked. The Assad regime blames the attack on rebels fighting to overthrow him in the country's two-and-a-half-year civil war, which has claimed some 100,000 lives, according to UN estimates. The Russians, meanwhile, feel confirmed in their opposition to Obama now that China, India and Brazil have rejected the US initiative.

The Kremlin has never shared the West's enthusiasm for the Arab Spring. Russian President Vladimir Putin was always certain that the spring would be quickly followed by fall and winter. "He sees America less as an enemy than as a destabilizing factor in an already chaotic world," says Fyodor Lukyanov, chairman of the Presidium of the Council on Foreign and Defense Policy, a Moscow political think tank.

Nevertheless, Putin is not prepared to allow differences over Syria to completely spoil Russia's relations with the US. For instance, Moscow has not yet sent its Syrian allies the agreed quantities of a modern anti-aircraft missile system known as the S-300. Nonetheless, Putin has threatened to do just that if the Americans were to launch an attack on Damascus. "But if we see that steps are taken that violate the existing international norms, we shall think how we should act in the future, in particular regarding supplies of such sensitive weapons to certain regions of the world," the Russian president told reporters last week. This is a reference not just to Syria, but also to America's arch enemy Iran, which Moscow has refused to supply with the S-300, despite existing contracts.

Now worldwide attention is again focused on Obama. For a long time, he defended his position that the Syrian civil war did not threaten vital US interests. But after the use of poison gas — the American president's so-called "red line" — he could no longer maintain this stance.

And after he publicly accused the Assad regime of responsibility for the attacks, he had no choice but to act. Yet despite all Obama's efforts in St. Petersburg to stress that the credibility of the international community is at stake in the wake of the poison gas attack, it is primarily his own credibility that hangs in the balance — along with the question of whether the US can save its tarnished reputation as a power capable of restoring order in the Middle East.

American Secretary of State John Kerry spent the weekend drumming up further support for the American position, collecting public condemnations from a growing number of Arab and European countries. He said on Sunday that a number of Arab League countries had endorsed the G-20 statement.

"What we are seeking is to enforce the standard with respect to chemical weapons," Kerry told a news conference after meeting with the secretary of the Arab League and nine Arab foreign ministers. "We are not seeking to become engaged in, or party to, or take over Syria's civil war."

Kerry has since moved his diplomatic offensive to London, where he reiterated his belief on Monday morning that Assad's forces were responsible for the chemical weapons attack. Asked if there was any way the Syrian leader could prevent a strike by US forces, Kerry responded with what is being interpreted by turns as an earnest ultimatum and a flippant statement that Assad could "turn over every single bit of his chemical weapons to the international community in the next week ... but he isn't about to do it and it can't be done."

Obama's Dangerous Game

Since the UN Security Council would not approve military action against Syria, Obama — much to the dismay of many of his staff members — has decided to at least seek legitimacy at home for a military strike abroad.

It is by no means certain that he will be successful on this front. With each passing day, it is becoming increasingly difficult for him to muster the required majority in Congress for a military intervention. The Senate Foreign Relations Committee has approved a resolution on Syria, paving the way for a vote this week — and in the House of Representatives, Republican majority leader John Boehner has given his backing to a resolution on Syria. But it seems doubtful that Obama will be able to rally a majority behind his proposal to authorize a military strike on Syria.

Too many members of Congress fear that voting in favor of a mission against Damascus could cost them their jobs. Recent opinion polls show that 59 percent of Americans oppose military intervention, while only 36 percent are in favor. "If you're voting yes on military action in #Syria, might as well start cleaning out your office," tweeted Representative Justin Amash, a Republican from Michigan, on Thursday.

White House Chief of Staff Denis McDonough appeared on all five major American television networks on Sunday in an appeal for public support for intervention in Syria. Members of Congress "do not dispute the intelligence when we speak with them," he told Fox. "The question then becomes should there be consequence for this? The Iranians are going to watch that answer. The Syrians are going to watch that answer. Hezbollah is going to watch that answer."

Obama plans to make a prime-time public appeal on Tuesday, and the Senate may vote on the issue as early as Wednesday, with the House likely to vote during the week of Sept. 16.

A Growing Antiwar Coalition

The American president now finds himself facing a growing antiwar coalition comprised of pacifistic Democrats, libertarian Republicans and members of the right-wing Tea Party movement. The influence of right-wing isolationists, in particular, is growing. This includes Senators Marco Rubio and Rand Paul, who are both presidential hopefuls for the Republicans in 2016.

Now the US president has to play a dangerous game. If he fails to gain majority backing in Congress, can he still launch a military strike? It's possible that he could make do with a majority in just one of the houses of Congress, presumably in the Senate. "I think this vote determines the future of his foreign policy regardless of whether it's a yes vote or a no vote," Rosa Brooks, a former top Defense Department official under Obama, told the *New York Times*. "If he gets a no vote and stands down on Syria, he's permanently weakened," she said.

In one sense, the unexpected adversaries of St. Petersburg, Barack Obama and Angela Merkel, have at least one thing in common: They have both emerged from the G-20 summit sorely damaged. Obama is weakened because he will now have a more difficult time convincing Congress if, at best, France appears prepared to actively support the US.

And Merkel is weakened because she has exposed herself to allegations by the opposition that Germany has once again — as with the military mission against Libyan dictator Moammar Gadhafi in 2011 — left its Western allies in the lurch.

BY KONSTANTIN VON HAMMERSTEIN, MARC HUJER, MATTHIAS SCHEPP AND CHRISTOPH SCHULT

Translated from the German by Paul Cohen

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The 'Columbian Exchange': How Discovering the Americas Transformed the World

By Johann Grolle

DATA: 2013.09.16



Writer Charles C. Mann argues that no other person changed the face of the Earth as radically as Christopher Columbus did.

Columbus' arrival in the Americas sparked the globalization of animals, plants and microbes. A recent book takes a closer look at how items from the New World, such as potatoes, guano and rubber, quickly and radically transformed the rest of the planet.

Tobacco, potatoes and turkeys came to Europe from America. In exchange, Europeans brought wheat, measles and horses. But who ever thinks about earthworms? Yet they, too, were brought to America by Europeans, and hardly with fewer consequences than those of other, more famous immigrants.

Extinct in large parts of North America since the Ice Age, earthworms began spreading there once again following Christopher Columbus' voyage. Wherever this species appeared in American forests, it changed the landscape, aerating the soil, breaking down fallen foliage and accelerating erosion and nutrient exchange. Earthworms make it easier for some plants to grow, while robbing others of habitat. They take away living space from other bugs, while providing a new source of food for some birds.

In short, a forest with worms is a different one from a forest without them. As a result, the earthworm started transforming America.

This surprising anecdote is just one of many compiled by journalist Charles Mann in his latest book, "1493: Uncovering the New World Columbus Created," now available in German translation. Where Mann's previous best-seller, "1491: New Revelations of the Americas Before Columbus," focused on the history of the pre-Columbian Americas, he now turns his attention to the changes brought about by Europeans' discovery of this continent.

No other person, Mann suggests, changed the face of the Earth as radically as Columbus did. Columbus' crossing of the Atlantic, Mann says, marked the start of a new age, not only for the Americas but also for Europe, Asia and Africa.

It was the dawn of the era of global trade. Oceans no longer represented barriers to people, goods, animals, plants and microbes. It was as though Pangaea, the supercontinent that broke apart some 150 million years ago, had been reunited in a geological blink of the eye.

Before the ships *Niña*, *Pinta* and *Santa Maria* set sail in 1492, not only was the existence of the Americas unknown to the rest of the world, but China and Europe also knew little about one another. A century later, the world looked very different. Spanish galleons sailed into Chinese harbors bearing silver mined by Africans in South America. Spanish cloth merchants received Chinese silk in exchange, delivered by middlemen in Mexico. And wealthy people looking for relaxation — whether in Madrid, Mecca or Manila — lit up tobacco leaves imported from the Americas.

Rousingly told and with a great deal of joy in the narrative details, Mann tells the story of the creation of the globalized world, offering up plenty of surprises along the way. Who among us knew the role the sweet potato played in China's population explosion? Who knew that improving agricultural yield with bird droppings as fertilizer began in Peru? Certainly few know what a decisive role malaria-carrying mosquitoes played in the fate of the United States.

The 'Columbian Exchange'

The author takes his readers on a journey of discovery around the post-Columbian globe. The story begins in Jamestown, a British colony in what is now the US state of Virginia, where a Dutch pirate ship turned up in August 1619 with nearly two dozen black slaves onboard, captured when the pirates attacked a Portuguese slave ship. As it was harvest time, the Jamestown colonists seized the opportunity to buy the slaves.

That purchase set the seal on slavery in America. But what the Virginia tobacco farmers didn't realize was that by buying the labor of slaves from Africa, they also acquired the disease these Africans carried in their blood. *Plasmodium falciparum*, a parasite that causes malaria, now gained a foothold in North America. Attacks of this fever were a high price the colonial farmers paid for their exploitation of African slaves.

Mann argues that this had far-reaching consequences. In the north, where the cold climate made it hard for malaria-carrying mosquitoes to survive, he says, European immigrants made for an inexpensive alternative to African slaves. In the American South, however, Caucasians fared much more poorly in the mosquito-infested cotton and tobacco fields. Only the slaves from Africa brought with them a certain degree of resistance.

In this way, Mann argues, malaria cemented the system of slavery in the American South. White plantation owners withdrew to their mansions in breezy locations that offered partial protection from the disease, leaving black slaves to toil in the fields.

When he first saw a map of malaria's range, Mann says it was as if the scales had fallen from my eyes. That range extends almost precisely to the Mason-Dixon Line, along which the American Civil War broke out in 1861, between the slave-holding states of the South and the Union soldiers of the North.

The "Columbian Exchange" — as historians call this transcontinental exchange of humans, animals, germs and plants — affected more than just the Americas. In China, for example, the new era began when sailors reported the sudden appearance of Europeans in the Philippines in 1570. The astonishing thing about this was that they had come across the ocean from the east.

Until this point, China had shown little interest in Europe, in the belief that its inhabitants had little to offer China's blooming civilization. This time, though, the new arrivals brought something from America that electrified China — silver.

This precious metal was the most important form of currency, in which all business was transacted, during the Ming Dynasty. Thus, in the eyes of the Chinese, the galleons from South America arrived loaded with nothing less than pure money.

No wonder, then, that a brisk trans-Pacific trade quickly developed. To the chagrin of the Spanish crown, much of the silver mined in the Andes was delivered not to Spain but to far-away China. In exchange, silk, porcelain and other Chinese luxury goods made their way eastward toward Mexico.

The Silver Rush

Mann uses the example of two 17th-century boomtowns to illustrate the change that gripped the globe during this period. Showy, aggressive and teeming with energy, these cities represented the spirit of a new era.

One of them, perhaps the wildest city in the history of the world, was established high in the Andes Mountains. The silver-mining city of Potosí, surrounded by nothing but snow and bare rock, ballooned to the size of London in the space of just a few decades. While fortune-seekers from Europe indulged themselves at the city's high-end brothels, thousands of indigenous people toiled and fought for their lives in the darkness of the world's largest silver mines.

Parián, the world's first Chinatown, hardly comes across as less bizarre. Located just outside Manila, Parián quickly grew more populous than the Spanish colonial city itself, as a labyrinth of shops, teahouses and restaurants grew up around a couple of large warehouses. Spanish agents came here to make their deals, and good silver from Potosí could buy almost anything, from leather boots to ivory chests to tea sets. Even skillfully carved marble figures of Jesus as a baby were on offer.

For China's rulers, though, this flood of silver proved a curse. The more of the precious metal Spanish galleons shipped to Manila, the more its value dropped. The result: inflation, tax deficits, bloody unrest and, ultimately, the collapse of the regime. The last Ming emperor was succeeded by the Qing Dynasty.

American Crops in China

But even more than the silver itself, what played a key role in China's fate were three crops that arrived in the wake of the silver -- potatoes, sweet potatoes and corn. These hardy and unusually high-yield non-indigenous plants were able to grow even in soil that would not have supported rice cultivation.

These three American crops would transform entire swaths of land in the south and west of the Chinese empire, where the mountainous terrain had seemed unsuited to agriculture because the soil was either already depleted or too infertile to be farmed. The new plants from the Americas, though, transformed once barren land into arable land. With the Chinese government aggressively pushing agriculture, millions established a new livelihood as potato or corn farmers in the mountains.

Today, these imported crops from the Andes form a considerable part of the diet of China's billion-plus population. China is the world's second-largest producer of corn, after the US, and by far the largest producer of potatoes.

But this agricultural revolution had its downsides, as many mountain forests fell victim to the new cropland. These slopes, now cleared of trees, had no protection against the rain, and mudslides began to occur in many places. The areas around the Yangtze and Yellow rivers were now plagued nearly every year by massive flooding.

At China's central meteorological office in Beijing, Mann was able to examine maps that documented how the number and scale of floods changed over the course of the centuries. "Flipping through the maps... was like watching an animated movie of environmental collapse," he recalls.

Changing Winners and Losers

Increasing contact between the continents certainly led to progress, but it brought suffering and exploitation, as well. There is almost nothing that people haven't had to sweat and die for, Mann writes, adding that his research taught him one thing above all: If we were forced to give up everything that was tainted with blood, we wouldn't have much left.

The emergence of modern agriculture demonstrates this dramatically. It all began with discoveries by two Germans. World traveler Alexander von Humboldt was the first to take an interest in the indigenous people who broke stinking chunks off the rocky cliffs where birds perched along the Peruvian coast. Chemist Justus von Liebig then recognized that the resulting powder, thanks to its high nitrogen and phosphorus content, made an excellent fertilizer.

Guano, as the local people called this substance made of hardened bird droppings, soon became one of the most significant imported products in the up-and-coming continent of Europe. Mann calculates that the total value of natural fertilizer exports from Peru would equal \$15 billion (€11 billion) in today's terms.

This time, the Chinese were among the ones who suffered, forced to labor amid the ammonia stench of the guano. A total of around 100,000 Chinese people were enticed to far-away South America under the lure of false promises.

Just as Europe's agriculture became dependent on a natural product from South America, so did its industry, as rubber — whether in the form of car tires, cable insulation or sealing rings for pipes — became an indispensable part of modern technology.

Tapped from the bark of the rubber tree, natural rubber was shipped across the Atlantic in ever greater quantities. No matter how rapidly Brazil's rubber exports increased, demand grew even more quickly and prices continued to climb.

But a sudden end to the boom came when South American leaf blight, a fungus, decimated nearly all of South America's rubber plantations. Thailand, Indonesia and Malaysia now became rubber-producing superpowers, replacing Brazil, Venezuela and Suriname. This was possible because of a British man named Henry Wickham, who became something of a hero of the "Columbian Exchange" when he smuggled Brazilian rubber tree seeds out of the country in 1876.

Just how easily a second Wickham could come along — this time spreading not the rubber tree, but its leaf blight, around the world — became clear to Mann during a research trip, when he found himself standing in the middle of an Asian rubber plantation, wearing the same boots he had worn just months before on a tromp through the Brazilian rainforest. What if a few spores of the fungus were still stuck to his boots?

At some point the Columbian Exchange will come full circle, Mann writes, and then the world will have another problem.

Translated from the German by Ella Ornstein

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Homeland Revisited: New 'Heimat' Film Likely to Divide Viewers

By Susanne Beyer

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German filmmaker Edgar Reitz, renowned for his "Heimat" television series, has created a prequel that is likely to polarize viewers. An experiment in slow motion, it forces the audience to confront the contrast with fast-paced modern life.

Edgar Reitz is wearing a cap when he walks into the offices of his film production company in Munich. He keeps it on inside, even when he talks to his assistant or his son, who is also his partner in the firm, Reitz & Reitz Medien. Only when he sits down for a conversation does he remove it, pointing out that it's padded on the inside. "I have a problem with my retinas," he says. "My spatial recognition has declined, which is why I sometimes bump into things."

He says this casually, probably because he can cope with the impairment. It's important to him, he says, to move more slowly now than before. He has adjusted to a new pace of life.

Reitz is 80. His speech and thoughts are as clear as ever, and he still has a lot of energy, which he needed to complete his new, monumental film "Die andere Heimat" ("The Other Home").

It's a continuation of sorts of his massive trilogy, "Heimat — Eine deutsche Chronik" ("Home - A German Chronicle), an 11-part series that was broadcast on TV in 1984. It was a great success, attracting up to 11 million viewers. SPIEGEL wrote a cover story about it, and the entire country was astonished that someone had the confidence to tackle the subject of home and the homeland, which is particularly difficult for Germans.

"Die zweite Heimat — Chronik einer Jugend" ("The Second Home — A Chronicle of Youth) aired in 1993, and "Heimat 3 — Chronik einer Zeitenwende" ("Home 3 — Chronicle of a Turning Point") in 2004. There were also other, smaller "Heimat" films before and after the trilogy. In total, the project generated almost 60 hours of film, which consistently revolved around people who live in the Hunsrück region or, like Reitz, were originally from there. More than 25 million viewers in Germany alone have seen the "Heimat" films, which have also been broadcast in more than 30 countries.

Standing Ovations in Venice

The films drew attention to the Hunsrück, a relatively unknown rural area between the cities of Koblenz, Trier and Mainz. Nowadays, tourists travel to the Hunsrück because of "Heimat," which is why parts of

the set for the new film in Gehlweiler, where it was shot, have been left standing. In fact, panels with explanations in different languages are currently being installed. There are people in the Hunsrück whose lives have changed as a result of the "Heimat" films. Former nurse Helma Hammen is a typical example. She began helping out during the filming of the series in the early 1980s. Since then, she has cast many of the actors, and she also leads guided bus tours through the Hunsrück.

The German premier of the film on Sept. 28 also took place in the Hunsrück. Simmern, the district seat of the Rhein-Hunsrück administrative region, along with the local Pro-Winzkino theater, had a festival in its honor. Booths scattered around the town even sold flour from the wheat fields that were planted specifically for the film: "Heimat" flour for "Heimat" bread.

The new film, which opened in German theaters on Oct. 3, isn't just a continuation of the TV series. The series depicted the period from 1919 to the turn of the millennium, or much of the last century. "Die andere Heimat," however, takes place in the preceding century, in the year 1840, a time that no one alive today can remember. But the film still revolves around people in the Hunsrück. Once again, Reitz has filmed almost everything in black and white, with a few bursts of color here and there. As in the series, he uses this stylistic tool to convey a certain idea: images are deceptive, and so is memory.

Is "Die andere Heimat" a success? It's already clear that the film will be polarizing. When it was screened at the Venice Film Festival (where it was not part of the competition), Reitz received standing ovations and the film was roundly praised in newspapers and blogs. But that certainly doesn't mean it will be a success. Reitz has often been feted in Venice, where he is a darling of film audiences. And, at his age, this applause also means paying tribute to his life's work.

An Overwhelming Effect

But "Die andere Heimat" is a slow film, a true test of patience, which isn't for everyone. The film derives its vitality from its images, but it also feels like a big, defiant gesture against the fast pace of modern times. It literally forces viewers to slow down. Reitz seems to be conducting an experiment, testing viewers' strength with time.

It's a four-hour film, even though the story itself is relatively straightforward. It revolves around the Simon family, including the two sons, Jakob and Gustav, who both want to emigrate to Brazil. Entire cinema hours pass until one of them finally packs his things. This makes sense, because the film isn't about packing one's things, but about longing for another life and a different home.

Patience is also required of the viewer for another reason. Because Reitz wants to tell a story of ordinary people from a village, many of his actors are amateurs. Even the leading man, Jan Dieter Schneider, who plays Jakob, is not a professional actor, and this is apparent.

But in the end, when the audience members step out of the theater and into the real world, the contrast is overwhelming.

Film as an 'Island in This World'

Sitting in his production company in Munich, Reitz has placed his cap on the table next to him and listens carefully to get a sense of the effect his film has on people. At the time of our meeting in early September, not many people had seen the film yet. Obviously the applause from festival audience in

Venice was gratifying, he says, but adds that he has also heard about press screenings in which the journalists ran out of the room, unable to cope with the film's intentional sluggishness.

Reitz justifies his decision to choose such a slow pace. "If cinema is to survive in the future, it will have to form an island in this world," he says. "One of the consequences of going to an island is that you remove yourself from the world to which you're accustomed."

The cinema is an alternative world, he explains, and it must remain that way. "And when a film says, 'Ok people, get out and find a different rate of breathing,' it achieves something therapeutic," he adds. "When the breathing rate slows down, so does the heart rate." Reitz isn't interested in the kind of success that can be measured in numbers, he says. "Success is a personal thing. I feel successful when I'm able to move people."

Kafka's diary entry "Went to the movies. Wept," is his motto. "I want to achieve an emotional depth. No one cries when they watch a film on their mobile phone."

Of course, he adds, nowadays the "resistance" to accepting a different storytelling rhythm is "greater than ever before." At the Venice festival, he says, he noticed — not during the screening of his film, but with other films — that audience members spent most of the time looking at their mobile phones. "I think that's barbaric," he says.

Brother as Inspiration

Reitz talks about his life and about the large leaps in time that suddenly occurred in his family, and about longing, which can change our sense of time.

Born Nov. 1, 1932 in Morbach in the Hunsrück region, he was a gifted student and the first in his family to earn a high-school diploma. Every day, he had to take a bus from Morbach to Simmern, 80 kilometers (50 miles) round-trip, where there was a high school. At 19 he went to Munich, where he still lives today.

His father was a watchmaker with his own shop in the center of Morbach, making him the town's specialist in the measurement of time. His grandfather was a blacksmith, following in the footsteps of 10 generations of blacksmiths. The changes in profession, from his grandfather to his father to himself, also had something to do with longing and with the fact that, in a new era, it was suddenly possible to fulfill one's dreams. "From the rough trade of the blacksmith to the finer trade of the watchmaker, and then to the filmmaking business, all in just three generations," says Reitz.

He had a brother, 14 years his junior, who took over their father's watchmaking business despite his own desire to lead a different life — which Reitz only became aware of after his brother's death. It was his brother's story that gave him the actual impetus for his new film.

Guido Reitz lived a withdrawn life in Morbach, and even Edgar had little contact with him. "When we saw each other," he says, "we went out to eat and talked about the people we both knew, such as our sister." When his brother Guido died in 2008, Reitz received the keys to his house, which had also been his parents' house.

"When I entered the apartment, I saw books everywhere, including linguistic literature and magazines about the most remote languages of the world. I gradually discovered that my brother had been an

independent scholar and was recognized in university circles." No one knew about it, including him and people in town, says Reitz.

But the academics at the Linguistic Atlas of Germany research center in the western city of Marburg were familiar with the name Guido Reitz, and they were happy to accept his property. The Guido Reitz Library is now part of the main library at the University of Marburg.

A Reitz Museum

Edgar Reitz adapted motifs from his brother's story for his film. The main character, Jakob, is an introverted young man, too slow to win the heart of the woman he desired at the right moment, and yet too quick-witted to be happy working as a blacksmith or a farmer.

Jakob is interested in linguistics and dialects, especially Brazilian indigenous languages, and he learns to speak them. He wants to emigrate to Brazil, but at some point his brother Gustav wants to do the same thing, and because someone has to keep running their father's blacksmith's shop, only one of them can leave. One of the brothers must continue living a life of longing — one in which time is expanded.

The house in which Reitz grew up and his brother lived until the end of his life hasn't changed much on the outside. The town of Morbach is currently having it renovated into a Reitz museum of sorts. There will be a café on the ground floor — to be called Café Heimat — while exhibits on Reitz's films are planned for the second floor.

The town's mayor, Andreas Hackethal, an amiable 39-year-old, is standing in front of the house, explaining why the town thinks the renovation is worth the cost. The goal is to associate the Reitz brand with the name Morbach.

Hackethal grew up in the town. As a boy, he sometimes went to the Reitz watch shop to have something repaired. There was usually no one in the shop, and only the creaking of the stairs indicated that the watchmaker was slowly making his way from his apartment upstairs down to the shop below. Hackethal has only now learned what Guido Reitz was doing up in his apartment — research.

The mayor points to the two display windows on both sides of the entrance. There are covered up at the moment, because the building is still a construction site. In the past, he says, those windows were filled with watches and clocks — all kinds of hands that kept turning and turning.

Translated from the German by Christopher Sultan

From DER SPIEGEL

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Swedish Superstar Ibrahimovic: 'Guardiola Has No Balls'

By Maik Grossekatthöfer and Juan Moreno

DATA: 2013.09.30



Swedish soccer superstar Zlatan Ibrahimovic talked to SPIEGEL about his childhood living in the "ghetto," his beef with Bayern Munich coach Pep Guardiola and the creative potential of the German national team.

Zlatan Ibrahimovic shows up an hour late for the interview. Sweden's best-known sporting figure strolls casually into the lobby of the Scandic Park Hotel in Stockholm. He's accompanied by his wife of 11 years Helena, an "evil super bitch deluxe," as he says. Their sons Maximilian and Vincent, age seven and five respectively, are also there. Vincent is sporting a Mohawk haircut and nerd glasses. Ibrahimovic is wearing worn jeans and a red hooded sweatshirt.

A football star, he is one of the best strikers in the world. In the past 12 seasons his teams have been champions of their respective countries 10 times. He has won titles in the Netherlands with Ajax, in Italy with Juventus, Inter and AC Milan, in Spain with Barcelona and, most recently, in France with his current team, Paris Saint-Germain (PSG). In clinching the French championship last year, he scored 30 goals in 34 games. His father came to Sweden from Bosnia; his mother from Croatia. Zlatan Ibrahimovic was born in Malmo and grew up in the city's tough Rosengard district. His autobiography, "I Am Zlatan Ibrahimovic," was released in June in English and on Oct. 1 in German translation by publisher Malik Verlag. Some 675,000 copies have already been sold in Sweden. Ibrahimovic is arrogant, eccentric and unwieldy.

SPIEGEL recently sat down with the football player for an hour-long interview.

SPIEGEL: Mr. Ibrahimovic, is it true that you know a lot about bicycles?

Ibrahimovic: I think you could say that, yes.

SPIEGEL: What is the best way to steal a bicycle?

Ibrahimovic: That depends on the lock. It's easiest in the dark, when no one can see you. But it's not as exciting then.

SPIEGEL: Were you talented?

Ibrahimovic: I would say I was quite a talented thief. I swiped a lot of bicycles.

SPIEGEL: Why?

Ibrahimovic: Well, it was a long way to the football field, and at some point I asked myself: Why the hell do you always go there on foot? My father didn't have any money to buy me a bicycle -- so I took one. Incidentally, it was later stolen from me while I was at school. I stole another. And that went on and on. Once there was this wonderful bicycle, which belonged to the postman, and he hadn't locked it.

SPIEGEL: The fool.

Ibrahimovic: Yes ... I mean: no. In actual fact I was the fool. When the man disappeared in the entrance with the post, I jumped into the saddle and rode off. Once I got round the corner, I stopped and looked inside the saddle bags. There were letters inside. So I said to myself: No, you can't do this. So I parked the bicycle and ran away. I was young. A child.

SPIEGEL: You were no longer that young when you were playing for Ajax Amsterdam in the Champions League and stole from Ikea.

Ibrahimovic: I was there with a friend. We were on our way to the checkout and one of the transport carts with our shopping on it didn't stop, but just kept on rolling. When the cart was almost past the lady at the till, I gave it another push.

SPIEGEL: It can't have been for want of money.

Ibrahimovic: It was about the kick. When I go into a supermarket these days with my old friends, they will open their jackets afterwards in the car, and all sorts of stuff will fall out. I say to them: Are you out of your mind? I could buy the entire shop. But that's not the point. They do it for fun. That's how we grew up. I have become more sensible, and I am rich. But I will never be able to deny where I came from. How does the saying go? You can get the boy out of the ghetto, but you can't get the ghetto out of the boy.

SPIEGEL: Did you often get into fights as an adolescent?

Ibrahimovic: Yes, often. Where I come from, you don't call the police when there's a problem. You sort it out between yourselves.

SPIEGEL: What about school?

Ibrahimovic: Sometimes I only went there for lunch, sometimes not at all. I preferred to play football.

SPIEGEL: Did you have it easier on the field?

Ibrahimovic: My neighborhood, Rosengard, was home to Turks, Yugoslavs, Palestinians and Poles. I was 16 when I first went to the city centre of Malmo; I never watched Swedish TV. My teammates at (football club) Malmo FF were called Mattisson, Persson or Ohlsson. I was an outsider. My coach wanted me to play in a way that served the team: making simple passes, and running more. I thought to myself: Fuck you, if I can dribble round three players, I'm going to do it. I am never going to be a real Swede anyway, so why should I play like one? The coach often took me off the pitch. My teammates had an easier time. They were blond, played in a way that served the team, and they ran. But instead of giving up, I became angry and tried to become even better. That is what made me the player I am.

SPIEGEL: Do you have to be angry in order to play well?

Ibrahimovic: Yes. Back then there was no one to show me a path. I had to build my own road. I was driven by anger.

SPIEGEL: And what is it like today?

Ibrahimovic: That's a part of me. It's not easy to motivate yourself every day. Sometimes I get up in the morning and think to myself: Fuck, I have got to play again. Fortunately I get worked up easily, even about small things.

SPIEGEL: When you were playing for Ajax, the former striker Marco van Basten advised you never to listen to a coach. One gets the impression that you have been following that advice until now.

Ibrahimovic: It's easy for him to talk; he's a legend. Van Basten thought I would help my team by attacking, not by defending. He was right.

SPIEGEL: You don't like playing defense, do you?

Ibrahimovic: It doesn't suit me. Wherever I go, there's someone getting worked up about it. Every coach thinks he knows better. And another person running around at Ajax was Louis van Gaal. He was the technical director, and he took a pencil to explain to me where I should be running. I told him: Listen, buddy, I don't need to listen to you — go back to your office and write some letters! His manner really got on my nerves.

SPIEGEL: Van Gaal later sold you against the coach's wishes.

Ibrahimovic: I had an argument with Rafael van der Vaart. He claimed I had deliberately fouled and injured him. I told van Gaal: I've apologized to Rafael but he just won't stop hassling me; he is my captain and he is attacking me — if that guy is playing, I'm not.

SPIEGEL: How did van Gaal reply?

Ibrahimovic: He ordered me to play. I said: No, fuck off. A week later I was playing for Juventus. You need to have a feel for your fellow men — van Gaal doesn't.

SPIEGEL: You once mocked Pep Guardiola, your coach at Barcelona, for being a "philosopher". Why do you object to the man?

Ibrahimovic: Guardiola is a fantastic coach. But as a person? He is a coward. He is not a man. During the first months at Barcelona, everything was fine. I scored lots of goals. After that, he avoided me. He hardly spoke to me any more, and he didn't choose me to play any more.

SPIEGEL: Why not?

Ibrahimovic: You'll have to ask him! I don't know.

SPIEGEL: Perhaps he noticed that your style of playing did not fit his own ideas of football.

Ibrahimovic: No idea. You tell me! You know what I think?

SPIEGEL: What?

Ibrahimovic: That he sacrificed me for Lionel Messi. And he didn't have the courage to tell me. Guardiola has no balls. Messi is a brilliant player, no question about it, but I scored more goals than he did. Messi complained to Guardiola, and that's a problem — Messi is his star. Suddenly, Guardiola didn't want me playing alongside Messi any more, but in front of him. He wanted me to run up and down the pitch. I can do that, but not for long. I weigh 100 kilograms (220 pounds); after four or five sprints, I'm tired.

SPIEGEL: Did you tell him that?

Ibrahimovic: I told him: If I don't fit in here, just say the word -- and I'll be gone. I didn't go to Barcelona to cause problems. Guardiola sweet-talked me: Ibra, you're wonderful, you are doing everything right. But he still put me on the substitute's bench.

SPIEGEL: How did the other players get on with Guardiola? Andres Iniesta or Xavi, for instance.

Ibrahimovic: Those are good guys, I have nothing against them; but whenever Guardiola said anything they just nodded. Like pupils standing in front of their teacher. It's a question of personality. At AC Milan, I was on a team with Filippo Inzaghi, Gennaro Gattuso and Mark van Bommel. If the coach told us to run anti-clockwise, we'd ask: Why? He had to convince us. If a coach doesn't manage to do that, he might as well give up his job. He's had it.

SPIEGEL: You left Barcelona after a year. You could have tried to assert yourself.

Ibrahimovic: When it became clear that I was leaving, I asked myself: You are leaving the best team in the world — is that what you want? Yes, because I want to be happy, and I can only be happy if the people around me show me that they like me. Guardiola didn't do that.

SPIEGEL: Could it be that you are unable to subordinate yourself?

Ibrahimovic: It's simple — without a team I can't win anything. But I need space within the team so that I can come into my own. When you buy me, you are buying a Ferrari. If you drive a Ferrari you put premium fuel in the tank, you drive onto the motorway and you floor the accelerator. Guardiola filled up with diesel and went for a spin in the countryside. If that's what he wanted, he should have bought himself a Fiat from the start.

SPIEGEL: At Inter Milan, you played under Jose Mourinho, Guardiola's greatest rival. Guardiola's image is that of a gentleman; Mourinho's is that of a cur off the streets. You presumably think differently.

Ibrahimovic: At least the villain has remained true to himself. Mourinho doesn't need to act a part. The other guy wants to be perfect. Tiger Woods wanted to be perfect too. And what happened? It's the same with Guardiola. Everyone has their dark side.

SPIEGEL: What is Mourinho like?

Ibrahimovic: I've said this before: I would have killed for Jose Mourinho. He is an outstanding coach. Very intelligent, an incredible motivator. With the other guy, it was football, just football. These philosophical speeches in the changing room — for advanced players, those are nothing but crap. Mourinho can deal with strong personalities; he's able to forge 11 different characters into a team. The other guy couldn't do that. And Mourinho always took on difficult jobs. Guardiola doesn't. Otherwise he would have gone to Chelsea. Why did Guardiola opt for Bayern Munich?

SPIEGEL: Tell us.

Ibrahimovic: Because the team worked without him. It was complete. He has collected some new players, but he doesn't need them. Guardiola made a clever move, because nothing can go wrong for him in Munich. He is bound to be successful. Just imagine if he had gone to Paris -- a new project, starting from scratch. That's a challenge. I like that kind of thing. Mourinho likes that kind of thing. Guardiola avoids it.

SPIEGEL: Could you imagine playing in the Bundesliga one day?

Ibrahimovic: Why not? Bayern Munich has first-class credentials. But only once Guardiola has left.

SPIEGEL: In two weeks, Sweden are playing Germany in the World Cup qualifiers. The final score of the first match, a year ago, was 4-4, even though Germany was leading 4-0 at one point. What happened back then?

Ibrahimovic: Whatever it was, it was bad for us.

SPIEGEL: Really?

Ibrahimovic: During the first half, we were redundant extras; the Germans could have scored even if you had blindfolded them. Then I scored a header bringing the score to 1-4. I grabbed the ball and carried it to the center-spot. It was meant as a sign, because I still had hopes — hopes that it would not end up as quite such an embarrassment for us. Then came the 2-4. Suddenly we started to grow, and the Germans started to shrink. 3-4. I thought to myself: Oh, that's a good result; it's no longer a disgrace, now. I noticed how empty the German players had suddenly become. Their fear was written in their faces. 4-4. At that point, I didn't know what was going on any more either. We were floating on air. After the game we felt as though we had already made it to the World Cup. That was a mistake.

SPIEGEL: What was wrong?

Ibrahimovic: We imagined ourselves to be stronger than we really were. The next two games were poor. We would have been better off losing against Germany and winning against Ireland and Austria.

SPIEGEL: After the game, the German team was accused of having once again played too tamely when it mattered. It was said the team needed a team leader.

Ibrahimovic: Someone like me? Nonsense. Germany has a football DNA, and that's in the process of changing. The blood flowing in your team now is different from what it used to be. Please don't misunderstand me: Andreas Brehme and Lothar Matthäus were fantastic players. But your team is no longer that German machine. It's no longer a Mercedes, it's a Bugatti now. Creative. Elegant. Playful. That's because of the children of immigrants, because of Mesut Özil and Ilkay Gündogan, Jerome Boateng and Sami Khedira. How many inhabitants does Germany have? 50 million?

SPIEGEL: More than 80 million.

Ibrahimovic: Fuck me! You have such possibilities. You don't need a team leader, you need quality. Who is the team leader at Barcelona? No one. And everyone. Shall I tell you what it's like in Germany?

SPIEGEL: Go ahead.

Ibrahimovic: You always need something to complain about. And if you can't come up with anything better, you come along with team leaders. I don't believe in this chitchat.

SPIEGEL: What are you expecting in the return match?

Ibrahimovic: We are outsiders. For us, all the other matches in the group are more important. You will be going to the World Cup, as usual. You could even win it. But it will be difficult. Brazil will be strong.

SPIEGEL: At the end of last year, the verb "zlatanera" was adopted into the Swedish language as a new word by Sweden's Institute of Language. What does it mean?

Ibrahimovic: I ask myself the same question. I suspect it describes a situation where you dominate something. Or do something your own way. In which case, you do it the Zlatan way. It's crazy: I am giving the world a word. But that way, at least I have done one thing of significance.

SPIEGEL: You have your own word; songs are sung about you; your biography was one of the most successful books ever in Sweden; in France you make appearances as a puppet in a satirical show. Can you explain why you are so popular?

Ibrahimovic: Because I remain true to myself. Because I don't allow myself to be twisted. And because I keep daring to try things out.

SPIEGEL: Tell us about the goal against England, the overhead kick from a distance of 25 meters.

Ibrahimovic: Nine out of ten players will stop the ball and then shoot. Not me. I did the unexpected. Because I was certain that I would get the ball in. I believed in myself.

SPIEGEL: Could it be that you think you are wonderful?

Ibrahimovic: I like being the one who makes a difference. On the pitch, I always try to create a special situation. I don't want to score 40 goals per season; I want to score 30 goals and make 20 assists. I want to be like Zinedine Zidane. He made sure that his fellow players became little Zidanes. That is what made him one of the best players in history.

SPIEGEL: Sweden has something called the Law of Jante, which consists of 10 rules and describes the cultural etiquette. One of the rules is: You are not to think you are more important than us.

Ibrahimovic: Everyone is equal — a strange Swedish mentality.

SPIEGEL: You enjoy being different?

Ibrahimovic: It is nice when people recognize me and approach me in the street. That's why I do all this stuff. Anyone who says they don't like that is lying.

SPIEGEL: Real Madrid recently signed the Welsh player Gareth Bale for a transfer fee of €100 million. So far, your clubs have paid a total of about €170 million for you. You are the player with the highest turnover.

Ibrahimovic: And now you want me to tell you, whether I am worth it.

SPIEGEL: Are you?

Ibrahimovic: Barcelona paid €76 million for me four years ago. I was not worth that amount. €100 million for Bale? He isn't either. The system is sick. The contracts we are given -- crazy. No football player is worth that kind of money.

SPIEGEL: Mr. Ibrahimovic, thank you for this interview.

From DER SPIEGEL

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Emerging Challenges: What's In Store for the New Global Powers

An Essay by Erich Follath

DATA: 2013.10.14



Shanghai, China is set to become one of the world's most important cities in the future, analysts say.

China, India and Brazil are taking the global economy by storm, becoming more politically confident on their way. But even as they form a front against the West, they will have to tackle slower growth and major domestic problems that their newly prosperous citizens are no longer willing to tolerate.

What will be the world's most important cities in the future? To answer this question, the US-based journal *Foreign Policy* and the McKinsey Global Institute examined criteria such as economic growth and receptiveness to technology. The result? Shanghai edged out Beijing and Tianjin, followed by the first non-Chinese mega-city, São Paulo in Brazil. No Western European city ranks among the top ten "most dynamic cities." Berlin, Frankfurt and Munich don't even appear among the top 50, but other cities in China, India and Brazil do. If we are to believe the study's conclusions, humankind will be speaking Mandarin, Hindi and Portuguese in its urban centers in 2025. "We are witnessing the biggest economic transformation the world has ever seen," the experts say.

And what are currently the most competitive countries in terms of industrial production, and what will they be in the future? The management consulting firm Deloitte Touche Tohmatsu has established that China is now ahead of Germany, the United States and India. But according to the projection, for which 550 top executives of leading companies were surveyed, the hierarchy will already have shifted by 2017. Germany and the United States will drop out of the top ranks, and "old" powers will no longer lead the pack, having been replaced by China, followed by India and Brazil.

What's more, according to the 2013 United Nations Human Development Report, "the rise of the South is unprecedented in its speed and scale." For the first time in 150 years, the combined output of the developing world's three leading economies — Brazil, China and India — is about equal to the combined GDP of the longstanding industrial powers of the North — Canada, France, Germany, Italy, United Kingdom and the United States. In addition, this year Beijing will, for the first time, import more oil from the OPEC countries than the United States.

Getting in on Western Commerce

It isn't just the sheer land mass and huge numbers of consumers in these three countries, which make up close to 40 percent of the world's population. China, India and Brazil are also stunning the world with their impressive performance in many areas, including research and technology. The owner of the world's biggest beer brewery is Brazilian billionaire Jorge Paulo Lemann, who acquired US-based Anheuser-Busch. The South American country is also considered an international leader in food research. São Paulo, together with the surrounding area, is the world's top location for German business, with about 800 branches of German companies headquartered in the area. Brazil has literally taken off, providing a home to Embraer, the world's third-largest aircraft manufacturer after Boeing and Airbus. And Rio de Janeiro is an undisputed party capital, especially now that the city has been selected to host the 2014 World Cup and the 2016 Summer Olympics.

The most expensive private residence in the world, owned by entrepreneur Mukesh Ambani, is in the Indian city of Mumbai. Anyone who drives a Jaguar or a Land Rover is driving a car made by an Indian company, now that Tata Motors has bought the traditional British automaker. India is the world's largest producer of polyester and a leading force in renewable energy. Pune in western India is home to wind turbine maker Suzlon, which acquired Hamburg-based REpower. New Delhi is one of the world's

leading producers of computer software and space technology. Though, on a less positive note, India spends more on arms imports than any other country.

Volkswagen has been selling more cars in China than in Germany for a long time, and the company plans to open five new plants there in this year alone. Conversely, the Chinese are also investing in Germany, where they already own automotive supply companies and have purchased some of the pearls of Germany's mid-sized companies, known as the *Mittelstand*. Changsha-based Sany, for example, has acquired Putzmeister, a concrete pump manufacturer based in southwestern Germany's Swabia region. The people who assemble London taxis, which are about as quintessentially British as Bobbies or plum pudding, report to Chinese bosses, as do many workers at the port of Piraeus in Greece. It seems that nothing works anymore without the wealthy Chinese, who have accumulated the world's largest foreign currency reserves. Beijing is also home to the world's fastest computer.

Forming a Front

Politically speaking, the new major powers are also becoming increasingly self-confident — and sometimes form a united front against the West. In the United Nations Security Council, China blocks every Middle East resolution it doesn't like, while the Chinese navy flexes its muscles in the waters of the Far East. India is bucking the international trend by beefing up instead of reducing its arsenal of nuclear weapons. Brazilian President Dilma Rousseff demonstratively cancelled a trip to the United States and a meeting with US President Barack Obama to protest the NSA's surveillance practices. It's difficult to imagine German Chancellor Angela Merkel taking such decisive steps to represent Germany, which has seen similar treatment by the NSA.

A few years ago, the three emerging economies joined forces with Russia and South Africa to form the BRICS group. In March, the BRICS leaders decided to launch their own development bank, with a starting capital of \$100 billion. It is apparently intended as an alternative to the US-dominated World Bank. Together, these countries are also trying to thwart the imposition of stricter environmental protection rules on their industries and gain influence in the traditional international centers of power. With Beijing's and New Delhi's votes — and against the wishes of the United States — Brazilian Roberto Azevêdo was chosen as the new head of the World Trade Organization (WTO) in May, and is now in a position to help shape the flow of goods around the world.

Forty years ago, Brazil was still a bankrupt military dictatorship, India was a backward agricultural country and China was groaning under the harsh dictates of the Cultural Revolution, with no private automobiles in the streets. But today we are on the edge of a new historical turning point.

Confronting Domestic Turmoil

But that's only one side of the success story that is constantly and proudly repeated in Beijing, New Delhi and Brasilia, not to mention by international institutions. There is another truth that isn't as pleasant: China, India and Brazil are currently being shaken by inner turmoil. In all three countries, people are taking to the streets to protest corruption, nepotism and inefficient government. At the same time, the economic recovery is flagging.

Ironically, the emerging nations have begun to see a considerable weakening of their economies in recent months, just as they pull ahead of the West. Growth rates in 2013 are expected to be about half of what

they were in the boom year of 2007, declining in China from 14 to about 7.5 percent, from about 10 to 5 percent in India and from 6 to an estimated 2.5 percent in Brazil. These are still better figures than in the United States and the European Union, but they are not good enough to satisfy the rising powers' expectations. And now that the glitter is fading, differences are also coming to light once again. The three new powers may be in agreement most of the time when it comes to opposing Western dominance and a possible dictate on CO2 emissions, but their political differences are substantial.

They couldn't be more different when it comes to their own development models. China is a centralist, one-party dictatorship with clear elements of brute capitalism. India is a federal, chaotic democracy that is often its own worst enemy. And Brazil has a presidential governing system with a calcified party landscape. Shockingly, little has changed for hundreds of millions in the rural areas, where farmers have generally not benefited from the booming economy. But a new urban middle class has also taken shape. And, while earlier it seemed to be politically sedated by the steady rise in standard of living, priorities are shifting now that their basic economic needs have been met and the economic upturn has slowed down, at least temporarily. People are increasingly noticing societal injustice, the nepotism that enriches officials and the sharp divide between rich and poor.

Ironically, the very people from whom the political elite believed they could expect gratitude, or at least tacit support, are now taking to the streets. It's a testament to the theory of French world traveler Alexis de Tocqueville, who wrote in the mid-19th century that it is not the impoverished masses who bring about change, but the people who have something to lose. In India, they are protesting the construction of pollutive factories and a sluggish legal system. In China they are speaking out against toxic food and the privileges of the party elite. And in Brazil, they are protesting the lack of educational opportunities and sinfully expensive vanity projects. They have become increasingly self-confident in demanding accountability, responsibility and good governance from their politicians.

Which of the three models can best cope with the economic setbacks and react most flexibly in the interest of its citizens? Are authoritarian systems better equipped for the challenges of the future than democratic systems? Is this just a temporary economic weakness, or have the predictions for these three new powers been too euphoric all along? And what does all this mean for the United States and Europe? Will they continue to fall behind, or could the West be on the verge of a comeback?

Some experts would have us believe that we are truly ailing, while Beijing, New Delhi and Brasília merely have a slight cough. But does Germany really have to get used to rising unemployment? Or can we actually expand the edge we still have when it comes to demanding jobs and high-tech research?

Corruption Remains a Problem

A few years ago, Harvard Professor Amartya Sen, the Indian winner of the Nobel Prize in Economics who helped create the UN's Human Development Index, told me that while GDP and per-capita income are important, they are by no means the only criteria that determine quality of life. "In my view, development means material prosperity as well as access to education, basic medical care, the right to free exercise of religion, the ability to exert political influence and protection against police repression," he said.

And this is where he sees considerable deficits among the new global players. "One country's weakness is another country's strength. China has achieved greater successes in expanding basic medical care and education. Life expectancy is high and the illiteracy rate is low. India fares better when it comes to

protecting civil rights. The governments must comprehend that development means freedom — freedom from poverty and tyranny." Sen is convinced that democracy, despite many setbacks, has proved to be successful on the whole. Unlike autocracy, said Sen, democracy helps to correct extreme aberrations.

And yet Sen, 79, was overcome by rage when he spoke about his native country. He deplored India's high child mortality rate, and the lack of access to clean drinking water and toilets. There are reasonable social programs in India, he said, but the authorities have failed in terms of implementation — unlike Brazil were, despite many problems, things are at least slowly progressing. The South American giant has surged ahead of China and India in Sen's UN index. However, all three countries fare poorly on Transparency International's Corruption Perceptions Index, with Brazil ranked 69th, China 80th, and India in last place among the three powers at 94th.

Difficult Stage Ahead for New Powers

A visit with Lee Kuan Yew, the former prime minister of Singapore and a globally respected elder statesman of Chinese descent, provides another perspective. Even the political leadership in Beijing reveres this man who, in his 45 years as premier and senior minister, transformed the former British colony into a flourishing city-state — and one with a largely authoritarian government. "I will cultivate an intelligent, constructive opposition," he said in 1986 during our first interview.

Lee, 90, a friend of former German Chancellor Helmut Schmidt and former US Secretary of State Henry Kissinger, has long seen a shift in global policy in the direction of Asia. "The 21st century will be an age of competition between China and the United States. I cannot predict how long the Americans can remain ahead. China is relentlessly on its way to number one," he says. Lee sees most of the excessive human rights violations in India, not in the land of his ancestors. "However, the idea of human rights is only gradually beginning to take hold in China. The notion that the state is the supreme authority, and that it cannot be questioned, still dominates their way of thinking," he adds.

Singapore's leader was long a devotee of Confucian values, and he is pleased that the great philosopher enjoys considerable respect in the People's Republic once again, after being banned for many years. But Lee doesn't just see Confucian teachings as promoting authority. Instead, he believes that Confucius emphasized education and the government's responsibility to the people. The absence of constitutional mechanisms and Chinese culture's mistrust of a free competition of ideas is harmful in the long term, says Lee. These are astonishing words for a thinker who spent a significant portion of his life flirting with the superiority of Asian values.

Necessary Competition

Lee believes that the new Chinese leadership has recognized, under the "impressive" Communist Party leader Xi Jinping, that the system must become more open. But Lee does not feel that this will automatically lead to a Western-style multi-party system. According to Lee, a confrontation with the United States can only be prevented if Beijing interacts intensively with the West in all areas.

Nobel laureate Sen and political professional Lee agree that the West has no reason to timidly withdraw from the competition between systems. So what could the world look like in 2025? Can we combine the predictions of economists, academics and politicians and, by conducting our own research, arrive at a relatively solid prediction?

China, India and Brazil are likely to continue their unstoppable ascent in the coming decade, but at a slower pace and without achieving the record growth rates of the past. It is now a question of the next, more difficult development stage, in which the three countries will be forced to recognize that the road from the world's underclass to its middle class is easier than the road to the top. In Beijing, in particular, something called the Lewisian turning point, named after a British economist, is likely to occur. This is when low-wage farm workers, long beneficial for the economy, are increasingly absorbed into the industrial sector, where they become a burden because of rising wages and the fact that the government must now provide them with health insurance and retirement pensions. India and Brazil, which, with their high birth rates, have at least a theoretical advantage over China and the West, are exposed to another unpleasant phenomenon — the "middle income trap," in which the rising cost of production causes rapid, relatively simple growth to stagnate.

What About Europe?

In 2025, no one will be talking about the "Chinese dream" anymore, which Communist Party leader Xi Jinping recently touted as an alternative to the American dream. By then, everyone's illusions about Beijing's brand of authoritarian state capitalism will have been shattered, much like what happened with the so-called "Washington Consensus" of market fundamentalists who advocated giving completely free rein to forces in the financial sector. China, India and Brazil will have to find the ideal development model on their own. Models that have proven to be effective in Western societies cannot necessarily be transferred to other regions, at least not directly. But in the face of pressure from their increasingly well-informed citizens, they will have to turn their attention to the environment and strengthen institutions in the next decade. Russia will likely face the most difficult path. The population is shrinking, the economy is based almost exclusively on commodities, and civic participation in government has long since fallen victim to cynicism. In international diplomacy, Moscow's clever use of tactics on the Syrian issue was nothing more than a last gasp. Russia's rival China will get the better of Moscow, from Central Asia to Africa.

Despite the tendency toward self-destruction that it has demonstrated once again with its current government shutdown in Washington, the United States has a strong economic outlook, and it can be summed up in one word: fracking. As a result of this environmentally controversial technology for extracting natural gas from substantial depths, the United States will become independent of energy imports in the coming decade and can focus on nation-building at home.

But Europe remains the big puzzle. Will the old Continent, which former German Foreign Minister Joschka Fischer once called a "European chicken yard," have pulled itself together by 2025, after embarrassing years of petty disputes? Berlin will play a key role in the next decade. The successors of Germany's dithering Chancellor Angela Merkel could agree to a communitization of debts through Eurobonds, under strict conditions, and the institutions in Brussels could become more effective, transparent and democratic. A banking union could become reality, and there could be a sharp decline in youth unemployment in the south. A few high-tech jobs will likely return to Germany, when it becomes apparent that conditions abroad are not as favorable as some had believed.

That's the optimistic scenario. But it's also possible that Europe will persist in its current lethargy and become a pawn in the hands of the new powers — a cultural amusement park that will be visited and admired by the winners of globalization as something of a well-preserved museum. According to a study by the Mercer consulting firm, Vienna, Zurich, Auckland and Munich are the cities with the highest

quality of life worldwide. It is up to us to decide whether they simply remain pleasant places to live or also become dynamically oriented toward the future.

Translated from the German by Christopher Sultan

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Factory Farming: The True Price of a Pork Chop

By *Susanne Amann, Michael Fröhlingdorf and Udo Ludwig*

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Germany slaughters 58 million pigs a year and has built an efficient meat industry second only to the US in pork exports. Its optimized breeding, feeding and killing system churns out wondrously cheap cutlets -- but at a hidden cost to the environment and our health.

Meinolf is about the best thing that can happen to a sow. As boars go, he is relatively inconspicuous. He is seven years old, weighs 122.5 kilograms (270 lbs.), and the fat on his back is exactly seven centimeters thick. But he does have one shining talent: He has sired many a perfect piglet.

Meinolf is a "top genetic boar," one of the most productive animals at the Weser-Ems Pig Insemination Center in northern Germany. The facility advertises the impressive animal in one of its catalogs, which is filled with technical information about fattening and slaughter performance formulas, feed conversion ratios and lean-meat content. The 148-page catalog is something of a pin-up calendar for hog farmers, with 16 boars featured on each spread.

The company produces and markets 1.5 million vials of sperm a year, making it one of Europe's largest pig insemination centers. To ensure that Weser-Ems remains a success, Meinolf, like many of his fellow boars, spends day after day in a sterile stall, and the only thing he is permitted to mount is a so-called phantom.

Meinolf stands at the beginning of the distribution chain in Germany's pork production industry, which has been growing steadily for years. Success in the pork industry requires sacrifices from each of its participants: the animals, the producers and their employees. In the end, consumers also pay a high, albeit hidden price for the meat made in Germany so efficiently and cheaply.

The representatives of the meat industry, including farmers, feedlot operators and slaughterers, often feel misunderstood and unfairly criticized. Their critics, on the other hand, have strong arguments against the industry's global game plan, because the system also inflicts massive harm on human beings, animals and the environment.

Environmental Risks

For instance, the liquid manure from pig feedlots poses problems for groundwater. Other problematic issues include the widespread incidence of animal cruelty and the need to import massive amounts of feed from places like South America, where rainforest is burnt down to create farmland.

But that isn't the whole story. To keep barns disease-free, antibiotics are often used preventively. This leads to the development of antibiotic-resistant bacteria, which will eventually pose a serious problem to humans when diseases are no longer treatable.

And then there are the highly efficient slaughtering factories, such as the one owned by Clemens Tönnies in the western German state of North Rhine-Westphalia, which is increasingly under fire for its alleged wage dumping and slaughtering on an industrial scale. The pork industry is a massive, humming machine, and its operations reach from the vials of sperm from a breeding boar like Meinolf to gelatin production plants somewhere in China or Brazil.

Christian Henne owns the old Deitersen farm in the southern part of Lower Saxony, about halfway between Hanover and Kassel. Henne raises piglets and sells them to various feedlots. He has about 700 sows in his barns, which produce approximately 18,000 piglets a year, according to a carefully calibrated schedule.

Tuesdays are "in-heat" and "insemination" days. That's when Henne's boar begins putting on a show of sorts for the sows, although his job is merely to get them in the right mood. He walks back and forth in front of the sows as they lie in their narrow, individual bays.

This behavior stimulates the receptive sows that are in heat, allowing Henne and his employees to insert purchased sperm into the sows from behind, using a long plastic pipette. One €2.50 ampoule of sperm

is used per animal, with the goal being for each sow to produce a litter of 12 to 13 piglets. "It's optimized production," says Henne. Optimization is everything.

Growing Appetite for Meat

The industry has to meet strong demand. Germans consume 39 kilograms (86 lbs.) of pork per capita each year. The average German also consumes another 22 kilograms of meat from cattle, chickens, turkeys and other animals.

Man's appetite for meat is growing continually and globally, in both Germany and the developing countries of Asia and South America. In Germany, 85 percent of the population eats meat and cold cuts daily or almost daily — a number four times as high as in the mid-19th century. Pork consumption alone has almost tripled since 1950.

This trend in meat consumption is evident on the refrigerated shelves of supermarkets nationwide, which are filled to brimming with meat products — sealed, prepackaged and available at rock-bottom prices. One German supermarket chain, Rewe, sells packages of four marinated pork shoulder steaks for €3.49 (\$4.80) apiece. Netto, a subsidiary of the Edeka chain, has five steaks on sale for €2.39. Even the European Union uses terms like "excessive supply and availability" to characterize the meat industry. But this availability comes at a cost that isn't reflected in retail prices.

Agribusiness is about increasing production, about pigs processed per hour, about growth, about quantity over quality. Unnoticed by the public, there has been a fundamental change in livestock farming. Animal and meat production has become one of the most productive areas of agriculture.

In industrialized countries, it amounts to more than half of total agricultural production. Barns containing 2,000 pigs or 40,000 chickens are no longer a rarity.

The supporters of this industry have long felt it unnecessary to discuss these changes. But now there is growing resistance to what some see as ordinary farming and others call factory farming. Critics keep asking the same questions: Is this form of meat production the right one? Can animals be pumped out like mass-produced goods? Is this necessary? And, most of all, is it moral? What is going wrong in this distribution chain, which is geared toward perfection and yet is creating new problems in many areas?

Breeding and Piglet Production

A veterinarian checks the sows to see if the insemination process in farmer Henne's barn was successful. If his ultrasound device indicates pregnancy, the animals are marked and the waiting begins. A sow has a 110-day gestation period before giving birth to a litter of piglets. Until then, the animals are kept together in groups in a so-called waiting barn. Keeping the animals in groups has been required by law in the EU since the beginning of 2013.

Farmer Henne does what he can to give his pigs comfortable lives. About 35 pigs are kept together in each bay of the barn. Some time ago, Henne installed dividers for the loners among the sows so that they could spend time alone. Chains and ropes are provided to encourage the animals to play.

About a week before the birth date, the sows are moved to the farrowing shed. They lie in circular iron pens called farrowing crates, which restrict their movements and prevent them from turning to the left

or right. These crates look unwelcoming but are designed to prevent the sows from accidentally crushing their piglets.

A sow is allowed to be overdue for no more than one day. After that, the birth is induced hormonally. Otherwise the entire system would be disrupted. Just as insemination is always done on Tuesdays, the schedule requires sows to give birth on Thursdays. Breeders have been so successful that sows often produce more piglets than they have teats.

Henne's farm treats its livestock better than many other farms. Most pigs are still kept in individual crates for all but a few weeks a year. Animal rights activists are sharply critical of the narrow, metal crates, in which the pigs have almost no room to move around. And according to a study by the Eurogroup for Animals, a Brussels-based animal welfare group, only 73 percent of German pig farmers have changed their practices to comply with the new requirement to keep pregnant sows in group pens.

A sow is usually slaughtered once it has produced a number of litters, because some of its teats become so worn that they no longer release equal amounts of milk, so that the piglets can no longer be fed uniformly. A sow is "unproductive" after five or six years, at the most, and is sent to the slaughterhouse. Her "normal" life expectancy would be about 15 years. But what's normal nowadays?

Castration Without Anesthesia

The life of a piglet is also tied to a strict plan. Piglets are allowed to remain with the mother for their first 28 days. Then they are sorted by size and moved into the so-called nursery barn, or what Henne's employees jokingly call the "kindergarten wing." For the next six to eight weeks, the farmer's sole objective is to have his pigs put on as much weight as possible. About 400 grams (roughly a pound) a day is ideal.

During this period, the animals are vaccinated and given ear tags, so that they can be identified at any time in the future. Their teeth are clipped and their tails are docked to prevent the animals from injuring each other. In addition, most of the more than 20 million male piglets have their testicles cut off in their first few days of life to prevent their meat from later acquiring an offensive odor known as boar taint. In conventional pig farming, castration is usually done without anesthesia, although the animals are given a pain medication called Metacam. An EU ban on this practice is not expected to take effect until 2019.

"What we do here hasn't had anything to do with consumers' romantic notions for a long time," says farmer Henne. His industry has changed dramatically, he explains, but it hasn't kept the consumer in the loop. He now gives tours of his barns to groups of schoolchildren and pre-school children. "We have nothing to hide. But we have to make money in our jobs, just like anyone else."

Feedlots

Horst-Friedrich Hölling has 4,000 pigs in his barn, and yet he still notices when one of the animals isn't feeling well. "They get pale when they have digestive problems," he says. Sometimes their bristles become coarser when they're sick, and when they have a fever they seem lethargic. "Technology does a lot for us nowadays," says the tall farmer from Salzhemmendorf, west of Hildesheim in northern Germany. But it's also important to have a good eye for problems, he explains, because it helps farmers "notice when an animal is sick."

And that's critical in Hölling's business because, as a feedlot operator, he doesn't make any money with sick animals. Some of Christian Henne's piglets end up in his finishing barn, where they quickly grow to become large and heavy animals. Their weight quadruples in only four months, from 30 to between 110 and 120 kilos. Farmers refer to animals as "fast-growing" if they put on 850 grams a day. Some breeds, however, grow so quickly that their bones can't keep up. The animals become too heavy to support their own frames, and their legs fracture as a result. From the animal's perspective, being fast-growing isn't always pleasant.

Between 12 and 15 pigs are usually kept together in each pen. There are crevices in the floor for the drainage of urine and feces, so the barn can be kept relatively clean and dry. Finishing barns have become bigger and bigger in recent years.

A good place to see how it's done is the southern Oldenburg region, the true center of the industry. More than two million hogs live in the Vechta and Cloppenburg administrative districts alone, in the unspectacular landscape between the northern German cities of Bremen and Osnabrück.

The 'Liquid Manure Belt'

The region, where there are more pig barns in some villages than houses, is referred to as the "liquid manure belt." Pigs produce about 1.5 cubic meters of urine and feces in their short lives, creating both an esthetic and a logistical problem. According to a survey by the chamber of agriculture in the state of Lower Saxony, far too much liquid manure is produced in the southern Oldenburg region. Although liquid manure can be used as a fertilizer, it also seeps directly into the region's groundwater.

Geologist Egon Harms is familiar with the consequences. He works for the Oldenburg-East Frisia Water Association in the town of Brake, one of Germany's largest water utilities, where he is in charge of clean drinking water. His district includes the "liquid manure belt."

"Nitrate levels in near-surface ground water have increased alarmingly in the last seven or eight years," he says. And although some wells had to be sealed in the 1980s because of high nitrate levels, the association was able to minimize the problem at the time by digging deeper wells and reaching agreements with farmers.

But now things are getting more expensive. In the last few years, the association has spent €50 million to buy up land in water protection areas to safeguard the quality of tap water. To keep levels well below legal limits, nitrate-laden water has to be mixed with clean water, and farmers need to be compensated. All of this comes at a price. "It translates into our customers paying about 10 cents more per cubic meter of water," says Harms.

The survey by the state chamber of agriculture, which Christian Meyer, the state agriculture minister, plans to unveil this week, shows how dramatic the deluge of liquid manure has become. Pig feedlots in the two districts of Cloppenburg and Vechta alone produce 7.4 million tons of the material a year, but less than half of it is permitted to be spread on local fields. The rest should be transported to regions where less liquid manure is being generated. That would require about 120,000 trips by tank truck.

Growing Criticism

In reality, some state government officials suspect that farmers may not be adhering to the fertilizer regulations and are secretly allowing more liquid manure to seep onto their fields than is good for the environment. To address such concerns, Meyer, a member of the Green Party, wants to start checking disposal documents. "The liquid manure numbers show that the limits of growth in southern Oldenburg were exceeded long ago," says Meyer.

This rampant growth is starting to affect public opinion about industrial farming. For many people, this intensive agriculture is literally starting to stink. The town of Damme, with statistically one of the highest concentrations of animals in Europe, is a case in point.

The town was constantly covered by a cloud of smog, and even some farmers were fed up with the expansion of neighboring farms. Five years ago, it addressed the problem by imposing building regulations on farmers for the first time. Other businesses in Damme were having trouble recruiting skilled workers, because no one wanted to live in the midst of pig farms, says Mayor Gerd Muhle. "People are no longer quite as accepting of factory farming."

In fact, the construction of new barns is increasingly becoming a political issue, even in rural areas. Local residents fear for the value of their homes, are worried about bacteria and odors and feel that their quality of life and health is threatened. Four years ago, people in the eastern city of Magdeburg formed a network called "Farms Instead of Factory Farms." The network now consists of 250 groups, clubs and associations.

Eckehard Niemann, one of the initiators and the spokesman of the Rural Agriculture Consortium, sees the organized resistance against local expansion plans as a great success. "This year alone, we were able to stop the construction of 28 factory farms in the area."

But at what point does a barn become a factory farm? At 100, 500 or 1,000 animals? Does a pig really care whether there are three or 300 bays in his barn? And doesn't professionalism increase with the size of an operation?

Unlike the production of frozen pizzas, yoghurt or frozen, prebaked rolls, the meat industry's product is a living animal. And there is one indicator, in particular, of the fact that modern livestock farming isn't just detrimental to pigs but also to consumers: the use of antibiotics.

According to a recent analysis by the Federal Office of Consumer Protection and Food Safety, German veterinarians inject or feed animals with 1,734 tons of antibiotics a year, about twice as much as the antibiotics prescribed and administered to Germans in the same time period. Some pigs receive antibiotics in their feed for 60 days in a row, and many piglets are given a long-term dose of antibiotics immediately after birth.

Farmers are simply afraid that their animals could get sick. The administration of up to 520 tons of antibiotics a year is the result of "the farmers' need for security," estimates Thomas Blaha, a professor at the University of Veterinary Medicine Hanover. He heads the school's epidemiology field office in Bakum, a small town in the middle of the liquid manure belt, and he is considered an expert in the field of animal health.

Many veterinarians dispense the drugs both routinely and prophylactically, even though that is strictly prohibited. They play along because they earn a share of the profits from dispensing the antibiotics. But all experts agree that using antibiotics on this massive scale is extremely dangerous. As doses increase, so does the risk of resistance development. In the end, modern medicine's most powerful tool in the fight against many infectious diseases could be rendered ineffective.

This irresponsible use of antibiotics has already had consequences for humans. Some of the drugs veterinarians prescribe also play an important role in human medicine. Growing resistance leads to the spread of multiresistant bacteria like MRSA and ESBL, which can render antibiotics ineffective. Hospitals are sounding the alarm, because the numbers of effective antibiotics are already dwindling.

Farm Lobby Blocking Change

Five to 10 percent of all hospital-acquired infections are caused by these pathogens, estimates Petra Gastmeier, the head of hygiene at Berlin's Charité Hospital. Tests in hospitals have shown that 20 percent of the pathogens are attributable to agriculture.

In fact, experts now know that there is a noticeably high incidence of multiresistant bacteria in farmers, feedlot operators and slaughterers. Some 40 percent of veterinarians who work with pig facilities have tested positive for MRSA.

Because of the substantial risk of infection, the Netherlands requires that patients who work in agriculture must be tested before undergoing surgery and, if necessary, placed into quarantine first.

The risk of exposure doesn't just come from direct contact with animals. The exhaust gases from feedlots apparently play a role as well. "But the biggest threat comes from spreading liquid manure onto fields," says Michael Schönbauer, the former chief veterinarian for the Austrian Agency for Health and Food Safety.

For consumers, on the other hand, eating meat appears to be relatively risk-free. Although tests have shown that MRSA is present in meat, the bacteria are killed when the meat is cooked. However, infected meat can pose a threat when it is thawed in water and cooks with cuts on their hands are exposed to the contaminated water.

Although lawmakers have been aware of the problem for years, they have yielded to the farm lobby's resistance to more stringent controls. The first politician to fight for a significant reduction in antibiotic use has been Green Party member Johannes Remmel, the consumer protection minister in North Rhine-Westphalia. Remme was spurred on by the results of a systematic antibiotic study conducted last year, even though it was done in chicken farms. More than 90 of the animals had received antibiotics in their short lives, and in some cases up to eight different drugs were administered.

Slaughter

The last thing ordinary hogs see in their lives is a gray corridor, about two meters wide, with a slight incline. After turning one or two corners, they reach an elevator of sorts, which can accommodate four or five animals at a time. The curious animals calmly crowd into the enclosure, as an automatic grate pushes them from behind until the door closes.

Then the pigs are gassed. It is surprisingly quiet in Clemens Tönnies' slaughterhouse in Rheda-Wiedenbrück in northwest Germany, the largest slaughterhouse in Europe. About 25,000 pigs are killed there every day, or about 1,700 an hour. Some 160 trucks filled with pigs arrive by the hour, and yet there is almost no noise at all: no squealing, yelping or whimpering.

If Tönnies is to be believed, this is because the animals feel good until the last minute. In fact, it's important that they feel good, because stress would reduce the quality of their meat. In his slaughterhouse, the animals' happiness literally becomes a question of money, a factor affecting the bottom line.

The pigs are given water when they arrive. They remain in their group for two hours, in rooms with heated floors, so that they can recover from the agitation of the trip.

While the elevator takes the animals two or three meters down, they are anesthetized with the help of CO₂ and pushed onto a conveyor belt. Workers then hang the pigs from two hooks attached to their hind legs. From there, they are automatically pulled up to a platform where the slaughterer is waiting.

The pigs bleed out within a few seconds, the circulation declines and the heart stops beating. An animal is dispatched every three seconds in this manner. "It's currently the best way to end an animal's life," says Tönnies, who is proud of the efficiency of his gigantic machine.

He doesn't understand how someone could fundamentally object to killing on such a large scale. "Would it be better if all of these animals were killed in many different, significantly smaller slaughterhouses, under far worse conditions?" he asks.

It's a rational way of looking at a product that was once an animal. For Tönnies, the objective is to produce a product for consumers around the world.

And this process should proceed as perfectly, gently and efficiently as possible.

State-of-the-art technology is used to make that happen. Each animal is measured with an ultrasound device. Each dead animal is scanned, and the percentages of lean meat, fat, bone and skin are carefully appraised. There are standard reference values, and any variance leads to plus or minus points. All of this data is then used to calculate the price the farmer receives for his pig.

It is the prelude to a production process in which every detail has been carefully considered. Every puncture and every cut has been perfected at Tönnies's slaughterhouse. Once the carcasses have been partially cut apart, they continue down the line to the veterinarians, each of whom checks a specific organ for abnormalities.

Wage Dumping

Anything that doesn't conform to the norm is weeded out. The innards are removed and then the animal is completely cut up. Thanks to a transponder in the hook, the conveyor belt knows exactly where each part goes. For instance, the thicker hams are later shipped to Italy while the somewhat thinner ones go to Spain and France.

As efficient as the process is, the work, which is demanding in every respect, still has to be done by people. But Tönnies, Vion, Westfleisch and the other major slaughterhouses often pay their employees very low wages. The success of the meat industry is partly the result of excessive wage dumping.

That's because the companies have long since stopped using German skilled workers and shifted the work to Eastern European subcontractors, in which they sometimes hold a financial stake. An estimated 7,000 Romanians, Poles and Hungarians are now standing at slaughterhouse conveyor belts, sawing apart pig halves, boning hams and mincing meat.

"The entire system is based on wage dumping," says Matthias Brümmer, managing director of the Food, Beverages and Catering Union (NGG) in Oldenburg-East Frisia. For more than a decade, the trade unionist has been involved in disputes with the meat industry. Brümmer supports workers suing companies, and he is repeatedly the target of lawsuits himself.

There is a white board hanging in Brümmer's office near the Oldenburg train station. He writes "€1.03" on the board and says that he is familiar with cases in which this is precisely what companies pay their subcontractors to slaughter a pig. A slaughtering crew of 60 people can process 600 animals an hour. "That makes €600 in revenues," he notes. Then he deducts expenditures for administration, materials and ancillary wage costs. The bottom line? "An hourly wage, before taxes, of exactly €5.04 per employee."

Foreign Contract Workers

The calculation would also work the other way around. "Let's assume that they're paid a decent hourly wage," says Brümmer, "say 12 to 14 euros." How much more expensive would that make a kilogram of pork for the consumer? "In that case, slaughtering would have to cost €2.50. The supermarket price of a kilo of schnitzel meat would increase from €7.10 to €7.35."

The only problem is that consumers have become accustomed to the food retailers' low prices. And of course retailers are not going to ask customers if they would be willing to pay 25 cents more so that an unknown Romanian butcher can have a better life.

However, this avarice has many consequences, as is evident in the town of Essen, population 8,500, in the Cloppenburg district of Lower Saxony. In the last local election, the center-right Christian Democratic Union (CDU) got almost 77 percent of the vote. There are many farms in Essen, as well as a large slaughterhouse.

A visitor standing in front of Essen's attractive art nouveau town hall would be surprised to see that the windows of many houses are covered with curtains or sheets. Even a former doctor's office in the center of town seems to have been transformed into a haunted house of sorts. In fact, the houses are not empty but overfilled.

Hundreds of people live in the center of town, and there often 20 or more names listed on the doorbell plates. Essen has become a center for Eastern European contract workers. There are reportedly 800 to 1,000 of them in Essen, with three or four sometimes living in a single, dark room.

Even officials in the Essen town hall have no idea how many there are and where they come from. Men in cheap tracksuits stroll through the town carrying plastic bags from a discount supermarket, and they are increasingly bringing their families along. The local high school has just notified town authorities that 14 new students have arrived who speak no German at all.

There is apparently plenty of poorly paid work to be had. Week after week, some 64,000 pigs are killed, gutted and cut up in the Essen slaughterhouse.

The Danish company Danish Crown, one of the world's largest companies in the meat business, bought the slaughterhouse three years ago. The Scandinavians go where cheap labor is to be had. In Denmark, the Danes would have to pay workers three times as much as in Germany, says union leader Brümmer.

He has spent a lot of time in Hanover and Berlin in recent years. He even wrote to Margot Kässmann when she was head of the Council of the Evangelical Church in Germany, to draw her attention to the problems. But there was no reaction to the letter. "No one was interested in the issue," says Brümmer.

That has changed since last year, when the Catholic Church discovered the issue and it became a topic in the Lower Saxony state election campaign. Stephan Weil, the state's new governor, has since paid two visits to Essen, promising to help resolve the problems.

Negotiations over a minimum wage in the slaughtering industry are set to begin this week, now that even top dog Tönnies has shown his willingness to compromise. The subject has also been raised in the coalition talks between the CDU and the center-left Social Democratic Party (SPD). But the negotiations are likely to be difficult.

Export

Employees at Tönnies like to joke about all the animal parts that would probably forever spoil meat consumption for German consumers: paws, tails, snouts and heads. But these are all usable animal parts, and they all command a price.

They are exported to countries like China, Indonesia, Vietnam and Thailand. "There's a buyer for every part of an animal. You just have to find him," says Tönnies. He exports the uteruses to China, the tracheas to Thailand, the spareribs to the United States and Canada, and the 18 different kinds of rinds to the rest of the world.

Parts that can't be used as food are sold for other purposes. Bones, fat, hooves, blood and intestines are used in the chemical and pharmaceutical industries, among others, to make products like fertilizer, grease and animal feed.

Salmon farmers, for example, feed blood plasma from pigs to their fish to give the flesh a rosier color. Minerals like phosphorus, calcium and magnesium are also derived from the remains. Finally, Tönnies burns what's left, such as the dried sewage residue and stable manure, in the company's own thermal power station. This is sustainable. Most of all, however, it's part of an economic calculation.

All of this shows that in a globally competitive world, it's no longer enough to simply slaughter a few pigs. Today's objective is to get as much as possible out of the animals.

The Germans do a good job of it. Tönnies, Westfleisch and others have continually worked their way forward, and Germany is now the world's second-largest pork exporter after the United States.

In 2011, some 645,000 tons of pork were sold abroad, and with close to 60 million slaughtered animals, Germany is the world's third-largest slaughterer, behind China and the United States. Conditions are favorable in Germany, with relatively low wages in feedlots and slaughterhouses, inexpensive feed and high animal health and hygiene standards — all important values for global trading partners.

Factory farming is shaped by capital-intensive technologies. The slaughterhouse in Rheda-Wiedenbrück, which Tönnies prefer to call a "quality meat production facility," has cost €650 million to date. Because of the high overhead, a handful of players control the lion's share of the gigantic meat production business, companies from the United States, China, Brazil, Germany and Denmark. JBS, a Brazilian company with €28 billion in sales, now heads the list of the world's 10 largest meat producers.

A subsidy policy that was pursued for years is one of the reasons the meat business is so lucrative. Meat is considered the most valuable food product, which is why lawmakers dispensed billions in subsidies to producers for decades. They include subsidies for feed production, for transport infrastructure and EU subsidies for investments in buildings. The environmental organization BUND (Friends of the Earth Germany) calculated that €1 billion in direct payments were made in 2009 alone to subsidize crops grown for pig feed. The EU's farming reforms haven't done much to change this massive government help. "The outcome is clear: Neither the feedlot operators nor the meat industry pay the real costs of their production — and, as a result, they can rake in substantial profits," says Reinhild Benning of BUND.

Love of Meat

Tönnies himself likes meat and eats a lot of it. "Every day!" he says. He is even fonder of eating cold cuts. But he watches his carbohydrate intake so as to stay in shape. The debate over cutting down on meat doesn't interest him. His position is simple: "I accept that there are vegetarians, but I also want them to accept that there are people like me."

Others seem to share his attitude, as became evident in the recent election. One of the few hot-button issues was a proposal by the Greens to introduce a meat-free day in Germany. The idea was that public canteens would voluntarily dispense with meat dishes once a week.

Both Horst Seehofer of the Christian Social Union (CSU), the CDU's Bavarian sister party, and Social Democratic Party Chairman Sigmar Gabriel dismissed the initiative. The pro-business Free Democratic Party (FDP) expressed outrage over what they perceived as government paternalism. Despite the brouhaha it caused, the proposal isn't even all that absurd.

Michael Sagner can attest to its potential benefits. The president of the European College of Preventive and Lifestyle Medicine wasn't surprised by the uproar over the meat-free day proposal. "We know more about good nutrition and diets than ever before," says Sagner, a medical doctor. "But at the same time, more people than ever are dying because of their own habits."

The expert cites studies by the World Health Organization (WHO), which conclude that 80 percent of a person's health depends on lifestyle factors, especially exercise and nutrition. According to WHO, only 20 percent is predetermined, whereas conditions like heart attacks, stroke, diabetes and cancer are primarily attributable to our own poor behavior. That includes bad nutrition and too much red meat.

This is nothing new. Hospitals, diet consultants and health educators have been warning about the consumption of too much and excessively fatty meat for years, and yet worldwide consumption has been on the rise for years.

"For many people, eating isn't eating unless there is meat involved," says Sagner, as he sits in a restaurant where he has just ordered a fish dish with an extra serving of vegetables. He shows us research from the United Kingdom, which concludes that a person who eats twice the average daily meat consumption of 50 grams increases the risk of developing intestinal cancer by 18 percent and of contracting diseases of the cardiovascular system by 42 percent.

Meat is unhealthy for several reasons. The fat in chops, hocks and bacon increase blood cholesterol levels — one of the key causes of heart disease. Cold cuts, in particular, contain a lot of unhealthy fat.

Sagner doesn't advocate that people do without meat altogether. Instead, he recommends "limiting meat consumption to three times a week." It's an idea that isn't likely win widespread acceptance anytime soon.

Nevertheless, he makes an interesting argument. According to Sagner, man's "species-appropriate nutrition" is based on plant products. Throughout man's evolutionary development, meat has always been more of "a luxury," says Sagner.

One thing is certain: This luxury has never been as cheap — and simultaneously as costly — as it is today.

Translated from the German by Christopher Sultan

From DER SPIEGEL

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Fresh Leak on US Spying: NSA Accessed Mexican President's Email

By *Jens Glüsing*, *Laura Poitras*, *Marcel Rosenbach* and *Holger Stark*

DATA: 2013.10.21



The NSA has been systematically eavesdropping on the Mexican government for years. It hacked into the president's public email account and gained deep insight into policymaking and the political system. The news is likely to hurt ties between the US and Mexico.

The National Security Agency (NSA) has a division for particularly difficult missions. Called "Tailored Access Operations" (TAO), this department devises special methods for special targets.

That category includes surveillance of neighboring Mexico, and in May 2010, the division reported its mission accomplished. A report classified as "top secret" said: "TAO successfully exploited a key mail server in the Mexican Presidencia domain within the Mexican Presidential network to gain first-ever access to President Felipe Calderon's public email account."

According to the NSA, this email domain was also used by cabinet members, and contained "diplomatic, economic and leadership communications which continue to provide insight into Mexico's political system and internal stability." The president's office, the NSA reported, was now "a lucrative source."

This operation, dubbed "Flatliquid," is described in a document leaked by whistleblower Edward Snowden, which SPIEGEL has now had the opportunity to analyze. The case is likely to cause further strain on relations between Mexico and the United States, which have been tense since Brazilian television network TV Globo revealed in September that the NSA monitored then-presidential candidate Enrique Peña Nieto and others around him in the summer of 2012. Peña Nieto, now Mexico's president, summoned the US ambassador in the wake of that news, but confined his reaction to demanding an investigation into the matter.

Now, though, the revelation that the NSA has systematically infiltrated an entire computer network is likely to trigger deeper controversy, especially since the NSA's snooping took place during the term of Peña Nieto's predecessor Felipe Calderón, a leader who worked more closely with Washington than any other Mexican president before him.

Brazil Also Targeted

Reports of US surveillance operations have caused outrage in Latin America in recent months. Brazilian President Dilma Rousseff cancelled a planned trip to Washington five weeks ago and condemned the NSA's espionage in a blistering speech to the United Nations General Assembly.

The US surveillance of politicians in Mexico and Brazil is not a one-off. Internal documents show these countries' leaders represent important monitoring targets for the NSA, with both Mexico and Brazil ranking among the nations high on an April 2013 list that enumerates the US' surveillance priorities. That list, classified as "secret," was authorized by the White House and "presidentially approved," according to internal NSA documents.

The list ranks strategic objectives for all US intelligence services using a scale from "1" for high priority to "5" for low priority. In the case of Mexico, the US is interested primarily in the drug trade (priority level 1) and the country's leadership (level 3). Other areas flagged for surveillance include Mexico's economic stability, military capabilities, human rights and international trade relations (all ranked at level 3), as well as counterespionage (level 4). It's much the same with Brazil — ascertaining the

intentions of that country's leadership ranks among the stated espionage targets. Brazil's nuclear program is high on the list as well.

When Brazilian President Rousseff took office in early 2011, one of her goals was to improve relations with Washington, which had cooled under her predecessor, the popular former labor leader Luiz Inácio Lula da Silva. Lula focused primarily on establishing closer ties with China, India and African nations, and even invited Iran's then-President Mahmoud Ahmadinejad to Brazil, in a snub to the US. President Barack Obama postponed a planned visit to the capital, Brasília, as a result.

Rousseff, however, has distanced herself from Iran. And the first foreign minister to serve under her, Antonio Patriota, who recently resigned, was seen as friendly toward the US, maintaining good ties with his counterpart Hillary Clinton. Obama made a state visit to Brazil two years ago and Rousseff had planned to reciprocate with a visit to Washington this October.

Then came the revelation that US authorities didn't stop short of spying on the president herself. According to one internal NSA presentation, the agency investigated "the communication methods and associated selectors of Brazilian President Dilma Rouseff and her key advisers." It also said it found potential "high-value targets" among her inner circle.

Economic Motives?

Rousseff believes Washington's reasons for employing such unfriendly methods are partly economic, an accusation that the NSA and its director, General Keith Alexander, have denied. Yet according to the leaked NSA documents, the US also monitored email and telephone communications at Petrobras, the oil corporation in which the Brazilian government holds a majority stake. Brazil possesses enormous offshore oil reserves.

Just how intensively the US spies on its neighbors can be seen in another, previously unknown operation in Mexico, dubbed "Whitetamale" by the NSA. In August 2009, according to internal documents, the agency gained access to the emails of various high-ranking officials in Mexico's Public Security Secretariat that combats the drug trade and human trafficking. This hacking operation allowed the NSA not only to obtain information on several drug cartels, but also to gain access to "diplomatic talking-points." In the space of a single year, according to the internal documents, this operation produced 260 classified reports that allowed US politicians to conduct successful talks on political issues and to plan international investments.

The tone of the document that lists the NSA's "tremendous success" in monitoring Mexican targets shows how aggressively the US intelligence agency monitors its southern neighbor. "These TAO accesses into several Mexican government agencies are just the beginning -- we intend to go much further against this important target," the document reads. It goes on to state that the divisions responsible for this surveillance are "poised for future successes."

While these operations were overseen from the NSA's branch in San Antonio, Texas, secret listening stations in the US Embassies in Mexico City and Brasília also played a key role. The program, known as the "Special Collection Service," is conducted in cooperation with the CIA. The teams have at their disposal a wide array of methods and high-tech equipment that allow them to intercept all forms of electronic communication. The NSA conducts its surveillance of telephone conversations and text messages transmitted through Mexico's cell phone network under the internal code name

"Evening ease." In Brasília, the agency also operates one of its most important operational bases for monitoring satellite communications.

This summer, the NSA took its activities to new heights as elections took place in Mexico. Despite having access to the presidential computer network, the US knew little about Enrique Peña Nieto, designated successor to Felipe Calderón.

Spying on Peña Nieto

In his campaign appearances, Peña Nieto would make his way to the podium through a sea of supporters, ascending to the stage like a rock star. He is married to an actress, and also had the support of several influential elder statesmen within his party, the PRI. He promised to reform the party and fight pervasive corruption in the country. But those familiar with the PRI, which is itself regarded by many as corrupt, saw this pledge as little more than a maneuver made for show.

First and foremost, though, Peña Nieto promised voters he would change Mexico's strategy in the war on drugs, announcing he would withdraw the military from the fight against the drug cartels as soon as possible and invest more money in social programs instead. Yet at the same time, he assured Washington there would be no U-turn in Mexico's strategy regarding the cartels. So what were Peña Nieto's true thoughts at the time? What were his advisers telling him?

The NSA's intelligence agents in Texas must have been asking themselves such questions when they authorized an unusual type of operation known as structural surveillance. For two weeks in the early summer of 2012, the NSA unit responsible for monitoring the Mexican government analyzed data that included the cell phone communications of Peña Nieto and "nine of his close associates," as an internal presentation from June 2012 shows. Analysts used software to connect this data into a network, shown in a graphic that resembles a swarm of bees. The software then filtered out Peña Nieto's most relevant contacts and entered them into a databank called "DishFire." From then on, these individuals' cell phones were singled out for surveillance.

According to the internal documents, this led to the agency intercepting 85,489 text messages, some sent by Peña Nieto himself and some by his associates. This technology "might find a needle in a haystack," the analysts noted, adding that it could do so "in a repeatable and efficient way."

It seems, though, that the NSA's agents are no longer quite as comfortable expressing such pride in their work. Asked for a comment by SPIEGEL, the agency replied: "We are not going to comment publicly on every specific alleged intelligence activity, and as a matter of policy we have made clear that the United States gathers foreign intelligence of the type gathered by all nations. As the President said in his speech at the UN General Assembly, we've begun to review the way that we gather intelligence, so that we properly balance the legitimate security concerns of our citizens and allies with the privacy concerns that all people share."

Meanwhile, the NSA's spying has already caused considerable political damage in the case of Brazil, seriously denting the mutual trust between Rousseff and Obama. Brazil now plans to introduce a law that will force companies such as Google and Facebook to store their data inside Brazil's borders, rather than on servers in the US, making these international companies subject to Brazilian data privacy laws. The Brazilian government is also developing a new encryption system to protect its own data against hacking.

So far, Mexico has reacted more moderately — although the fact that the NSA infiltrated even the presidential computer network wasn't known until now. Commenting after TV Globo first revealed the NSA's surveillance of text messages, Peña Nieto stated that Obama had promised him to investigate the accusations and to punish those responsible, if it was found that misdeeds had taken place.

In response to an inquiry from SPIEGEL concerning the latest revelations, Mexico's Foreign Ministry replied with an email condemning any form of espionage on Mexican citizens, saying such surveillance violates international law. "That is all the government has to say on the matter," stated a spokesperson for Peña Nieto.

Presumably, that email could be read at the NSA's Texas location at the same time.

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Embassy Espionage: The NSA's Secret Spy Hub in Berlin

By SPIEGEL Staff

DATA: 2013.10.28



According to SPIEGEL research, United States intelligence agencies have not only targeted Chancellor Angela Merkel's cellphone, but they have also used the American Embassy in Berlin as a listening station. The revelations now pose a serious threat to German-American relations.

It's a prime site, a diplomat's dream. Is there any better location for an embassy than Berlin's Pariser Platz? It's just a few paces from here to the Reichstag. When the American ambassador steps out the door, he looks directly onto the Brandenburg Gate.

When the United States moved into the massive embassy building in 2008, it threw a huge party. Over 4,500 guests were invited. Former President George H. W. Bush cut the red-white-and-blue ribbon. Chancellor Angela Merkel offered warm words for the occasion. Since then, when the US ambassador receives high-ranking visitors, they often take a stroll out to the roof terrace, which offers a breathtaking view of the Reichstag and Tiergarten park. Even the Chancellery can be glimpsed. This is the political heart of the republic, where billion-euro budgets are negotiated, laws are formulated and soldiers are sent to war. It's an ideal location for diplomats — and for spies.

Research by SPIEGEL reporters in Berlin and Washington, talks with intelligence officials and the evaluation of internal documents of the US' National Security Agency and other information, most of which comes from the archive of former NSA contractor Edward Snowden, lead to the conclusion that the US diplomatic mission in the German capital has not merely been promoting German-American friendship. On the contrary, it is a nest of espionage. From the roof of the embassy, a special unit of the CIA and NSA can apparently monitor a large part of cellphone communication in the government quarter. And there is evidence that agents based at Pariser Platz recently targeted the cellphone that Merkel uses the most.

The NSA spying scandal has thus reached a new level, becoming a serious threat to the trans-Atlantic partnership. The mere suspicion that one of Merkel's cellphones was being monitored by the NSA has led in the past week to serious tensions between Berlin and Washington.

Hardly anything is as sensitive a subject to Merkel as the surveillance of her cellphone. It is her instrument of power. She uses it not only to lead her party, the center-right Christian Democratic Union (CDU), but also to conduct a large portion of government business. Merkel uses the device so frequently that there was even debate earlier this year over whether her text-messaging activity should be archived as part of executive action.

'That's Just Not Done'

Merkel has often said -- half in earnest, half in jest -- that she operates under the assumption that her phone calls are being monitored. But she apparently had in mind countries like China and Russia, where data protection is not taken very seriously, and not Germany's friends in Washington.

Last Wednesday Merkel placed a strongly worded phone call to US President Barack Obama. Sixty-two percent of Germans approve of her harsh reaction, according to a survey by polling institute YouGov. A quarter think it was too mild. In a gesture of displeasure usually reserved for rogue states, German Foreign Minister Guido Westerwelle summoned the new US ambassador, John Emerson, for a meeting at the Foreign Ministry.

The NSA affair has shaken the certainties of German politics. Even Merkel's CDU, long a loyal friend of Washington, is now openly questioning the trans-Atlantic free trade agreement. At the Chancellery it's now being said that if the US government doesn't take greater pains to clarify the situation, certain conclusions will be drawn and talks over the agreement could potentially be put on hold.

"Spying between friends, that's just not done," said Merkel on Thursday at a European Union summit in Brussels. "Now trust has to be rebuilt." But until recently it sounded as if the government had faith in its ally's intelligence agencies.

In mid-August Merkel's chief of staff, Ronald Pofalla, offhandedly described the NSA scandal as over. German authorities offered none of their own findings — just a dry statement from the NSA leadership saying the agency adhered to all agreements between the countries.

Now it is not just Pofalla who stands disgraced, but Merkel as well. She looks like a head of government who only stands up to Obama when she herself is a target of the US intelligence services. The German website *Der Postillon* published a satirical version last Thursday of the statement given by Merkel's spokesman, Steffen Seibert: "The chancellor considers it a slap in the face that she has most likely been monitored over the years just like some mangy resident of Germany."

Merkel has nothing to fear domestically from the recent turn of affairs. The election is over, the conservatives and the center-left Social Democrats are already in official negotiations toward forming a new government. No one wants to poison the atmosphere with mutual accusation.

Nevertheless, Merkel must now answer the question of how much she is willing to tolerate from her American allies.

Posing as Diplomats

A "top secret" classified NSA document from the year 2010 shows that a unit known as the "Special Collection Service" (SCS) is operational in Berlin, among other locations. It is an elite corps run in concert by the US intelligence agencies NSA and CIA.

The secret list reveals that its agents are active worldwide in around 80 locations, 19 of which are in Europe — cities such as Paris, Madrid, Rome, Prague and Geneva. The SCS maintains two bases in Germany, one in Berlin and another in Frankfurt. That alone is unusual. But in addition, both German bases are equipped at the highest level and staffed with active personnel.

The SCS teams predominantly work undercover in shielded areas of the American Embassy and Consulate, where they are officially accredited as diplomats and as such enjoy special privileges. Under diplomatic protection, they are able to look and listen unhindered. They just can't get caught.

Wiretapping from an embassy is illegal in nearly every country. But that is precisely the task of the SCS, as is evidenced by another secret document. According to the document, the SCS operates its own sophisticated listening devices with which they can intercept virtually every popular method of communication: cellular signals, wireless networks and satellite communication.

The necessary equipment is usually installed on the upper floors of the embassy buildings or on rooftops where the technology is covered with screens or Potemkin-like structures that protect it from prying eyes.

That is apparently the case in Berlin, as well. SPIEGEL asked British investigative journalist Duncan Campbell to appraise the setup at the embassy. In 1976, Campbell uncovered the existence of the British intelligence service GCHQ. In his so-called "Echelon Report" in 1999, he described for the European Parliament the existence of the global surveillance network of the same name.

Campbell refers to window-like indentations on the roof of the US Embassy. They are not glazed but rather veneered with "dielectric" material and are painted to blend into the surrounding masonry. This material is permeable even by weak radio signals. The interception technology is located behind these radio-transparent screens, says Campbell. The offices of SCS agents would most likely be located in the same windowless attic.

No Comment from the NSA

This would correspond to internal NSA documents seen by SPIEGEL. They show, for example, an SCS office in another US embassy — a small windowless room full of cables with a work station of "signal processing racks" containing dozens of plug-in units for "signal analysis."

On Friday, author and NSA expert James Bamford also visited SPIEGEL's Berlin bureau, which is located on Pariser Platz diagonally opposite the US Embassy. "To me, it looks like NSA eavesdropping equipment is hidden behind there," he said. "The covering seems to be made of the same material that the agency uses to shield larger systems."

The Berlin-based security expert Andy Müller Maguhn was also consulted. "The location is ideal for intercepting mobile communications in Berlin's government district," he says, "be it technical surveillance of communication between cellphones and wireless cell towers or radio links that connect radio towers to the network."

Apparently, SCS agents use the same technology all over the world. They can intercept cellphone signals while simultaneously locating people of interest. One antenna system used by the SCS is known by the affable code name "Einstein."

When contacted by SPIEGEL, the NSA declined to comment on the matter.

The SCS are careful to hide their technology, especially the large antennas on the roofs of embassies and consulates. If the equipment is discovered, explains a "top secret" set of classified internal guidelines, it "would cause serious harm to relations between the United States and a foreign government."

According to the documents, SCS units can also intercept microwave and millimeter-wave signals. Some programs, such as one entitled "Birdwatcher," deal primarily with encrypted communications in foreign countries and the search for potential access points. Birdwatcher is controlled directly from SCS headquarters in Maryland.

With the growing importance of the Internet, the work of the SCS has changed. Some 80 branches offer "thousands of opportunities on the net" for web-based operations, according to an internal presentation. The organization is now able not only to intercept cellphone calls and satellite communication, but also to proceed against criminals or hackers. From some embassies, the Americans have planted sensors in communications equipment of the respective host countries that are triggered by selected terms.

There are strong indications that it was the SCS that targeted Chancellor Angela Merkel's cellphone. This is suggested by a document that apparently comes from an NSA database in which the agency records its targets. This document, which SPIEGEL has seen, is what set the cellphone scandal in motion.

The document contains Merkel's cellphone number. An inquiry to her team revealed that it is the number the chancellor uses mainly to communicate with party members, ministers and confidants, often by text message. The number is, in the language of the NSA, a "Selector Value." The next two fields determine the format ("raw phone number") and the "Subscriber," identified as "GE Chancellor Merkel."

In the next field, labeled "Ropi," the NSA defines who is interested in the German chancellor: It is the department S2C32. "S" stands for "Signals Intelligence Directorate," the NSA umbrella term for signal reconnaissance. "2" is the agency's department for procurement and evaluation. C32 is the unit responsible for Europe, the "European States Branch." So the order apparently came down from Europe specialists in charge of signal reconnaissance.

The time stamp is noteworthy. The order was transferred to the "National Sigint Requirements List," the list of national intelligence targets, in 2002. That was the year Germany held closely watched parliamentary elections and Merkel battled Edmund Stoiber of Bavaria's Christian Social Union to become the conservatives' chancellor candidate. It was also the year the Iraq crisis began heating up. The document also lists status: "A" for active. This status was apparently valid a few weeks before President Obama's Berlin visit in June 2013.

Finally, the document defines the units tasked with implementing the order: the "Target Office of Primary Interest": "F666E." "F6" is the NSA's internal name for the global surveillance unit, the "Special Collection Service."

Thus, the NSA would have targeted Merkel's cellphone for more than a decade, first when she was just party chair, as well as later when she'd become chancellor. The record does not indicate what form of surveillance has taken place. Were all of her conversations recorded or just connection data? Were her movements also being recorded?

'Intelligence Target Number One'

Among the politically decisive questions is whether the spying was authorized from the top: from the US president. If the data is accurate, the operation was authorized under former President George W. Bush and his NSA chief, Michael Hayden. But it would have had to be repeatedly approved, including after Obama took office and up to the present time. Is it conceivable that the NSA made the German chancellor a surveillance target without the president's knowledge?

The White House and the US intelligence agencies periodically put together a list of priorities. Listed by country and theme, the result is a matrix of global surveillance: What are the intelligence targets in various countries? How important is this reconnaissance? The list is called the "National Intelligence Priorities Framework" and is "presidentially approved."

One category in this list is "Leadership Intentions," the goals and objectives of a country's political leadership. The intentions of China's leadership are of high interest to the US government. They are marked with a "1" on a scale of 1 to 5. Mexico and Brazil each receive a "3" in this category.

Germany appears on this list as well. The US intelligence agencies are mainly interested in the country's economic stability and foreign policy objectives (both "3"), as well as in its advanced weapons systems and a few other sub-items, all of which are marked "4." The "Leadership Intention" field is empty. So based on the list, it wouldn't appear that Merkel should be monitored.

Former NSA employee Thomas Drake does not see this as a contradiction. "After the attacks of September 11, 2001, Germany became intelligence target number one in Europe," he says. The US government did not trust Germany, because some of the Sept. 11 suicide pilots had lived in Hamburg. Evidence suggests that the NSA recorded Merkel once and then became intoxicated with success, says Drake. "It has always been the NSA's motto to conduct as much surveillance as possible," he adds.

A Political Bomb

When SPIEGEL confronted the government on Oct. 10 with evidence that the chancellor's cellphone had been targeted, the German security apparatus became deeply unsettled.

The Chancellery ordered the country's foreign intelligence agency, the Federal Intelligence Service (BND), to scrutinize the information. In parallel, Christoph Heusgen, Merkel's foreign policy adviser, also contacted his US counterpart, National Security Adviser Susan Rice, to tell her about SPIEGEL's research, which had been summarized on a single sheet of paper. Rice said she would look into it.

Shortly afterwards, German security authorities got back to the Chancellery with a preliminary result: The numbers, dates and secret codes on the paper indicated the information was accurate. It was probably some kind of form from an intelligence agency department requesting surveillance on the chancellor's cellphone, they said. At this point, a sense of nervousness began to grow at government headquarters. It was clear to everyone that if the Americans were monitoring Merkel's phone, it would be a political bomb.

But then Rice called the Chancellery on Friday evening to explain that if reports began to circulate that Merkel's phone had been targeted, Washington would deny it — or at least that is how the Germans understood the message. White House Press Secretary Jay Carney assured his counterpart, Merkel's spokesperson Steffen Seibert, of the same thing. The message was passed on to SPIEGEL late that evening without comment, at which point editors decided to continue investigating.

With this, both the US agencies and Berlin won themselves more time to come up with a battle plan for approaching the deep crisis of confidence between the two countries. And it was clearly already a crisis of confidence, because Berlin obviously doubted the statements coming from the US and hadn't called off its probe. And, as later became clear, there were also inquiries taking place in the US, despite the denial from Rice.

Over the weekend, the tide turned.

Rice contacted Heusgen once again, but this time her voice sounded less certain. She said that the possibility the chancellor's phone was under surveillance could only be ruled out currently and in the future. Heusgen asked for more details, but was put off. The chief adviser to the president on Europe, Karen Donfried, and the Assistant Secretary of State for Europe and Eurasia at the US State Department, Victoria Nuland, would provide further information midweek, he was told. By this time it was clear to the Chancellery that if Obama's top security adviser no longer felt comfortable ruling out possible surveillance, this amounted to confirmation of their suspicions.

Going on the Offensive

This detail only served to intensify the catastrophe. Not only had supposed friends monitored the chancellor's cellphone, which was bad enough on its own, but leaders in Berlin were also left looking like a group of amateurs. They had believed the assurances made this summer by Obama, who downplayed the notion of spying in Germany on a visit to Berlin. German Interior Minister Hans-Peter Friedrich had even gone so far as to say at the time that Germany's concerns had "dissipated."

On Tuesday morning Merkel decided to go on the offensive. She had seen how strongly French President François Hollande had reacted to allegations that US intelligence agencies had conducted widespread surveillance on French citizens. Hollande called Obama immediately to air his anger. Merkel now wanted to speak with Obama personally too — before her planned meeting with Hollande at the upcoming EU summit in Brussels.

Heusgen made a preliminary call to Obama to let him know that Merkel planned to make some serious complaints, with which she would then go public. At stake was control over the political interpretation of one of the year's most explosive news stories.

Merkel spoke with Obama on Wednesday afternoon, calling him from her secure landline in her Chancellery office. Both spoke English. According to the Chancellery, the president said that he had known nothing of possible monitoring, otherwise he would have stopped it. Obama also expressed his deepest regrets and apologized.

Around 5:30 p.m. the same day, Merkel's chief of staff, Pofalla, informed two members of the Parliamentary Control Panel, the body in Germany's parliament charged with keeping tabs on the country's intelligence agencies, of what was going on. At the same time, the administration went public with the matter. It contacted SPIEGEL first with a statement containing Merkel's criticism of possible spying on her cellphone. Her spokesman Seibert called it a "grave breach of trust" — a choice of phrase seen as the highest level of verbal escalation among allied diplomats.

The scandal revives an old question: Are the German security agencies too trusting of the Americans? Until now, German agencies have typically concerned themselves with China and Russia in their counterintelligence work, for which the domestic intelligence agency, the Federal Office for the Protection of the Constitution (BFV), is responsible.

A year ago, there was already debate between the agencies, the Interior Ministry and the Chancellery over whether Germany should be taking a harder look at what American agents were up to in the country. But the idea was jettisoned because it seemed too politically sensitive. The main question at the time came down to whether monitoring allies should be allowed.

Even to seasoned German intelligence officials, the revelations that have come to light present a picture of surprising unscrupulousness. It's quite possible that the BFV could soon be tasked with investigating the activities of the CIA and NSA.

The ongoing spying scandal is also fueling allegations that the Germans have been allowing the NSA to lead them around by the nose. From the beginning of the NSA scandal, Berlin has conducted its attempts to clarify the allegations with a mixture of naivety and ignorance.

Letters with anxious questions were sent, and a group of government department leaders traveled to Washington to meet with Director of National Intelligence James Clapper. The BND was also commissioned with negotiating a "no-spying pact" with the US agencies. In this way, Merkel's government feigned activity while remaining largely in the dark. In fact, it relied primarily on the assurance from the US that its intentions were good.

It also seems to be difficult for German intelligence agencies to actually track the activities of the NSA. High-level government officials admit the Americans' technical capabilities are in many ways superior to what exists in Germany. At the BFV domestic intelligence agency, for example, not even every employee has a computer with an Internet connection.

But now, as a consequence of the spying scandal, the German agencies want to beef up their capabilities. "We're talking about a fundamental realignment of counterintelligence," said one senior security official. There are already more than 100 employees at the BFV responsible for counterintelligence, but officials are hoping to see this double.

One focus of strategic considerations is the embassy buildings in central Berlin. "We don't know which roofs currently have spying equipment installed," says the security official. "That is a problem."

Trade Agreement at Risk?

When the news of Merkel's mobile phone being tapped began making the rounds, the BND and the BSI, the federal agency responsible for information security, took over investigation of the matter. There too, officials have been able to do nothing more than ask questions of the Americans when such sensitive issues have come up in recent months.

But now German-American relations are threatened with an ice age. Merkel's connection to Obama wasn't particularly good before the spying scandal. The chancellor is said to consider the president overrated — a politician who talks a lot but does little, and is unreliable to boot.

One example, from Berlin's perspective, was the military operation in Libya almost three years ago, which Obama initially rejected. When then-Secretary of State Hillary Clinton convinced him to change his mind, he did so without consulting his allies. Berlin saw this as evidence of his fickleness and disregard for their concerns.

The chancellor also finds Washington's regular advice on how to solve the euro crisis irritating. She would prefer not to receive instruction from the country that caused the collapse of the global financial system in the first place. Meanwhile, the Americans have been annoyed for years that Germany isn't willing to do more to boost the world economy.

Merkel also feels as though she was duped. The Chancellery now plans once again to review the assurances of US intelligence agencies to make sure they are abiding by the law.

The chancellor's office is also now considering the possibility that the much-desired trans-Atlantic free trade agreement could fail if the NSA affair isn't properly cleared up. Since the latest revelations came out, some 58 percent of Germans say they support breaking off ongoing talks, while just 28 percent are against it. "We should put the negotiations for a free-trade agreement with the US on ice until the accusations against the NSA have been clarified," says Bavarian Economy Minister Ilse Aigner, a member of the Christian Social Union, the Bavarian sister party to Merkel's Christian Democrats.

Outgoing Justice Minister Sabine Leutheusser-Schnarrenberger has used the scandal as an excuse to appeal to the conscience of her counterpart in Washington, Attorney General Eric Holder. "The citizens rightly expect that American institutions also adhere to German laws. Unfortunately, there are a number of indications to the contrary," she wrote in a letter to Holder last week.

EU Leaders Consider Consequences

The American spying tactics weren't far from the minds of leaders at the EU summit in Brussels last Thursday, either. French President Hollande was the first to bring it up at dinner, saying that while he didn't want to demonize the intelligence agencies, the Americans had so blatantly broken the law on millions of counts that he couldn't imagine how things could go on this way.

Hollande called for a code of conduct among the intelligence agencies, an idea for which Merkel also showed support. But soon doubts emerged: Wouldn't Europe also have to take a look at its own surveillance practices? What if a German or French Snowden came forward to reveal dirty spy tactics? British Prime Minister David Cameron pointed out how many terror attacks had been prevented because of spying capabilities. Then it was asked whether it has been proven that Obama even knows what his agencies are doing. Suddenly, mutual understanding seemed to waft through the group.

That was a bit too rich for Hollande: No, he interjected, spying to such an immense degree, allegedly on more than 70 million phone calls per month in France alone — that has been undertaken by only one country: the United States. The interruption was effective. After nearly three hours, the EU member states agreed on a statement that can be read as clear disapproval of the Americans.

Merkel no longer wants to rely solely on promises. This week Günter Heiss, Chancellor Merkel's intelligence coordinator, will travel to Washington. Heiss wants the Americans finally to promise a contract excluding mutual surveillance. The German side already announced its intention to sign on to this no-spying pact during the summer, but the US government has so far shown little inclination to seriously engage with the topic.

This is, of course, also about the chancellor's cellphone. Because despite all the anger, Merkel still didn't want to give up using her old number as of the end of last week. She was using it to make calls and to send text messages. Only for very delicate conversations did she switch to a secure line.

By Jacob Appelbaum, Nikolaus Blome, Hubert Gude, Ralf Neukirch, René Pfister, Laura Poitras, Marcel Rosenbach, Jörg Schindler, Gregor Peter Schmitz And Holger Stark

Translated from the German by Kristen Allen and Charly Wilder

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75 Years Later: How the World Shrugged Off Kristallnacht

By Klaus Wiegrefe

DATA: 2013.11.04



In the days surrounding Nov. 9, 1938, the Nazis committed the worst pogrom Germany had seen since the Middle Ages. To mark the incident's 75th anniversary, an exhibition in Berlin gathers previously unknown reports by foreign diplomats, revealing how the shocking events prompted little more than hollow condemnation.

Consul-General Robert Townsend Smallbones had already seen much of the world. He had been in Angola, Norway and Croatia, and he had spent eight years in Germany with the British diplomatic corps. Despite the Nazi dictatorship, the 54-year-old held Germans in high esteem. They were "habitually kind to animals, to children, to the aged and infirm. They seemed to me to have no cruelty in their makeup," Smallbones wrote in a report to the British Foreign Office.

Given his impression of the Germans, the representative of the British Empire was all the more astonished by what he experienced in early November 1938. In Paris, Herschel Grünspan, a 17-year-old Jewish refugee from the northern German city of Hanover, had shot the German diplomat Ernst vom Rath in an act of protest against Hitler's policies regarding the Jews. At first, the Nazis only hunted down Jews in the Hesse region of Germany, surrounding Frankfurt. But, after Rath's death on Nov. 9, the pogroms spread throughout the German Reich, where synagogues were burned, Jewish shop windows were smashed and thousands were taken to concentration camps and mistreated.

Smallbones reported from Frankfurt that Jews had been taken to a large building and forced to kneel and place their heads on the ground. After some of them had vomited, Smallbones writes, the "guards removed the vomit by taking the culprit by the scruff of the neck and wiping it away with his face and hair." According to Smallbones' account, after a few hours, the victims were taken to the Buchenwald concentration camp, where many were tortured and a few beaten to death. The prisoners were even forced to urinate into each other's mouths. This was one of the details Smallbones learned from a golfing partner, a German Jew, after the latter's release from Buchenwald.

"I flattered myself that I understood the German character," the consul-general wrote, but added that he had not expected this "outbreak of sadistic cruelty."

The pogroms in November 1938 lasted several days, although history books often refer to the event merely as one "Night of the Broken Glass" (*Kristallnacht*) because Nazi propaganda chief Joseph Goebbels announced on the radio on Nov. 10 that the excesses had ended. Experts estimate that up to

1,500 people died in the days surrounding Nov. 9. It was the worst pogrom in Germany since the Middle Ages.

Gathering Contemporary Diplomatic Accounts

This week marks the 75th anniversary of what Leipzig-based historian Dan Diner has called the "catastrophe before the catastrophe." This prompted the German Foreign Ministry to take the unusual step of asking 48 countries that had diplomatic missions in Germany in 1938 to search their archives for reports on the November pogrom.

For months, the Foreign Ministry has been receiving copies of historical documents previously unknown to experts. Beginning next Monday, the Foreign Ministry and the Berlin Centrum Judaicum will display a selection of the documents at the New Synagogue on Oranienburger Strasse, in an exhibition titled "From the Inside to the Outside: The 1938 November Pogroms in Diplomatic Reports from Germany."

Despite the often-truncated form of the reports and the detached language of the diplomats, these are impressive documents with historical value. They attest to the fate of the Jewish orphanage in Esslingen, near Stuttgart, where a mob of Nazi sympathizers drove children out into the streets; of Jews who were forced to march in rows of two through Kehl, in southwestern Germany, and shout "We are traitors to Germany"; and of terrified people hiding in forests near Berlin.

What is also noteworthy about the documents is what they do not contain. In this respect, they point to the failure of the international community and its far-reaching consequences. The diplomats almost unanimously condemned the murders and acts of violence and destructions. The British described the pogrom as "Medieval barbarism," the Brazilians called it a "disgusting spectacle," and French diplomats wrote that the "scope of brutality" was only "exceeded by the massacres of the Armenians," referring to the Turkish genocide of 1915-1916.

Nevertheless, no country broke off diplomatic relations with Berlin or imposed sanctions, and only Washington recalled its ambassador. Most of all, however, the borders of almost all countries remained largely closed for the roughly 400,000 Jewish Germans.

Many diplomatic missions were already in contact with victims because men from the SS and the SA, Nazi Party officials and members of the Hitler Youth were also harassing foreign Jews who lived in Germany. In early November, more than 1,000 Jews fleeing from the Nazis took refuge at the Polish consulate in Leipzig. In an account of the fate of the Sperling family, the local consul wrote that they had been practically beaten to death, and that "many valuable objects" had been stolen from their apartment, "including a radio, a check for 3,600 Reichsmarks, 3,400 Reichsmarks in cash and other valuable things." The thugs had apparently undressed the wife and tried "to rape her."

German Jews also sought protection in foreign consulates, especially those of the Americans. "Jews from all sections of Germany thronged into the office until it was overflowing with humanity, begging for an immediate visa or some kind of letter in regard to immigration, which might influence the police not to arrest or molest them," reported Samuel W. Honaker, the US consul-general in Stuttgart.

Searching for Reasons

Most of the diplomats were well informed about the scope of the atrocities through the accounts they had heard from desperate people describing their experiences. Besides, the smashed windows and ransacked premises of Jewish businesses were clearly visible.

At that point, at least according to a Finnish envoy, Hitler was less interested in murdering Jews in Germany than in driving them out. "The position of the German state toward the Jews is so well known that there is no point in writing much about it," he wrote in a report to his government. "Harsher and harsher steps are being taken against them, with the goal of getting them out of the German Reich in one way or another."

But the diplomats were puzzled over why the Nazis were acting so violently, especially given the resulting damage to their international reputation. France's representatives believed that it had to do with a power struggle within the Nazi leadership. The Swiss envoy assumed that it was Hitler's way of demonstrating his power. British diplomat Smallbones suspected that the outbreak of violence had been triggered by "that sexual perversity ... very present in Germany."

But, as historians discovered after World War II, Hitler was merely taking advantage of an opportunity. He was in Munich on the afternoon of Nov. 9, when the news arrived of the death of Rath, the diplomat. It was the same day on which the top party leadership met each year to commemorate Hitler's failed Beer Hall Putsch of 1923. After consulting with Hitler, propaganda minister Joseph Goebbels goaded on the other officials in the meeting until, as he wrote in his diary, they "immediately rushed to the telephones." They gave their instructions to the Nazi foot soldiers, who were already itching to harm Jews. The excesses began that night.

1,406 Destroyed Synagogues

Many synagogues in the Württemberg, Baden and Hohenzollern regions were "set

on fire by well-disciplined and apparently well-equipped young men in civilian clothes," reported US Consul-General Honaker, noting that the process was "practically the same" in all cities. "The doors of the synagogues were forced open. Certain sections of the building and furnishing were drenched with petrol and set on fire. Bibles, prayer books and other sacred things were thrown into the flames," he wrote. A total of 1,406 synagogues were burned down.

Then they began smashing shop windows. The shops were easy to identify, especially in Berlin. A few months earlier, Nazis had forced Jewish shop owners in the capital city to write their names in white paint and large letters on the shop windows.

The second wave came during the course of the next day, as the Hungarian chargé d'affaires reported from the German capital: "In the afternoon, after school, 14- to 18-year-old teenagers, mostly members of the Hitler Youth, were unleashed on the shops. They forced their way into the businesses, where they turned things upside down, destroyed all furniture and everything made of glass, jumbled all the merchandise and then, while cheering for Hitler, left the scene to search for other places to ransack. In the city's eastern districts, the local populace also looted the devastated shops."

As instructed, the perpetrators were not wearing party uniforms. Goebbels wanted the public to believe that the pogrom was a reflection of "the justified and understandable outrage of the German people" over the death of Rath, the diplomat — and that the police were powerless.

But none of the diplomats believed this version of the events, especially, as a Brazilian embassy counselor scoffed, in a country with the "most powerful, tightly organized, perfectly equipped and most brutal police force in the world, in the best possible position to promptly suppress any turmoil within the population."

The 'Unimaginable' on the Way to Reality

The uniformity of the approach in hundreds of cities and villages was enough to expose this lie. But most of all, the majority of Germans did not behave the way the regime had expected.

Although there was some looting, many diplomats, like Finnish representative Aarne Wuorimaa, reported on "withering criticism" from members of the public. According to Wuorimaa, "As a German, I am ashamed" was a "remark that was heard very frequently." However, the reports generally do not delve into whether the critics fundamentally rejected the disenfranchisement of the Jews in general or just the Nazis' brutal methods.

US Consul-General Honaker estimated that about 20 percent of Germans supported the pogrom. There is a surprising parallel between this number and the result of a poll that American officials took in 1945, after the Holocaust, in their zone of occupation. At the time, one-fifth of all respondents still "agreed with Hitler over the treatment of the Jews." In other words, they admitted to being murderous anti-Semites.

For many of the later perpetrators of the Holocaust, *Kristallnacht* marked a turning point. Suddenly everything seemed possible, writes historian Raphael Gross, alluding to the emerging mood. The Nazis felt "like pioneers who had just successfully entered new territory," Gross says.

In the ensuing weeks, the regime enacted a large number of measures designed to harass and expropriate the Jews. Jewish children were no longer permitted to attend ordinary schools, and Jewish adults were barred from running craft businesses or entering universities. In a cruel irony, the victims were forced to pay a huge "atonement tax" of one billion Reichsmarks. "I wouldn't want to be a Jew in Germany," said Hermann Göring, one of the leading members of the Nazi party.

Unfortunately for the German Jews, many international observers failed to notice how radically the Nazis now felt about their victims. If they hadn't, perhaps some exile countries, such as the United States or Brazil, might have relaxed their rigid immigration requirements, which became a key obstacle to Jews trying to emigrate.

Even the diplomats from Hitler's closest ally, Italy, were still writing in November 1938 that it was "unimaginable" that the Jews in Germany "will all be lined up against the wall one day or condemned to commit suicide, or that they will be locked up in giant concentration camps."

Nevertheless, this "unimaginable" thing — the systematic murder of European Jews — would begin roughly three years later.

The "From the Inside to the Outside: The 1938 November Pogroms in Diplomatic Reports from Germany" exhibition runs from Nov. 12, 2013 to May 11, 2014. For more information, visit its website [here](#).

Translated from the German by Christopher Sultan

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Caveman Cuisine: Scientists Question Rise of the 'Paleo Diet'

By Frank Thadeusz

DATA: 2013.11.04



The "paleo diet" -- which supposedly mimics what our caveman ancestors ate -- has become a new health craze. But many scientists doubt that this hunter-gatherer cuisine of meat, veggies and fruit is as healthy as advertised, or even historically correct.

There are a growing number of people dedicated to the world of healthy food and starvation diets. Sometimes they try to convince their fellow human beings to join them in their strict approach to eating, advising friends and partners to cut down on beer consumption or give up bratwurst.

But now Tom Jones has come to the rescue of lovers of hearty food. The singer ("It's Not Unusual") was once considered a sex symbol. But Jones, who is about 1.80 meters (5'11") tall, had put on weight over the years, reaching more than 100 kilograms (220 lbs.). When Jones decided that it was time to lose

weight, he chose a decidedly masculine method. The singer adhered to the diet of people who lived in the Paleolithic Age, which meant eating primarily meat.

The so-called paleo diet is more than just the crazy idea of an aging singer. In Hollywood, a number of actors fixated on staying fit, like actress Jessica Biel, have been seized by the urge to switch their diets to food our ancestors ate — those who, as hunters and gatherers, roved the lowland plains and ate plants, berries and mammoth-meat steaks.

The paleo craze has now reached Germany. Within the last year, actor Moritz Sachs has outed himself as a celebrity fan of the diet. Over the years, viewers have seen Sachs, a character on the TV show "Lindenstrasse," put on weight. Thanks to the paleo diet, the chubby actor has lost 18 kilograms, he claims.

Proponents of the paleo diet frown upon food that some health fanatics believe make people fat, especially when enjoyed in excess. This is especially true of carbohydrates, which are abundant in rice, wheat and potatoes. Sugar is also on the black list.

Crispy Lamb Brain in a Manioc Crust

But the gurus of this trendy movement are interested in much more than keeping people's weight down.

The meat and vegetable fanatics are seriously convinced that mankind committed a grave sin by learning how to cultivate land more than 10,000 years ago, and that the resulting changes in nutrition led to disease and lingering illness. They are convinced that scourges of civilization, like arteriosclerosis, diabetes and high blood pressure, are all fruits of the so-called Neolithic Revolution. Fans of the paleo diet seem to overlook the fact that early farmers saved many of their fellow human beings from starving to death by growing grain in an organized fashion.

The restaurant Sauvage recently opened its doors in Prenzlauer Berg, a Berlin neighborhood traditionally open to experimentation. The restaurant composes its dishes exclusively in ways that supposedly reflect the nutritional habits of early man. The owners strictly dispense with milk products and bread, pasta, rice and potatoes. The caveman-style chefs prepare cheese substitutes with pureed nuts and root vegetables. One of the items on the menu is crispy lamb brain in a manioc crust.

The rewards for switching to this audacious diet include healing and detoxification, as well as a heightened sex drive, claims Sauvage manager Boris Leite-Poço. This is how the restaurateur describes his culinary creed: "When you adjust your eating habits to the paleo principles, you are feeding your body in the way nature intended."

But for nutritionists and biologists, this is nonsense. A "paleo fantasy" is what evolutionary biologist Marlene Zuk of the University of Minnesota calls the diet trend. "Its supporters assume that, at a certain point in time, our ancestors were perfectly adapted to their environment. But these conditions presumably never existed," Zuk says critically.

'All That Counts is Reproductive Success'

In addition, nutrition physiologist Alexander Ströhle of the University of Hannover in northern Germany notes that "there is no such thing as man's natural diet." According to Ströhle, there is no evidence that our ancestors were specialized to eat certain foods.

Seattle gastroenterologist Walter Voegtlin wrote a book about the concept of the stone-age diet in the 1970s. The doctor convinced a growing group of paleo converts to believe in the nonsensical notion that eating grain actually harms human development. But apparently Voegtlin and his followers misinterpreted the mechanisms of evolution. "Optimal health is not a selection criterion. All that counts is reproductive success," says food scientist Ströhle.

Of course nutritional experts also tend to advise people to consume fruits and vegetables rather than burgers and fries. "However, this brings up the heretical question," says Ströhle, "of whether this insight truly requires a questionable explanation based on evolutionary medicine."

Despite objections from the scientific world, the advocates of paleo nutrition are more popular than ever before. Scientists find it appalling that a number of proponents of the supposed Stone Age diet claim to be knowledgeable about a period of time that lasted around 2.5 million years and ended in about 8,000 B.C.

Fossil evidence that could provide precise details about early man's eating habits is rare. Presumably, however, the inventors of the hand ax were not especially picky, out of pure necessity, and consumed everything that seemed edible to them. "On the whole, the feeding behavior of prehistoric man, like that of his Pleistocene ancestors, was very flexible," says nutrition expert Ströhle.

A Sweet Tooth is Not an Abberation

Today's devotees of the paleo diet have largely eliminated carbohydrates from their diet. However, they cannot invoke their ancestors if they want to avoid the consumption of sources of energy.

The craving for high-calorie food is apparently not an unnatural aberration of civilized man. "Instead, craving sweet foods is more likely related to the fruit-based diet of our hirsute ancestors," Ströhle suspects. "In addition, an important source of nutrition is often swept under the rug: honey."

In the summer months, some indigenous people consume up to one-and-a-half kilos of the natural sweetener a day. "This would make every modern nutritionist's hair stand on end," says Ströhle.

Anthropologists have also found evidence that prehistoric man dug up starchy tubers from the ground to satisfy their voracious appetite for saccharides.

But paleo diet aficionados remain undeterred, clinging to the illusion that their archaic ancestors preferred to eat healthy plants and only consumed very moderate levels of carbohydrates in the form of fruit. And modern imitators of Stone Age man go to great lengths to copy what they did exactly.

Paleo Bread and Cheese

Restaurant manager Leite-Poço, for example, buys his meat from a farm in Trebbin, in the eastern state of Brandenburg, where the cattle graze on lush meadows and are not fed grain. Of course, he also buys his fruit and vegetables from organic farmers.

"We have paleo bread, and we have paleo cheese, but in terms of taste, they have nothing in common with their conventional namesakes," says Leite-Poço.

It is doubtful that this approach is helping big-city dwellers eat like their role models from the Stone Age. Scientists at the New York State Agricultural Experiment Station cultivated the Asian wild apple (*Malus sieversii*), which our ancestors once picked from trees. When an author from the *New York Times* tasted the fruit, he said it was "like biting into a crumbly Brazil nut, surrounded by a jacket of leathery skin."

For nutrition experts, this is no surprise. "Our modern food products are well removed from their wild ancestors. They have been extremely modified and, as a result, are more calorie-rich, easier to ship or simply better-tasting than the original," says biologist Zuk. She has sobering news for paleo diet fans: "Even if we wanted to, we couldn't live exactly the way our ancestors did."

In a recently published book, Zuk is tickled by the reversion to the Stone Age: "Did cave dwellers wonder, in nostalgic moments, how good life was when they couldn't walk on two legs yet and were just lazing about in the trees?"

Translated from the German by Christopher Sultan

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A Giant Awakens: Inside Africa's Economic Upsurge

DATA: 2013.11.18



Trade union members protest in a 2008 national strike against the South Africa's rising cost of living.

In roughly a decade, Africa has gone from being labeled "the hopeless continent" to enjoying an unprecedented boom. In a three-part series, SPIEGEL explores this transformation -- its drivers, winners and losers -- and asks if it can last.

The magazine cover bore a completely black background. In the middle, an outline the shape of Africa framed a fierce-looking fighter toting a rocket-propelled grenade launcher. Above the picture was the title, "The hopeless continent."

This cover of British magazine the *Economist*, the world's most influential newsmagazine for business and financial topics, appeared in May 2000. The issue featured a deeply pessimistic report that tore Africa to pieces, presenting it as a lost continent, eternally plagued by tribal wars, famine and mass poverty.

But since the turn of the millennium, the world has a different take on Africa thanks to an economic boom that refuses to fit into the usual distorted picture. The same voices that once proclaimed the continent dead are now predicting a rebirth for Africa, the awakened giant with nearly incalculable natural resources (around 40 percent of the world's raw materials and 60 percent of its uncultivated arable land), fast-growing markets and a young, highly motivated population.

Indeed, while he was still president of Nigeria, Olusegun Obasanjo proclaimed that the 21st century would be "the century of Africa."

A Second 'Scramble for Africa'?

Here are the facts behind the fiction: No other continent has developed as rapidly in the last decade as Africa, where real economic growth was between 5 and 10 percent annually. In oil-rich countries, such as Angola, it was a possibly record-breaking 22.6 percent in 2007.

A World Bank study shows that 17 of the 50 national economies currently displaying the greatest economic progress are in Africa. The gross domestic product of the continent as a whole — over \$1.7 trillion (€1.3 trillion) — is nearly equal to that of Russia.

Africa is showing its true potential and offers "myriad opportunities" that investors can no longer afford to ignore, says the German consultancy firm Roland Berger.

With not much going on in Europe and the United States at the moment as a result of the financial crisis and ensuing austerity policies, investors and speculators are discovering the African continent, where investment funds that speculate in natural resources, food and agricultural land promise fabulous yields.

This development has historians talking about a potential second "scramble for Africa," comparable to the period in the late 19th century when European colonial powers carved up the continent among themselves and plundered its resources. Now, in the age of globally unleashed capitalism, new

competitors have entered the race, including India, Brazil and smaller emerging markets, such as Turkey. First and foremost in this modern-day scramble, though, is China.

Fresh Beginnings and Leapfrogged Eras

The world's largest economy has overtaken the West to become Africa's most important trade partner. The volume of Sino-African trade amounted to nearly \$200 billion last year. Driven by an insatiable hunger for raw materials and mass markets, China is conquering the continent with such determination that African intellectuals warn of a new form of Chinese colonialism. Still, most Africans see this new global player's involvement as an opportunity to break free of poverty.

Africa's boom can be seen in many indicators: the volume of cars (and accompanying traffic jams) on the streets of its major cities, the glittering shopping malls and the major infrastructure projects. Highways, rail lines, airports, dams, power plants, pipelines and factories are all being built, and megacities such as Lagos, Nairobi, Addis Ababa are seeing the emergence of industrial parks and special economic zones.

It's the start of a period of new growth and fresh beginnings, and many Africans seem more confident now than they have at any other time since the end of the colonial era, in the early 1960s. Economists attribute this to three main factors: political stability, economic reforms and a push toward technological innovation that has gripped the entire continent.

Many countries have become better governed, and Africa as a whole is more peaceful and democratic than it once was. When the Cold War ended, just three out of 53 African nations had halfway functional democracies. Today, that figure is 25 out of 54. Aside from chronic conflict zones — such as those in Congo, Sudan and Somalia — the number of civil wars and military coups has decreased, as has the excessive use of violence.

At the same time, a revolution is taking place in the information and communications sector, as Africa connects itself to the world via modern data highways. Nowhere is the spread of the Internet as all-encompassing as it is between Cairo and Cape Town, and nowhere is mobile-phone use increasing as explosively. There are now 650 million African mobile-phone users — more than in North America.

In Kenya, young local IT experts are doing globally pioneering work in developing innovative mobile-phone applications. Development experts call this "leapfrogging": As Africa catches up on modernization, it is able to skip the industrial age completely and jump straight to the digital future. And free access to information in turn stimulates economic activity, strengthens civil society and brings about societal change, especially in major cities. In this way, the young people and women of Africa are emancipating themselves.

Driving this progress is a new middle class, which the African Development Bank estimates encompasses over 310 million people — roughly equivalent to the population of the US.

'Lion' Nations

Those who have made it into this African middle class don't fit the cliché of the helpless, destitute African. These are self-confident citizens who have jobs, buy apartments and invest in their children's education, just as members of the middle class do around the world.

"The lions are on the move" is the new motto of the African elite, with the phrase being a play on the term "Asian tiger." After decades of decline, African nations are hoping to benefit from the same demographic dividend that made it possible for countries such as South Korea and Taiwan to make a leap of progress. By 2050, at least 2 billion people will live in Africa, accounting for one quarter of the world's labor force.

Skeptics, though, pose the question of whether Africa's current economic miracle might be nothing but a flash in the pan, fueled primarily by high raw-material prices and improving life for only a thin layer of the upper class. In resource-rich countries, such as Gabon and Angola, many people experience those resources not as a blessing, but a curse. While those in power grow rich unchecked, everyone else remains just as poor as ever.

Millions of Africans continue to go to bed hungry. Millions suffer from disease and epidemics. Millions of children attend abysmal schools.

Nevertheless, the economic growth is bearing its first fruits. In many places, living conditions have visibly improved. Child mortality, illiteracy rates and AIDS infection rates are declining, and life expectancy has increased by 10 percent.

Even those with a pessimistic view of Africa are looking on in astonishment as the continent once considered an ailing giant gradually picks itself up off the ground. In fact, Africa's economic successes of the last decade have most likely had more of a positive impact on it than all the development aid it received over the last half-century.

The 'Continent of the Future'?

Is Africa the continent of the future? Economists such as Robert Kappel and Birte Pfeiffer at the German Institute of Global and Area Studies (GIGA), in Hamburg, praise the progress of individual countries. But they also caution against getting carried away by euphoria. The majority of the 48 sub-Saharan nations still fall at the very bottom of the list when it comes to global prosperity, they point out, with few truly having managed to catch up to the rest of the world. Effusive comparisons with the "Asian tiger" nations, they say, are "not very apt."

There's a danger that homegrown problems — government failure, mismanagement, nepotism, endemic corruption and capital flight — could quickly undo the continent's recent accomplishments. If these current changes are to be sustainable, Africans must finally liberate themselves from the kleptocrats who rule them.

In a three-part series, SPIEGEL describes three forces driving Africa's boom: China's economic offensive, the digital revolution and African women's fight for a better future.

Click here for [Part I](#) of the series, on China's booming ties with the continent.

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Billions from Beijing: Africans Divided over Chinese Presence

By Bartholomäus Grill in Bagamayo, Tanzania

DATA: 2013.11.18



Chinese companies have pumped billions into Africa to secure access to natural resources, boosting countries' economies along the way. Ordinary citizens aren't reaping the benefits, though, and have become increasingly wary of the new investors.

In a three-part series, SPIEGEL is exploring fundamental changes occurring in Africa -- a continent the West has long written off, but is now being embraced by other countries. This is Part I of the series. An introduction can be read [here](#), while [Part II](#) explores the digital revolution's transformative impact on the continent and [Part III](#) shows how women in Africa are making great strides.

Everything is as it has always been: decayed rows of houses, weathered doorframes with intricate carvings, potholed dirt roads, fishing boats rotting on the beach and, in the middle of it all, the Boma, a stone fortress built by the former German conquerors in Bagamayo, a sleepy coastal town in Tanzania.

Bagamayo was the capital of the colony of German East Africa from 1888 to 1891, when the administrative seat was moved to Dar es Salaam because the shore in Bagamayo was too shallow for a real seaport. Since then, time seems to have stood still.

"But soon nothing will be as it once was in Bagamayo," says Marie Shaba, "because now the new rulers of the world, the Chinese, are coming."

The 65-year-old radio journalist is wearing a bright, mango-yellow *kitenge*, the traditional dress worn by Tanzanian women. She calls herself a cultural activist. For years, Shaba has been fighting to have Bagamayo, an important arena for the slave trade in the 19th century and for colonial history, declared a United Nations World Heritage Site.

But now Shaba fears that the sleepy town will disappear in the waves of progress.

This spring, Bagamayo was the focus of a story in international business news, when more than 400 newspapers worldwide reported that China was making a low-interest loan of \$10 billion (€7.4 billion) available for the construction of a modern container terminal 15 kilometers (9 miles) south of the city, and also planned to fund the establishment of a special economic zone in the hinterlands behind the port.

"This is good for Tanzania, very good. It's a poor country that will be making a giant step forward," says Janson Huang, 36. It's also good for him and his company. Huang manages the local office of Chinese construction company Group Six International in Dar es Salaam. A short, wiry man with a sparse moustache, he is dressed casually in an open, gray-and-white striped shirt and dark slacks. Huang speaks English well, and he speaks openly and directly.

This is unusual, as Chinese investors tend to shy away from the media. All other inquiries SPIEGEL made with Chinese companies registered in Tanzania were either rejected or not answered at all.

A Win-Win Situation?

The Group Six headquarters, in the Mikocheni industrial area, was not easy to find. The unpaved access road hadn't been named yet. The company is housed in an inconspicuous complex behind high walls topped with barbed wire. Across from the materials warehouse are two red Chinese lanterns, marking the entrance to the uninviting dormitory for the Chinese foremen. The manager's office next door is sparsely furnished with imitation leather armchairs and filing cabinets.

Huang, an engineer, has been working in East Africa for a decade, first in Kenya and then in Tanzania. He likes his new home and wants to stay here with his family. He would like to have a second child, preferably a son.

It wasn't easy to gain a foothold in Tanzania, he says, "but we Chinese are not afraid of taking risks. We see Africa with different eyes than the West, not as a rotten continent, but as an economic region with enormous potential."

Huang's privately owned company has had a hand in constructing many buildings. Most recently, it built the Crystal Tower in downtown Dar es Salaam. "We invest and create jobs. It's a win-win situation for both sides," he says.

The only decoration in Huang's office consists of framed photographs on the wall, which depict him during the presentation of company donations for humanitarian purposes. He is especially proud of a group photo with President Xi Jinping. Huang, a young economic pioneer from China, is standing directly behind China's first lady.

'A Galloping Lion'

The photo was taken during Xi's state visit in late March, when China's newly chosen president signed the investment agreement for the Bagamayo port and special economic zone, as well as 17 other bilateral agreements. The president and party leader had just come from Moscow, and it was no accident that the second stop on his first trip abroad was in Africa.

China, Asia's economic superpower, is hungry for natural resources, energy, food and markets for its products. Africa can offer all of these things: about 40 percent of global reserves of natural resources, 60 percent of uncultivated agricultural land, a billion people with rising purchasing power and a potential army of low-wage workers.

"Our relations are at a new historic beginning," the Chinese president told his Tanzanian hosts. He noted that Africa is one of the world's fastest-growing regions, pressing forward like a "galloping lion."

Xi reminded his hosts of the warm relationship between the Great Chairman Mao Zedong and Tanzania's first president, Julius Nyerere. He also praised the two countries' shared struggle against imperialism and invoked the common interests of all developing countries. "We are true friends," he said. "We treat each other as equal partners."

Before giving his speech, Xi had made a symbolic gesture of handing over a monumental conference center, built by a Chinese construction company in the commercial capital Dar es Salaam, to the Tanzanian president. After his visit, he traveled to the BRICS summit in Durban, South Africa, to do business with representatives from the other states in this group: Brazil, Russia, India and South Africa.

Tanzania is one of the focal points of the Chinese globalization strategy in Africa. In 2011, a large Chinese company invested \$3 billion in coal and iron ore mines in the country. The enormous natural gas reserves off the Tanzanian coast — an estimated 40 trillion cubic feet — are of strategic interest. The China National Petroleum Company is currently installing a 532-kilometer (333-mile) pipeline from Mtwara, a port city in southeastern Tanzania, to Dar es Salaam.

When the pipeline is finished, supertankers docking at the new Bagamayo port will load liquefied natural gas, cooled to temperatures of minus 164 degrees Celsius (minus 263 degrees Fahrenheit), and transport it to the Far East. Mineral ores and agricultural products from Tanzania, Zambia and Congo will also be shipped from the port. The Chinese are also reportedly planning to build a naval base to protect their economic interests along the Indian Ocean.

"History is repeating itself," says Shaba, the journalist and cultural activist. "In the past, ivory and slaves were exported through Bagamayo. Today, it's natural resources."

Slaves once dubbed this town Bagamayo, which means "throw your heart away." Anyone who had not managed to escape the slave traders en route to the coast was lost by the time they reached Bagamayo.

China's economic offensive in Africa began before the turn of the millennium. At first, it was very gradual and inconspicuous. But, since 2000, trade volumes between China and Africa have grown twentyfold, reaching \$200 billion in 2012. China has surged ahead of the old major powers — France, the United Kingdom and the United States — to become Africa's most important trading partner.

A Chinese 'Irruption'

For years, China has engaged in an intensive campaign of visiting the continent. Presidents, heads of the government and ministers have traveled to almost all sub-Saharan countries that support China's policies and do not recognize Taiwan. They have forgiven debt, granted billions in loans, sealed defense deals and handed out generous aid packages. Most of all, however, they have secured access to Africa's natural resources.

China's "irruption onto the African scene has been the most dramatic and important factor in the external relations of the continent — perhaps in the development of Africa as a whole — since the end of the Cold War," wrote Christopher Clapham of Cambridge, England-based Center of African Studies.

There are now more than 2,000 Chinese companies and well over a million Chinese citizens in sub-Saharan Africa. They can be encountered in the major cities, in mining centers and oil fields, on plantations and even in the most remote jungle villages. They include managers and military advisers, doctors and agronomists, engineers and importers, itinerant traders, small business owners and contract workers employed on countless construction sites.

The Chinese are building conspicuous signs of their presence everywhere: presidential palaces, ministries, military barracks, conference centers, museums, stadiums, broadcasting companies, hotel complexes and large-scale agricultural operations. They are renovating railroad lines, paving thousands of kilometers of roads and building airports, dams, power plants and hospitals. Indeed, the Chinese are modernizing a large segment of the continent's infrastructure.

The Washington-based Center for Global Development estimates that, between 2000 and 2011, China provided about €75 billion in aid to Africa for a total of 1,673 projects, or roughly as much as the United States did in the same period. However, it is sometimes hard to tell where profitable investment ends and altruistic initiatives begin.

The competition from the West is often left empty-handed. Chinese state-owned companies operate with less bureaucracy, are faster and cheaper and, as a rule, provide financing for projects with low-interest loans from state-owned banks.

In return for developing the infrastructure, the Chinese receive lucrative licenses to exploit natural resources and fossil fuels. For instance, Angola, a war-torn and marginalized country until not too long ago, has become one of China's key oil suppliers, competing with Saudi Arabia for the top position.

An Unequal 'Marriage'

Other newly industrialized countries — such as Brazil, India and Turkey — have also discovered or rediscovered Africa. But no country is making its presence felt as strongly, from Khartoum to Cape Town, as China. Lamido Sanusi, the governor of the Central Bank of Nigeria, already sees a "whiff of colonialism" in China's activities.

Senegalese intellectual Adama Gaye is even more concerned, warning of a second wave of conquest. In his polemic "China-Africa: The Dragon and the Ostrich," China, the voracious dragon, and Africa, the naïve ostrich, face off as an extremely unevenly matched duo. "They take what they can get," says Gaye, referring to the Chinese. He even accuses them of creating "an apartheid-like culture" through social segregation.

Azaveli Lwaitama, 61, takes a more relaxed view. "The Chinese keep to themselves and are just doing their thing," he says. A lecturer in philosophy, Lwaitama speaks on behalf of the Vision East Africa Forum, a think tank dedicated to the future of East Africa. "We are being globalized at the moment and are experiencing an accelerated battle for a share of our resources." In his view, this is merely capitalism with a different, "Chinese face."

It's hard to understand what Lwaitama is saying due to the deafening noise coming from a nearby Chinese construction site, where pile drivers are pounding steel posts into the ground. Dar es Salaam is one big construction site, with skyscrapers, office complexes and bank towers sprouting up from the ground. The streets are constantly congested, and half of the pedestrians are walking around with mobile phones in their hands.

"We have arrived in the modern world. It all looks promising, but we shouldn't be fooled," says Lwaitama. Despite an economic growth rate of about 7 percent in 2012, the majority of the 45 million Tanzanians haven't benefited much from the upturn. On the contrary, Lwaitama says, the gap between rich and poor has only grown wider.

"The African leaders have married China, the most attractive bride on the world market, and now the West is complaining about its unwanted rival," says Lwaitama. But, he adds, the Chinese are just as motivated by profit as the Americans and the Europeans. "However, they have a key advantage: They are tougher than the whites. They come from poverty and can survive under the most difficult conditions."

The concept of "West is best" is now a thing of the past. Disappointed by Europe and America, where their continent has often been written off as a hopeless case, Africans have instead looked to the Far East. There, they have found a strong ally, one that is mainly interested in doing business and doesn't interfere in their internal affairs. China attaches no political conditions to economic cooperation, unlike the West, which, at least on paper, demands good governance, the rule of law, anti-corruption measures and protections for human rights.

This is one of the reasons that despots like Zimbabwean President Robert Mugabe hold the Chinese in such high regard. Cooperating with China fills their empty coffers and enables them to secure their hold on power. And Africa's dictators are not badgered when they oppress and prey on their own people.

For example, Beijing wasn't overly troubled when the regime in Sudan waged a criminal war of forced displacement in Darfur. It continued to supply the Sudanese government with weapons and blocked resolutions in the United Nations Security Council. Beijing's primary concern was that Sudanese oil would continue to flow. Next to Angola, Sudan is China's second-most important source of oil in Africa.

With Chinese economic dominance, the West's political influence is gradually being eroded. In authoritarian countries like Ethiopia, Rwanda and Uganda, the model of the Chinese development dictatorship, which prioritizes growth over freedom, has long been a welcome alternative to liberal democracy.

At the same time, Europe's and America's cultural influence is waning. China's Xinhua state news agency now has 28 offices in Africa, more than any Western competitor. The state television broadcaster CCTV, which opened a new headquarters in Nairobi last year, is gaining more and more viewers. Instead of airing the usual disaster reports, the station tends to broadcast "good news" from Africa and portrays China as a "true friend."

Growing Resentment and Violence

Nevertheless, there is growing resentment in South Africa, where there are reportedly already 250,000 Chinese. In the townships, the new immigrants are berated as "yellow masters." Among South Africans, the Chinese are often seen as greedy, ruthless and racist, as people who are exploiting Africa, flooding its markets with cheap products and ruining an already weak domestic industry.

Union leaders in Angola complain that Chinese companies are creating too few jobs for local workers. There are rumors in the capital, Luanda, that the Chinese are using prisoners as forced laborers on construction sites.

In Zambia, there are frequent protests against the starvation wages and inhuman working conditions in Chinese-run coal and copper mines. Chinese guards have repeatedly fired on striking miners in recent years, causing bloodbaths. One of the miners, after being struck by a bullet in July 2006, said: "They simply don't see us as human beings." Angry workers killed a Chinese manager during a wage dispute in August 2012.

In Zimbabwe, Chinese products are called *zhing-zhong*, or junk products that don't last. Chinese vendors were recently attacked in the Kariakoo market in Dar es Salaam. "They undercut every price and are spoiling our business," says a woman who runs a shop at the market.

A Gold-Rush Mentality

"What's all the fuss about? There's free competition everywhere in the world," says Janson Huang, the manager of the Chinese construction company in Tanzania. "We use our opportunities and are doing exactly what the West has done for centuries." The accusation that Chinese companies only hire Chinese workers is unfair, says Huang, noting that his company employs about 1,000 local workers and 50 Chinese in management positions. He says he encourages them to learn the official language, noting that it's important to adjust to the local culture.

Huang contradicts the cliché of the predatory Chinese pouncing on Africa. But now Huang has to cut our conversation short, as both of his smartphones are buzzing. The calls are about major projects in Bagamayo, where bids are being solicited. His company is expecting lucrative contracts.

India's Kumar Group plans to build a gas-fired power plant in Bagamayo, while a Japanese consortium has already submitted designs for the port facility. In recent years, HeidelbergCement, a German company, has invested \$130 million in its subsidiary in Wazo Hill, a town in the special economic zone.

The gold-rush mentality is creating mixed feelings in Bagamayo. "People are anxious because they're not getting any information at all. Even the city administration doesn't know what lies ahead," says Baraka Kalangahe, 53, a project manager for a small environmental organization that is trying to protect the fragile ecosystem along the coast.

"Young people are hoping to get work, but many no longer believe it'll happen," Kalangahe says. She talks about fishermen worried about their future and about a small coastal village that was recently emptied out. "The government simply relocates people, offering little compensation in return," Kalangahe says. But, she adds, at issue is a project of continental importance, by far the largest port in Africa, which is projected to handle 20 million shipping containers a year.

But will it be a success story for Tanzania? The most recent Africa Progress Report serves as a warning to the government. In it, a panel headed by former UN Secretary-General Kofi Annan concludes that Africa would lose about \$38 billion a year due to non-transparent natural resource deals and tax avoidance, a loss far greater than the development aid it receives.

Winners and Losers

In the current boom, which is primarily driven by China's offensive, the old asymmetry is still in place: Africa remains a supplier of natural resources, while added-value creation occurs somewhere else.

"A small clique gets rich, while the masses remain poor. That's the curse of the natural resource bonanza. But we have the opportunity to change this," says Godwin Nyelo, 52, a geologist and adviser to the Tanzanian government on mining issues and a member of the board of an Australian uranium company. He lives in Wazo Hill, where the newly established special economic zone is practically at his doorstep.

Nyelo often travels abroad to dispel doubts and recruit investors. In a PowerPoint presentation called "East Africa: The Big Leap Forward?" he shows a chart that looks like a colorful treasure map. His country's resources are identified on the map: gems, gold, copper, nickel, cobalt, magnesium, phosphate, kaolin, coal, iron ore, uranium and natural gas — all the things the global economy desires.

"The government is planning a transparent resource-management system," Nyelo explains. "We aim for sustainable development, and we want all Tanzanians to benefit from prosperity."

In the coastal city of Mtwara, where the Chinese-financed gas pipeline is to begin, people already feel cheated. They want a gas processing plant to be built in the region, which would provide jobs. When riots broke out about six months ago, the government sent troops to Mtwara, and several demonstrators were killed. Eyewitnesses spoke of "civil war-like conditions."

The Tanzanian government is promising a rosy future, but the *wananchi*, or ordinary citizens, have become suspicious. A government-appointed commission estimates that corrupt politicians and businesspeople have already deposited about \$5.9 billion in illegal earnings into foreign bank accounts.

Shaba, the cultural activist, fears that the cunning negotiators from China and other countries will take advantage of the naïve and corrupt government officials. "It's very tempting for them," she says, "because we're like chickens, which can't fly." Africa is in the process of being divided up a second time, she adds, just as it was at the 1885 Berlin Conference attended by European colonial powers.

Shaba is standing at the jetty in Mbegani, gazing out at the mangrove islands in the turquoise-colored bay. Soon this idyllic scene will have to make way for the new port. Then giant ships will put out to sea from Bagamayo, loaded with the riches of Africa.

Translated from the German by Christopher Sultan

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Stumped: Black Forest Conservation Gets Controversial

By *Alexander Smoltczyk*

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The regional Green government plans to create a national park in the northern Black Forest, much to the consternation of many locals. Although well-intentioned, the state project has unleashed a culture war.

Andreas Fischer's home overlooks a meadow lined by a classic German forest of spruce trees, their tops adorned with wisps of early morning fog. But he isn't looking at the view.

He knows what his forest feels like, how it smells and even sounds different every morning. Fischer is a staunch advocate of forest conservation, which is why he has four flat-screen monitors set up next to

the view, arranged next to each other in an arc, like a second horizon. This is his office, his control center, his "war room." Fischer, an IT consultant from Hundsbach in the Forbach district of the Murg River Valley, has been waging a war for the last year and a half, and he'll continue doing so, if need be. Fischer, like his forest, isn't in a hurry.

The future of that forest is at stake.

Alexander Bonde lives behind the Hundsbach spruce forest, in Mitteltal, part of the Baiersbronn community. He is one of Fischer's neighbors, but he is also a minister in the state cabinet in faraway Stuttgart. He too has his office on a hill, and he also has a nice view. Bonde looks down at Stuttgart's main train station, the construction site of Stuttgart 21, the urban renewal project to which Green Party politician Bonde, the state of Baden-Württemberg's Minister of Rural Affairs and Consumer Protection, partly owes his position.

Bonde has a minimalist cuckoo clock hanging in his office, is fond of wine festivals and likes wearing a loden jacket.

As far as Fischer is concerned, this man in loden is an ideology-driven eco-dictator. The minister, for his part, sees Fischer as a dangerous demagogue with a murky background. The two men have one thing in common: a certain love of the forest.

More precisely: the Black Forest, a wild region of southwestern Germany not traversed by any autobahn, but rather by mostly narrow roads wedged in between the thick evergreen forests, roads that quake under the weight of lumber trucks. The region, with its granite and red sandstone, the Höllental valley and the Wutachschlucht gorge, abounds with clichés and myths alike.

Fighting over the Forest

On Oct. 23, Minister Bonde stood before the Baden-Württemberg state parliament. A bill on the establishment of a Black Forest national park was the first item on the agenda. Under the proposed legislation, 10,000 hectares (24,710 acres), or 100 square kilometers (39 square miles) representing 0.7 percent of the state's forests, would be returned to nature.

Bonde talked about the three-toed woodpecker, the European redstart and the *Herichium* mushroom. He seemed more nervous than usual. He talked about civic activism and creating buffer strips against swarms of destructive insects, to protect the adjacent privately owned forests. He also mentioned people like Andreas Fischer, along with other skeptics and opponents of the proposed park in the neighboring communities. As he concluded his statement, he pulled out a black-and-white photo. It depicted two wide-open, startled-looking eyes, with a beak in-between. "It's all about him," he said, his voice raised. "It's about him, the pygmy owl."

This isn't a question of nuclear waste disposal or open-pit mining on the Hornisgrinde mountain. But the proposal to establish a national park in the northern Black Forest -- which has gone virtually unnoticed in the rest of Germany -- has led to a culture war, complete with protests and resistance against a large-scale conservation project that some residents of valleys in the northern Black Forest perceive as bullying by the Green Party.

Should the forest be left alone or used for commercial purposes? If only it were that easy. And because the German debate over forested landscapes is always about more than just trees, the protests are by no means peaceful. In fact, at times they can be downright sinister and oppressive.

Park proponents have had their tires slashed. People in local clubs no longer greet each other. Some become the targets of malicious gossip, threats and bullying. The issue has even divided some families. There are signs at town entrances depicting a diagonal red line drawn through the word "National Park," not unlike the posters that were used by anti-Stuttgart 21 demonstrators. But the Black Forest signs are in green.

When Baden-Württemberg Governor Winfried Kretschmann made an appearance in the town of Bad Wildbad, he was greeted by protesters singing the traditional song "Oh Black Forest, My Home." One heckler shouted: "Judas! Bastard!"

One local town council member was so ashamed for his fellow citizens that he resigned. But where does this rage come from? A forest ranger from Alpirsbach even wrote a thriller inspired by the issue, featuring a politician who gets a dead cat tacked to his door and ends up kidnapped, stuck into a bag and hoisted up a huge tree. The politician is a Green Party member and comes from Baiersbronn.

Virulent Opposition

Is this the kind of place that someone like Bonde wants to continue calling home? It's a question activist Andreas Fischer poses, as he sits in his office in Hundsbach, surrounded by monitors, whiteboards and hunting trophies. He says a few other things, but he doesn't want to see them in print.

Fischer is the strategist for the anti-park resistance movement. His group, "Our Northern Black Forest," fears that the forest could soon look like a cemetery, dotted with dead, gray spruce trees, because the bark beetle will ultimately be the only creature to benefit from the new wilderness.

Fischer loves his stretch of forest, and he loves hunting there. Most of all, though, he loves to ambush the state government in faraway Stuttgart.

He has managed to turn a widespread skepticism into a political movement. The banners at town entrances were his idea. He also invited Alexander Niemetz, a former anchorman for the ZDF television network, to talk about "virtuous terror" and the "bullying Green dictatorship." Niemetz's remarks were well received. And that was the goal, wasn't it?

In addition to hunting trophies, Fischer collects memorabilia from the early days of the computer. He is no forest demon, and it's easy to underestimate him, because words are his weapons. But he also has a knack for producing hard-hitting rhetoric, phrases like "they're turning us into laboratory rats," "eco-colonialism" and, in a play on the title of a German Christmas carol, "Here Come the Little Bugs." His slogans later appeared on signs attached to the tractors driven by local farmers. Fischer knew all too well that his words would cut to the quick of the new lawmakers in Stuttgart, with their roots in civic activism, especially in the case of Minister Bonde.

"We had expected that the plan wouldn't be greeted with open arms," Bonde says in Stuttgart. But he was surprised by the virulent opposition from deep within the rural northern Black Forest region.

Future national parks are likely to be located at some distance from urban areas. They are being planned in places that are home not only to the three-toed woodpecker but also other casualties of modernization,

such as the darkest corners of the Black Forest. Suddenly people are remembering incidents like the fire that burned down a building slated to be a residence for asylum seekers. The perpetrators were never found. If the forest represents the German soul, the northern Black Forest is certainly not its most enlightened side.

Balancing Priorities

For local residents, it seems perverse that the Greens are suddenly in power in Stuttgart. Forest managers are still members of an organization called the "Murgschifferschaft," a relic from the days when wooden rafts plied the Murg River, and its bylaws are based on old German laws. Nevertheless, it's a lively group, and local activist Fischer is a member of its board of directors.

When Bonde first assumed office, in March 2011, a "search zone" for a national park had already been established. It consisted of two areas totaling 10,000 hectares. The project had already been pursued in the 1990s by the then minister, a member of the center-right Christian Democratic Union (CDU), but was postponed in response to pressure from the Murgschifferschaft, sawmills and forest owners.

Since then, the German government has decided that 5 percent of the country's forested areas are to be returned to the wild. Germany has signed the United Nations Convention on Biological Diversity, says Bonde. "As a wealthy, exporting nation," he notes, "we cannot expect Brazil to leave 25 percent of its rainforest untouched, while we don't even devote 0.7 percent of our government-owned forests to biodiversity. Others are paying close attention to what we do."

And then there are the expectations of the conservation lobby, which includes organizations ranging from NABU (Nature and Biodiversity Conservation Union) to Greenpeace, groups whose agendas reflect the aims of the Green Party. The national park project is outlined in the Kretschmann government's coalition agreement. It wanted the park, but it was determined not to allow the issue to be overshadowed by so much as a hint of the arrogance of power. That was what led to the collapse of the CDU-led governments of former CDU Baden-Württemberg Chairman Hans Filbinger, former Governor Lothar Späth, Erwin Teufel, the former leader of the CDU faction in the state parliament and former CDU Governor Stefan Mappus, amid a chorus of catcalls from citizens holding up abusive signs.

The new state government, a coalition of the Greens and the center-left Social Democratic Party (SPD), promised dialogue — although, in a nod to his role model, the philosopher Hannah Arendt, who believed in the power of civic engagement, Kretschmann said: "Citizens are heard, but not obeyed."

Rarely in the history of postwar Germany has a relatively insightful piece of proposed legislation been prepared so meticulously. But at stake was the forest, after all. And nothing brings out the Germans' urge to protest quite as strongly as their concern for trees.

Bonde hired a professor from the University of Stuttgart specialized in conflict management to organize civic participation in accordance with scientific methods, including a "Forest and Wood Cluster" and the "Auerhuhn Regional Task Force." The professor developed risk analyses and courses of action, as well as four modules that included representatives of local communities, associations, forest rangers, conservationists and hoteliers.

The results were packaged, debated, compared and incorporated. Citizens were provided with brochures, complaint forms and an Internet forum. Everyone had an equal say, from the "Grouse Task Force" to the top chef at the Schwarzwaldhof Hotel and the owner of a small sawmill in Hinterseebach.

The final, 1,200-page report by PricewaterhouseCoopers arrives at the predictable result: If large-scale and undisturbed process protection is to be made possible in Baden-Württemberg, there are no viable alternatives.

But when Governor Kretschmann and Minister Bonde arrived in Bad Wildbad to explain to the public the results of their participation -- broadcast live on the Internet -- they were confronted with signs bearing legends such as "Democracy in a Chokehold," "Here Come the Little Bugs" and "No Nature Ghetto for Weekend Eco-Activists." They were already familiar with the tone of the protests. Fischer and his organization were apparently not convinced.

"We really did everything," says Bonde. "All arguments were put on the table. But the local communities don't have a veto. The forest belongs to all Baden-Württemberg residents. Besides..." he says, before being interrupted by his cuckoo clock, "every forested national park was highly controversial at first. We're still in pretty good shape by comparison."

A majority of residents in seven surrounding communities have spoken out against the project.

In Baiersbronn, 78 percent of residents were opposed. But four of the town council members directly affected by the park voted for it, as did three towns and administrative districts, no matter which political party was in power there. According to a Forsa poll conducted in August, more than two-thirds of respondents in both the region and the state have no objections to the national park.

Feelings Versus Factual Arguments

But democracy isn't mathematics. Wolfgang Tzschupke heads the Free Voters' Group in the town council of Freudenstadt. Tzschupke, a retired forestry professor with a neatly trimmed moustache, is deeply opposed to the national park. "It does nothing for conservation or the regional economy."

He is looking at the PricewaterhouseCoopers report, marked with yellow Post-it notes. Tzschupke calls himself "more of the planning type." Nevertheless, the self-assurance of the Stuttgart planners makes him suspicious. "Who knows if that many visitors will truly show up, once the bark beetle starts killing off large numbers of trees."

The government's figure of 0.7 percent is on everyone's lips. But for the town of Baiersbronn, a third of its forested land is at stake. The people there feel that they are being talked down to. They also fear that they will soon be dealing with even more government agencies, restrictions and prohibitions.

It's not a question of feelings, says Tzschupke, but of what he calls "factual arguments." He is referring to insect swarms, populations of hoofed game and new-growth forests dominated by spruce trees. "Is it smart to make forests off-limits to commercial exploitation if we need renewable resources? Biodiversity also exists in forests that are managed in ways that approximate nature." The idea of 10,000 hectares of forest remaining unutilized makes the retired forestry scientist feel uncomfortable. Listening to him, one is reminded of something the Austrian writer Robert Musil once said: "A German forest doesn't do this sort of thing."

The law is likely to be passed this week and will probably come into effect at the beginning of next year. It provides for a 30-year transition period to allow the lumber industry to adjust. The loss of 27,000 solid cubic meters of lumber a year represents merely a fraction of the 8.5 million logged in the entire state of Baden-Württemberg.

For Tzschupke, this is a typically Green calculation, the sort of thing that only amateurs, the false friends of the forest, would think of. "The quality of wood we have in the planned national park isn't that easy to find elsewhere. The small sawmills need this natural resource."

The entire public debate is hypocrisy, and the concessions are nothing but the sale of indulgences to conceal dogmatism, says Tzschupke. "Everything was decided from the start. That's my frustrating experience," he adds. His sober appearance belies his beliefs. "As long as things are done in a civilized way, our chances are slim. In the case of Stuttgart 21, the round-table discussions didn't happen until after the situation has escalated." The understated appeal of the protest method known as the black bloc, in which protesters wear clothing to conceal their identities, even exists in Baiersbronn, it seems.

A Fairy-Tale Landscape

The northern Black Forest, as dark and wild as it is, is no Grand Canyon or Yosemite Park, but a cultivated landscape that has been used for pasture and logging for 500 years. There are medieval silver mines in the region, and the streams have been dammed to create basins for rafting, sawmills and fly-fishing.

Some 70 percent of the forest now consists of spruce, where silver fir and beech trees once grew. It would take centuries to reestablish the forest's original condition without human intervention. And who has that much time?

Wolfgang Schlund does. The forest and meadow biologist is the head of the conservation center on Ruhestein pass, above Baiersbronn. He is one of the passionate supporters of the project, and he stands a good chance of being named director of the national park.

Schlund, apparently unimpressed by the heavy rain, is making his way through the "protective forest" around a lake at the base of Hornisgrinde Mountain, an area that offers a taste of what "process protection" and "biodiversity" would mean for the region. More than a century ago, the Royal Württemberg Forestry Directorate declared the forest a fully protected reserve. In 1922, forestry official Otto Feucht described the reserve as a place "where trees are still allowed to grow in the way nature intended, upright until advanced age, then collapsed and gradually disintegrating, creating new soil for a new generation."

The reserve has turned into a fairy-tale landscape. The slippery path crosses gnarled roots and sharp sandstone outcroppings. Everything is oozing and rushing and gurgling, and yet it is so quiet and deserted that you can almost hear the sound of your own blood coursing through your veins. There are isolated ancient trees with crowns that disappear into the milky haze, towering over bilberry bushes, bentgrass and limp ferns. Schlund talks about the silver fir bark beetle, and about the 260 species living in the stump of a dead tree. Schlund doesn't think in terms of 10-year or 20-year periods. He wants people to still be able to experience a wild forest in the year 2513.

"Our forests are generally too young," he says. "We need a mosaic consisting of a wide range of stages, from fresh, green saplings to dead wood. Small, scattered conservation areas aren't enough. We need a big area." And only in the northern Black Forest is there still a sufficient amount of unpopulated state-owned forest to make a national park possible at all. It's a one-time opportunity.

Letting Nature Be Nature

Opponents of the project say that a "biosphere reserve" or a "nature park" would have been enough. The protective provisions are not quite as strict, and both tourism and forestry can be allowed to continue. But that is precisely the point, says Schlund: not keeping things as they are. A nature park is intended to protect a cultivated landscape. In contrast, the goal in creating a national park is to allow natural processes to unfold with as little human interference as possible. In essence, the goal is simply to allow nature to be nature.

The state already owns the land, so that no one will be dispossessed. "People can continue to forage for mushrooms and go snowshoeing in the winter," says Schlund. He has explained this to citizens again and again, at more than 160 events. So what are they afraid of? "I can understand that some people find it very upsetting to see a tree trunk simply rotting away. They want to use the wood."

Schlund understands that some people are uneasy about the term "wild animal management" being used instead of "hunting." Local residents are suspicious about the degreed "bug counters" from Stuttgart. Their feelings are part of a rebellious attitude toward intervention in general and the perception of a new kind of corrupt alliance in particular, one made up of conservation groups, Greens, ecologists and the media, which seems to be getting more powerful and concentrated.

"Perhaps we made the mistake of not stating clearly enough that it is isn't a matter of whether but of how this happens. The question of whether will be decided in the state parliament. We warmly welcome those in the region who want to be part of it."

Schlund points to a soaring gray shaft without branches, the skeleton of a spruce tree that's been decimated by insects. "But the creatures that live here aren't interested in what the forest looks like. They want to survive the winter. The forest is what they live on."

Schlund is referring to the woodlouse, for example, and the bugs, worms and fungi that have a completely different take on what a fulfilled life in the forest is like than hunters and foresters and the members of the *Murgschifferschaft*.

Reinvigorating the Region

Schlund and Tzschupke could hardly be more unlike. Tzschupke is part of the old school of forestry science. For him, the bark beetle, all civic activism aside, is not what Schlund calls an "agent of transformation," but a pest that will destroy everything unless it is stopped. The two men represent two different concepts of both the forest and the world.

An old border runs through the future park. The stone markers are still there, now covered by protective forest. It's the border between the historical states of Baden and Württemberg, a cultural watershed. To the west of it lies Baden, a region of valleys that feed into the Rhine River plain. The region to the east, with its ravine-like valleys, is "Pietcong" terrain, the province of the Württemberg state church. For Protestants, a national park is a sin, purely as a matter of principle. "Turning over the northern Black Forest to the forces of nature is not in keeping with the biblical mission to cultivate and preserve creation." These were the words of Sabine Kurtz, a member of the state parliament, chairman of the Protestant Working Group of the state CDU organization, and the wife of a chief forester.

Where does nature begin, how much intervention can it tolerate, and what kind of nature is the average tourist looking for? There are so many questions for town officials to ponder, questions hovering somewhere between philosophy and tourism. The park will become a reality. Last Monday, Andreas Fischer, the head of the resistance movement, presented the concept of a "citizens' national park," together with the CDU opposition, to officials in Stuttgart. It's a light version of the proposed park, much smaller and, above all, open to unlimited hunting and logging. But it is political dead wood.

"That ship has sailed," says a mayor who was actually opposed to the park. Even project opponents admit that it's time to start thinking about the future of the northern Black Forest. It isn't exactly a thriving landscape. Local sawmills are struggling to compete with the prices of international logging companies. Many sawmills have already been shut down, while others are still searching for their ecotope.

The numbers of overnight stays are declining everywhere. Traditional Black Forest tourism, with its bed-and-breakfasts and hotel signs in Old German lettering, is no longer in demand. The PricewaterhouseCoopers report estimates that the national park could attract three million visitors a year, which is optimistic. Wolfgang Tzschupke accuses the report's authors of "methodically incorrect calculations."

Nevertheless, there is probably no other alternative to reinvigorating the region. In Forbach, the town where park critic Fischer lives, an investor plans to build a nature park hotel, complete with tree houses, outdoor education and a tree top walk. He has only been waiting for the first reading in parliament and the minister's speech, says the investor.

Fears, Fatigue and Foresight

There is a path that runs along the side of the hill up on Ruhestein Pass. The land drops off sharply to the left, and the Schwarzwaldhochstraße, or Black Forest High Road, is visible down below, between the spruce trees. Everything is clear toward the front, where the bedrock ends and the horizon expands across the Rhine plain, all the way to the Vosges Mountains in France. "People are filled with an old fear that their forest will be taken away from them, by outsiders and people from the city with university degrees," says Friederike Schneider. "That's in their heads. You can't get to that."

Her family has lived in the region for generations. When she was a child, when everyone was talking about forest dieback, Schneider wanted to save the forest. Now the 23-year-old is studying forestry science, volunteering as a ranger in the protected forest and has successfully run for a seat on the Baiersbronn town council. The mutual hostility at meetings was sometimes hard to bear, she says. "Maybe it's really because of the narrow valleys." And now, she says, she feels that there is nothing but fatigue over the issue. People avoid talking about it, because it's too close to the bone.

It snowed for the first time during the night. "I love the protective forest. I'm so thankful that someone decided, a hundred years ago, to leave this piece of forest alone."

The sun is just beneath the clouds, illuminating the Rhine plain. The terrain dips steeply down to the plain, with the greenish-black color of the forest in the foreground, interspersed with the last yellowish-red leaves of the beech trees, and Alsace in the distance. The Strasbourg Cathedral is even visible. It's undeniably beautiful. "And then I think about how much people, 300 years from today, will appreciate what we did," says Schneider.

And, with all due respect to the pygmy owl, those are the ones who ultimately matter the most.

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Behind the World Cup: Brazil's Crumbling Football Dream

By Jens Gluesing

DATA: 2013.12.02

It's known as a football mecca, but as Brazil prepares to host the World Cup it's clearer than ever that its infrastructure for the sport is crumbling. Now Brazilians have turned the global competition into a symbol for the country's mismanagement.

The São Cristóvão FR home pitch is located in the shadow of a concrete highway overpass in Rio de Janeiro. The mortar is crumbling from the walls. There are holes in the lawn. The words "The phenomenon was born here" are printed in large, black letters on the stadium wall. It's a reference to football legend Ronaldo, who began his world career as a player for the São Cristóvão youth team.

Rodrigo Sant'Anna, a 20-year-old striker for the club since January, had always dreamed of playing on this pitch. He wants to become the next Ronaldo. For him, the pitch symbolizes the Brazilian dream.

Sant'Anna is one of the top talents currently playing for the club, which last won the local championship in Rio de Janeiro in 1926. But Sant'Anna takes the train to practice every day. He lives with his parents and three siblings in a tiny apartment in downtown Rio. He pays for his own tickets. He was told that the club has no money to subsidize his train fare. The São Cristóvão training ground, next to the stadium, consists of a few bumpy pitches, and the locker rooms are in dilapidated, barracks-like buildings.

It doesn't bother Sant'Anna. It's what he's used to, he says. Before coming to São Cristóvão, he played for a third-division club in the suburbs. The conditions were much worse there. He had to pay for his own beverages, and there was no water in the showers. Nothing worked without "propina," or bribes. "Fathers would give the coach money so that he would let their sons play," says Sant'Anna. His father didn't pay, so he was often relegated to the substitutes' bench.

But all that counts at São Cristóvão is how good you are, says Sant'Anna. He firmly believes that.

Why Stay in Brazil?

Brazil is famous for its football players (or soccer players, as they are known in North America), and professional clubs from Europe have been luring away the best talent from the market for decades. But most of the clubs in Brazil are in terrible condition. They suffer from mismanagement and corruption, and the players are advised by dodgy agents, who promise them everything under the sun. Given that, why should top players stay here?

São Cristóvão is one of the biggest training clubs, a jumping-off point for young talent. Many of the young players live in two large dormitories on the club grounds, next to the locker rooms. They come from all over Brazil to São Cristóvão to begin their careers. Players' agents linger in the hallways, and even visitors are approached by mothers who praise their sons as future Ronaldos.

Sant'Anna's agent is his cousin. It isn't quite clear how well connected he is in the football world, but Sant'Anna has great confidence in him. The striker is being touted as a budding talent — he is fast, agile and rarely far from the ball. He hopes to make it into Germany's national league, the Bundesliga. He has heard amazing things about life as a footballer in Germany. The stadiums are full, salaries are paid on time and there is even water in the showers.

Few Spectators

Brazil is hosting next summer's World Cup, and on Friday, Dec. 6, the groups will be determined in the Atlantic resort town of Costa do Sauípe. At the gala event, the country of Pelé and Ronaldo will portray itself as a modern football paradise.

But the reality of football in Brazil will be on full display two days later, at the final championship match in Série A, the top professional league, where the stadiums will once again be practically empty. This season, the size of an average crowd at first division matches was only 14,500. Brazil's elite league ranks only 16th in global spectator statistics, behind both the German second league and Australia's A-League.

"I was really surprised to see how few people come to this stadium," says Dutch footballer Clarence Seedorf, who has been playing for premier-league club Botafago in Rio since the summer of 2012. When a player shoots a goal, the shouts of radio reporters are often louder than the cheers of fans. "They don't have the same football culture here as we do in Europe," says Seedorf.

Many fans can't afford ticket prices of up to €140 (\$190), and the threat of violence and muggings discourages others from going to stadiums. Fans are also deterred by absurd kick-off times: Because telenovelas achieve higher TV ratings than professional football, matches often don't start until about 10 p.m., after primetime TV programming is over.

Deep in Debt

In the run up to the World Cup, efforts have been made to improve Brazilian football's image -- old stars like Ronaldinho were brought back from Europe and stadiums were modernized -- but these were merely cosmetic efforts. "Brazil is no longer the land of football people are constantly claiming it is," says respected sports columnist Juca Kfoury of the São Paulo daily newspaper *Folha de Sao Paulo*.

In June, Neymar da Silva Santos Júnior, the captain of Brazil's national team, the Seleção Brasileira, switched from FC Santos, in the south east of the country, to FC Barcelona. Of the 20 clubs in Série A, eight are deeply in debt, owing a total of €1.3 billion. Rio's most famous club, Flamengo, is €240 million

in debt. The cash-strapped clubs haven't been paying their social security and pension insurance premiums for years, and players are only sporadically paid their salaries.

The Brazilian Football Confederation, CBF, is doing nothing to correct the situation. Its officials devote most of their efforts to marketing the Seleção, the only team capable of regularly attracting large crowds in Brazil.

New Protest Movement

"Our football hasn't evolved in decades," says 30-year-old Paulo André, a defender with Corinthians in São Paulo, one of the clubs which, thanks to its modern management, is still in good shape. As a young talent, André arduously worked his way up through the lower leagues, where he was paid starvation wages. He finally made it to France, where he had a career with FC Le Mans before returning home to Brazil four years ago.

Three months ago André, who has written a book about his experiences in professional football, joined with other players to form a protest movement called "Bom Senso FC," or "Common Sense Football Club." The group is calling for a fundamental restructuring of Brazilian football.

Almost all the professional players in Série A are overworked. In addition to the regional and national championships, they participate in the Copa do Brasil, a nationwide competition, as well as the South American championship, the Copa Libertadores. Some footballers play up to 90 matches a season, or about 30 more than a player with FC Bayern Munich.

"We often have to play three times a week. We are run into the ground, and there isn't enough time to recover from injuries," says André. In early November, José Maria Marin, the president of the CBF, invited representatives of Bom Senso FC to a discussion at the confederation's headquarters in Rio, but the meeting yielded little. Now the players are taking their protest to the stadiums. Before important matches, the opposing teams embrace each other and unfurl protest banners. A players' strike shouldn't be ruled out, either, says André. "If the CBF doesn't react, we'll resort to tougher measures."

Threat to Officials in Power

Bom Senso FC poses a threat to the mafia of officials that has controlled Brazilian football for decades. CBF President Marin was a staunch supporter of the military dictatorship that ruled Latin America's largest country from 1964 to 1985. As a member of the São Paulo state parliament, he once gave a eulogy for one of the military junta's most notorious torturers. Marin was brought into office by his predecessor and patron Ricardo Teixeira, who allegedly received large sums of money in bribes and has since left the country to live in Florida.

When Brazil was chosen to host the World Cup six years ago, Teixeira naively promised that the necessary stadiums would be built entirely with private funds. It has since become clear that most of the burden will fall on the taxpayers. During the Confederations Cup in June, millions of citizens took the streets to protest against government waste. Some of their rage was directed against the corruption in Brazilian football and the expensive costs of the World Cup stadiums.

For young, well-educated citizens, conditions in Brazilian football are a symbol of the country's broader mismanagement, and Corinthians defender André believes there will also be protests during the World

Cup. He isn't troubled by the possibility of mass protests overshadowing the tournament. On the contrary, he says, "the protests are more important than the World Cup."

More than a thousand professional players have already joined Bom Senso FC. One of the activists' objectives is to reform the system that promotes young talent. Clubs like São Cristóvão are the lifelines of Brazilian football, because they train the players who will eventually play in Série A and the national team. But the clubs see almost none of the TV and advertising revenues the CBF collects.

Rebooting a Venerable Club

On the grounds of the São Cristóvão stadium, there is a club museum where dusty trophies and yellowed photographs attest to the club's illustrious past. Some of the images depict the stadium with its stands filled with spectators. Today matches at the Arena Figueira de Melo, as it is called, rarely attract more than 100 people.

To raise money, the club rents out its grounds for barbecues and samba festivals. In the coming weeks, São Cristóvão will take some of its young talents on a promotional tour of sorts. They call it the "Bye Bye Brazil Tour," during which the young footballers will have a chance to demonstrate their skills in exhibition matches. Every year, some of the best players are signed on the spot, both by higher-ranked clubs and managers with connections in Europe.

Rodrigo Sant'Anna isn't on the list for this year's promotional junket. Carlos Alberto Ferreira, the general manager of São Cristóvão, has promised him a contract with a fixed salary. Sant'Anna doesn't know where the club expects to get the money to pay him.

Perhaps a planned marketing campaign will do the trick. The club wants to rename its stadium the Ronaldo Arena. Of course, the football idol, who most recently served as an ambassador for the 2014 World Cup, will have to appear in person, says Sant'Anna. Such an appearance would likely attract large crowds back to the arena. After all, general manager Ferreira argues, Ronaldo "still owes us something."

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Olli Heinonen on Iran: 'This Is a Step Forward, Without a Doubt'

Interview By Erich Follath

DATA: 2013.12.02



Former IAEA deputy secretary general Olli Heinonen says the nuclear deal with Iran is an important one, with verifiable results and a timetable for a final agreement. Still, he argues, "there is no reason to celebrate."

Olli Heinonen, born in Finland, worked for the International Atomic Energy Agency (IAEA) in Vienna for 27 years, most recently as its deputy director general. During his time at the IAEA, he also oversaw its efforts to monitor and contain Iran's nuclear program. Heinonen is currently a senior fellow at the Harvard Kennedy School of Government's Belfer Center for Science and International Affairs.

SPIEGEL interviewed Heinonen last week about the interim nuclear deal reached between the West and Iran in Geneva.

SPIEGEL: Mr. Heinonen, what does the Geneva agreement represent — is it an historic breakthrough, like many in the West believe, or an historic mistake, which is how it was described by Israeli Prime Minister Benjamin Netanyahu?

Heinonen: I think this is a step forward, without a doubt. However, there is no reason to celebrate. The interim agreement is not perfect, but at this stage, using a Chinese proverb: It is better to have a raw diamond than a perfectly polished pebble.

SPIEGEL: What makes the agreement worthwhile in your eyes?

Heinonen: It ensures that a process is finally moving forward. And indeed with verifiable results, including a timetable for a final agreement that is meant to roll back Iran's nuclear program. Another positive aspect is that in the next six months, Iran may not take any action, which could bring it closer

to a bomb. The largest obstacles for a final agreement, however, still lie ahead of us and it is by no means certain that they can be put to one side.

SPIEGEL: What is making you skeptical?

Heinonen: Nothing in the Iranian nuclear program is being dialed back; at best it is a freezing of important elements. Not a single one of its 19,000 centrifuges in its nuclear facilities will be mothballed or dismantled in the next six months; they will be able to continue enriching uranium ...

SPIEGEL: ... but only up to 5 percent, a low degree, which is far from being weapons-grade material. And US Secretary of State John Kerry even denies that Iran is allowed a fundamental right to enrich uranium. The Iranians interpret the wording quite differently, and are celebrating even this minor concession as a great success. Who is right?

Heinonen: It's a question of semantics. In the preamble of the agreement at any rate it states that they will keep enriching. Even though, admittedly, no longer up to 20 percent.

SPIEGEL: Is that bad? Do Japan, Germany and Brazil not also do that?

Heinonen: Here there is this history: Tehran again and again operated facilities that were not declared as required by the Non-Proliferation Treaty (NPT). In my time at the IAEA, the Iranians hardly ever worked without any reserve capacity. They have never put all their eggs in one basket. You can't rule out the possibility that they also now have a secret factory somewhere. This has not been the case with Japan, Germany or Brazil. They are all enriching uranium, but are in compliance with their NPT undertakings.

SPIEGEL: The newly elected president of Iran, Hassan Rohani, has created a very different political climate and has struck a moderate tone towards the West, quite different from that of his predecessor, Mahmoud Ahmadinejad.

Heinonen: That's right. Building bridges is important, combined with clear control mechanisms. That is why I also find it good that it is expressly stated in the first step agreement that there shall be no new enrichment sites.

SPIEGEL: According to the agreement, Iran will reconvert the material it has enriched to 20 percent into harmless uranium oxide. A heavy water reactor at Arak, which could open up a second route to the bomb for the Iranians via the production of plutonium, cannot be built. There will now be the possibility of daily inspections for the IAEA inspectors in most plants. That sounds promising, doesn't it?

Heinonen: I am not saying that there was no progress, although the daily visits are confined to the facilities at Natanz and Fordo. Uranium oxide is not harmless, but it takes additional time to convert it back for feeding to the enrichment process. All in all, the Iranians' options for breaking away from the existing monitoring system for a so-called breakout capacity has been delayed by the agreement — I estimate they would need, if they wanted to produce enough weapons-grade uranium for a bomb, about two months now.

SPIEGEL: That's not a very comforting time buffer.

Heinonen: That's right.

SPIEGEL: However, in the agreement, the Iranian leadership — as it has done publicly in the past — pledged to the world that it is not seeking to build nuclear weapons. Do you know President Rohani personally? Do you trust him?

Heinonen: I got to know him from 2003 to 2005 during his time as the chief Iranian negotiator. What people want to see is the interim agreement being implemented properly and in the right spirit by Iran, which will be accompanied by a synchronized easing of the agreed sanctions. Rohani can then show some results and be braver with his further compromises. Between now and any comprehensive agreement, further intermediate steps will be required as indicated in the joint plan of actions. This is understood to include Iran addressing the IAEA's questions on the military dimension of Iran's nuclear program. Presumably, there will be direct negotiations between the Americans and Iranians.

SPIEGEL: Are the rumors correct, then, in saying that Washington and Tehran have been negotiating for many months to the exclusion of everyone else?

Heinonen: Yes, that is correct.

SPIEGEL: Let's touch back on the subject of Rohani ...

Heinonen: ... who is a very competent, well-organized man, but also of course embedded into the complex Iranian power structure with its different centers. For the implementation of the agreement, for example, it is not he who is responsible but Admiral Shamkhani, the general secretary of the Supreme National Security Council. Rohani, by the way, is a politician who — like his predecessors — demands transparency from Israel about its nuclear program.

SPIEGEL: Israel is regarded as the only nuclear power in the Middle East. Experts agree that the Israelis have more than a dozen usable nuclear weapons. And in order to ensure they remain the only ones, the Israelis would be willing in the worst-case scenario to bomb Iranian nuclear facilities.

Heinonen: I do not think it is an appropriate focus at this stage.

SPIEGEL: Is there another candidate, beyond Israel and Iran? Perhaps there could be a nuclear arms race across the whole of the Middle East?

Heinonen: That also cannot yet be ruled out.

SPIEGEL: Intelligence agencies report of arrangements for delivery of a "turn-key bomb" from Islamabad to Riyadh.

Heinonen: Thank God it is not as simple as that. Even if the Saudis can secure delivery of experts and material, they would still need several years to develop their own nuclear capabilities.

SPIEGEL: Do you think that is the greatest nuclear threat?

Heinonen: No, the biggest short-term threat clearly lies in Pakistan itself, where there are new missile systems, new tactical nuclear weapons in a country, which is very unstable.

SPIEGEL: The Pakistanis claim they have their nuclear facilities under control and always know exactly where all materials are being stored.

Heinonen: I'm not so sure about that. The most wanted terrorist in the world lived in the middle of their country and they had no idea. The transport of nuclear materials, which is important for the Pakistan

plans to use its tactical weapons, is extremely dangerous — the ultimate weapon with its plutonium could fall into the hands of terrorists.

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Radio Vatican: Unpredictable Pope Challenges Journalists

By *Fiona Ehlers in Rome*

DATA: 2013.12.09

Radio Vatican journalist Anne Preckel: "(Pope Francis) makes us work harder than his predecessor did, but he's also funnier."

Each day, Radio Vatican translates the pope's words into 44 languages. The station's staff of 400 are some of the best and brightest from some 60 countries. But Pope Francis is very unpredictable, making a tough job even harder.

Much has changed since Pope Francis came into office. Wednesday, the day of the pope's weekly general audience, is a case in point. Each time, Francis is taken to St. Peter's Square in the Popemobile at 9:30 a.m., one hour earlier than his predecessor. It is clear that both the pope and the pilgrims enjoy the unofficial portion of the audience the most.

A carabinieri blows Francis a kiss. Three schoolchildren grab his white cap and try it on. The pope accepts Argentine football jerseys, kisses 14 children and approaches a man who has no nose. He places his forehead against the man's forehead and says: "Pray for me."

Less than 500 meters (1,640 feet) away, Anne Preckel of Radio Vatican is sitting in front of a TV screen in a nondescript building, watching the live broadcast. The 34-year-old native of Germany's Westphalia region is responsible for the daily broadcast on this Wednesday. Preckel, who characterizes herself as a critical Catholic, has been in Rome for five years. Her computer rests on a stack of books. The thickest book is called "The Pulpit in East Germany." The sermon begins, with the pope speaking in Italian, and Preckel listens attentively.

Francis is talking about the importance of confession. He says that he too goes to confession, and that he too is a sinner. This is familiar territory for Preckel. Francis says these things often, and there is no cause for alarm — yet.

A Tough Job Gets Even Tougher

Then he looks up into the crowd, and his voice becomes deeper and stronger. He asks questions and improvises dialogs to engage his audience. For Preckel, these are the dangerous parts, because this pope is very fond of free, spontaneous speech. Every word matters at this point. A sentence taken out of context can have devastating consequences, as was the case in 2006, when then Pope Benedict XVI, speaking in the southern German city of Regensburg, quoted from a text that was interpreted as being critical of Islam. A spontaneous comment can also cause an uproar. In July, after returning from a trip to Brazil, Francis spoke to Preckel's colleagues about gays, finance and women in the church.

Preckel is one of 400 employees from 60 countries working at Radio Vatican, a United Nations of sorts within the papal state. Every day, they translate the pope's words into 44 languages and broadcast them around the globe on 39 different radio programs. It isn't an easy job, especially since this new, unpredictable pope came into office. Put simply, no one knows what Francis will say next.

Preckel is now listening to Francis say: "Don't be ashamed to confess your sins. It's better to blush once than to turn yellow a thousand times." She smiles, for the first time on this morning. It's a typical sentence for Francis, seemingly banal and yet highly authentic.

A Pope of Strong Verbs

"This pope delivers his morning homilies every day, he likes to make jokes and he has a low opinion of manuscripts that were reviewed by the Secretariat of State," says Preckel's boss, Jesuit priest Andrzej Koprowski. "Sometimes it really makes us sweat, because we have to think about things like: Does the joke make sense in Mandarin? Is the translation into Swahili correct? Will they understand him in Senegal?"

Koprowski, the program director of Radio Vatican, is a dignified older man who speaks Italian with a Polish accent. Former Pope John Paul II brought him to Rome in 1983. At the time, he was essentially a translator of radical change: Poland's Solidarity movement, perestroika and the fall of the Berlin Wall. Now he has his hands full with Francis's revolutions. The pope's down-to-earth style is too superficial for some, says Koprowski. "They miss the baroque, the gravity that they associate with the importance of the papal office. But I don't miss it at all."

Francis is a pope of strong verbs, a Milan newspaper discovered when it analyzed the speeches of his first seven months in office. He often uses the verbs *camminare* (to walk) and *ascolare* (to listen), and his speech is peppered with the word *avanti* (forward). His gaze is directed outward, or *fuori*, to the fringes of society. The frontrunners among the 106,000 words the pope has used in his speeches are *tutto* and *tutti* (everything and everyone). Three words that hardly ever appear in his active vocabulary are punishment, discipline and power.

Funnier than Benedict?

"He makes us work harder than his predecessor did, but he's also funnier," says Preckel. The employees at Radio Vatican don't simply translate the pope's words. They also have to select, categorize and interpret, more so with Francis than with Benedict.

What happens to the pope's words and how they reach the faithful couldn't be more varied. In China, for example, persecuted Christians listen to his speeches in secret, while African programs accompany them with a lot of music. The German, French and Polish programs are considered especially liberal and sophisticated.

On this particular Wednesday, Francis's audience lasts until lunchtime. He is admiring the pictures children have painted of a man in white robes. "Who is this ugly man?" the pope asks, and the children screech: "But it's you!"

Even these words are recorded and archived, as is everything that the pope utters. The collected papal words are stored in a secret passageway between Castel Sant'Angelo and the Vatican. The employees at Radio Vatican joke that if the pope keeps talking at his current rate, they could eventually run out of space there.

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Reality Check: Sluggish US Sales Threaten VW's Growth

By Dietmar Hawranek

DATA: 2013.12.09



Workers assemble Volkswagen Passat sedans at the German automaker's US plant in Chattanooga.

VW has misjudged the US market, where it is underperforming its rivals and still has a market share of just 2.6 percent. The company's goal of becoming the world's biggest automaker by 2018 is at risk.

The figure of negative 16.3 percent came as a shock to the Volkswagen management. It marks the decline in sales of VW cars in the United States in November. Meanwhile, total car sales in the American market rose by almost nine percent. Foreign competitors Ford, GM and Toyota, and domestic rivals Mercedes-Benz and BMW are all selling more cars.

"We're facing a headwind," VW CEO Martin Winterkorn said recently. That's an understatement. The sales drop in the US could even endanger his big goal of making VW the world's biggest carmaker by 2018.

Sales growth in North America and China is a major part of that plan. Until now, VW's market share in the US was just 2.6 percent, on a par with Subaru and well behind Korean maker Kia.

Winterkorn doesn't feel comfortable with that ranking. That's why VW invested more than one billion euros (\$1.38 billion) in the construction of a plant in Chattanooga and in the development of a model specifically geared to the US market. And the plan appeared to be working — between 2009 and 2012, VW doubled its sales in the US. But the latest sales figures are a rude awakening, and have left VW managers wondering what's gone wrong.

"We understand Europe, we understand China and we understand Brazil," says supervisory board chairman Ferdinand Piëch. "But so far we only understand the US to a limited extent."

And that's the root of the problem: Volkswagen views the US market through a German prism. "The biggest problem we Germans have is that we think we know what the Americans want from us," said Winterkorn.

With an aim to improve the company's chances in the US market, VW asked US dealers to describe a model that would suit American tastes. The company then constructed a new version of the Passat sedan, making it roomier, smoother to drive and cheaper. VW developers had to swallow their pride to

construct a model with such driving characteristics. But, as the sales figures show, it was only half a step forward.

Jim Ellis, a VW dealer in Atlanta, says his customers want a new model every two years. It should look new. This might mean optical retouching, a new front grille or a few new trims. But Volkswagen updates its models only every four years or longer.

Perceived Quality Shortfall

The American Passat was launched in 2011, and already looks old. But VW head of sales Christian Klinger didn't sound the alarm, and continued to plan for record sales. VW hired 500 temporary workers in September, but it didn't take long before the company was unable to keep them occupied.

Sales are probably also being hit by VW's poor reputation for quality in the US. According to statistics gathered by market researchers for J.D. Power, the company ranges between 28th and 32nd place. The research was gathered by asking customers who had owned an automobile for three years whether they had experienced problems with it in the past 12 months.

Many managers in Wolfsburg find this result puzzling. The plant in Chattanooga is required to produce vehicles of the same quality as the factories in Wolfsburg or Emden. Already on their way to work, the 3,200 employees in Chattanooga are confronted with quality control stats. Monitors show that "Team Red," the late shift, received a mark of 1.0 for its paint jobs. That's a good result — above 1.8, customers are able to recognize defects like small streaks.

Also when it comes to gap dimensions — the seams between the door and the frame or the hood and the fender - the same guidelines hold as in German factories. They should come to 3.5 millimeters, with a permissible deviation of 0.5 millimeters. "That is simply our DNA," says a VW quality expert.

But American customers have their own DNA, and a different understanding of quality. That much became evident to VW executives when a supplier recently paid a visit to the Volkswagen plant in his Toyota.

The white of the Toyota's bumper was different than the white of its bodywork. Such a car would never be allowed out of the VW factory. When Volkswagen employees brought this to the attention of the supplier, he just said, "Oh, that — I hadn't even noticed it."

More important than paint or the width of a gap is that the car has the latest navigation system and that the cruise control is situated where the driver is accustomed to having it from their previous car. These are two points where the Passat shows weaknesses, and where it suffers in the J.D. Power survey.

'Achilles Heel'

A further problem for the US Passat is that its competitors have responded to its initial success. Ford, Toyota and the other carmakers have upgraded their models with better equipment and cut prices. The car class into which the Passat falls is a fiercely contested one in the US, so analysts do not expect sales to pick up again.

In hindsight, it shows that the decision to produce a mid-sized model in the new factory was mistaken. Mercedes-Benz and BMW have put their American factories to use churning out SUVs — North America is the largest market for such vehicles, and it is still growing. VW's German rivals have had no trouble running their production lines at full capacity.

By contrast, the VW factory in Chattanooga is becoming a problem for VW. Some 200,000 cars could be produced there annually; so far this year, less than 140,000 have been manufactured. To use up the space capacity, a second model must be assembled there. The VW board has already decided to develop a large SUV for the American market. It will be at least two years, however, until production commences. Winterkorn's target of nearly doubling sales in the US from 438,000 in 2012 to 800,000 by 2018 can no longer be met, one senior VW manager believes.

The new difficulties in the US are almost nothing compared to the issues that the VW group was facing there some time ago. The North American business was at times costing the group €1 billion a year. Now it is profitable.

But the bad news from the US is infuriating Winterkorn. In hardly any other project has he taken such an intensive and personal interest. He was continually flying across the Atlantic to oversee the construction of the plant. "The US strategy," as he recognized even before production began in Chattanooga, "is our Achilles heel."

From DER SPIEGEL

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Self Defense: Protectionism Rules in EU Arms Industry

By *Gordon Repinski*, *Christoph Schult* and *Gerald Traufetter*

DATA: 2013.12.09



German Chancellor Angela Merkel loves to preach economic prudence to her European Union partners. But she looks the other way when it comes to the bloc's wasteful defense policy, and Europe's citizens are footing the bill — to the tune of at least €26 billion a year.

In February 2010, a group of German Air Force Eurofighter jets took off from Germany on a trip to the East. They were accompanied by a refueling aircraft, along with a cargo plane and a transport plane filled with engineers. The Germans' target was India, where their objective was to hammer out a deal on behalf of the European Aeronautic Defence and Space Company (EADS), which manufactures the Eurofighter. The government in New Delhi planned to buy 126 fighter jets, in a deal valued at up to €14 billion (\$19.3 billion). An Indian newspaper described it as the "mother of all defense deals."

The counterattack didn't come from the United States, but from Germany's partners within the European Union. The French launched their own promotional campaign for their national prestige jet, the "Rafale," while the Swedes advertised their jet, the "Gripen," made by Saab.

The German Air Force pilots spent days thundering across the Indian subcontinent. The campaign cost about €20 million, but it was unsuccessful. The Indians chose the French jet instead.

This is what happens in the European defense industry: Whenever a major contract is in the offing somewhere in the world, the European nations compete against one another. But when they are the ones procuring military equipment, they isolate themselves and ignore all rules of reason and the market in the interest of protecting the domestic defense industry.

With too much competition for foreign contracts and no functioning domestic market within the EU, the national governments are essentially engaging in what they refer to on paper as "joint security and defense policy." "The fragmentation of the European defense market is a big problem," says Austrian General Wolfgang Wosolsobe, head of the EU military staff. "If we don't change our ways, it raises the long-term question of whether we, as the EU, can preserve our autonomy in defense policy."

United States Dwarfs European Defense

This misguided policy adversely affects European taxpayers. Large sums in the billions are wasted year after year because EU governments cultivate their own national idiosyncracies instead of acquiring systems that already exist or could be produced more cost-effectively as part of a collaborative effort.

The confusion also harms the defense contractors. "We didn't create the EU so that we could have uniform light bulbs, toilet-flushing mechanisms and banana sizes," rages EADS CEO Tom Enders. "We created the EU to solve major, vital issues together and to give Europe a suitable role in the world, between America and Asia."

But the reality doesn't look like that. Without the United States, Europe would be a dwarf in terms of military policy. During the war in Libya, the French and the British soon ran out of ammunition, and it is left up to the initiative of individual capitals to react quickly to crises. Even the EU Battlegroups, which are supposed to be ready for deployment within a few days, have never been allowed to leave their barracks since they were established in 2003, because the one thing that's missing is political will on the part of all Europeans.

EU leaders had intended to make defense policy an important item on the agenda at their Brussels summit at the end of next week. But the summit agenda is now so tightly packed that if all goes well, the only slot left for the leaders to discuss security policy will be shortly before the final luncheon. More than a few declarations of intent are not expected, but at least some of them will be headed in the right direction, that is, toward more market and more competition. EADS chief executive Enders warns: "If words are not followed by actions this time, our relegation to the third league will become unavoidable."

Shrinking Budgets

There is a need for action. The national defense budgets in Europe have declined significantly in the last 12 years. The euro debt crisis has dashed all hopes among defense ministers that this trend could be reversed in the coming years. In 2001, the EU member states spent a combined €251 billion on defense. By 2012, their total defense budget had declined to only €190 billion. Although the EU still spends more money on defense than China, Russia and Japan combined, most of it is spent on personnel costs, while too little is spent on equipment and research.

A method known in military jargon as "pooling and sharing" was long viewed as a solution in both the EU and NATO. It involves individual countries specializing in certain military capabilities and then making them available to the others. But the much-lauded concept is still in its early stages of development. So far, pooling and sharing has accounted for €300 million in savings. In the same time period, the defense budgets were slashed by €30 billion, or 100 times as much.

The greatest amount of waste results from the domestic market in the defense sector being virtually invalidated, writes the Academic Service of the European Parliament in a current study. The 88-page analysis, titled "The Cost of Non-Europe," bluntly outlines the shortcomings of European defense policy, with "wasteful excess capacities, duplication, fragmented industries and markets" at the top of the list. According to the study, 73 percent of procurement plans are still not being advertised throughout Europe. "Cooperation remains the exception," the experts write.

According to a conservative estimate, this creates additional costs of at least €26 billion a year. The squandered taxpayer funds could amount to as much as €130 billion. The EU countries could save €2 billion on ammunition for their armies alone, if they acted in a truly European fashion. This has long been possible from a legal standpoint. But governments generally invoke an exception clause of the EU

Treaties, which permits limitations on competition if the "national security" of a country is affected — an anachronism in times of common defense policy.

The Americans are a prime example of how to apply a defense budget more efficiently, as a look at the aviation industry illustrates. The development of the three European fighter jets the Eurofighter, Rafale and Gripen cost €10.23 billion more than the development of the American Joint Strike Fighter. The Americans also produce larger numbers of their jets with lower development costs. The manufacturers of the three European aircraft build 1,205 jets, which is 1,800 fewer jets than the Americans.

Paying More for Less

Not surprisingly, European defense policy has a miserable cost-benefit ratio. There are 16 large shipyards building warships in the EU, compared with only two in the United States. There are 16 different classes of frigate in Europe, even though only two are actually manufactured. For years, even Germany, which preaches economic prudence to other EU partners, has contributed to European taxpayers paying more money than necessary for inefficient defense projects, specifically for projects for the German armed forces, the Bundeswehr.

In the case of Europe's large-scale Eurofighter project, for example, the four manufacturing countries, Germany, the United Kingdom, Italy and Spain, have always focused on the interests of their own industries instead of efficient shared production. The result has been an appalling amount of waste due to duplication.

For instance, the production of the twin-engine fighter jet has been divided up among the partner countries from the beginning, with almost no regard to economic criteria. Four different production facilities were even developed in the four countries for final assembly. This alone is responsible for a loss in the hundreds of millions.

Because of the desire that exists in all four countries to participate in decision-making processes related to the Eurofighter, high administrative costs are also incurred. Dozens of committees discuss key strategic issues associated with the Eurofighter, but decisions must be reached unanimously. In some cases, hours, days and weeks go by before simple decisions are made, because of the need to obtain the approval of each individual partner.

There are many examples in the European defense industry of how countries are competing instead of cooperating. From battle tanks to frigates to cruise missiles, more sensible agreements could save billions across the board. A few years ago, there were 16 different procurement programs in Europe for armored personnel carriers alone. But because each party has only its own interests in mind, there has been little improvement.

The defense contractors already contend with shrinking defense budgets in Europe. The consulting firm AlixPartners does not anticipate any new major defense projects being launched in Europe in the foreseeable future, and it warns that the industry is losing its potential for innovation. This also affects the conglomerate that was once established by politicians committed to the European idea: EADS. In the next four years, EADS expects its order volume to plummet from €48 billion to €31 billion. The German defense ministry alone has cancelled €4 billion in fixed contracts.

The number of humiliating defeats associated with international defense projects has been on the rise. NATO member state Turkey is threatening to buy its air defense system from China, South Korea has spurned the Eurofighter and Brazil has shut EADS out of a deal worth €6 billion.

Germany Blocked Defense Merger

A new chapter in the inglorious history of the European defense industry is being written this week, as EADS CEO Tom Enders announces the complete restructuring of his defense division. In future, it will only be an appendage of civil aviation subsidiary Airbus. And in yet another humiliating blow to the company's proud engineers, Enders will also officially unveil the company's new name: Airbus Defence & Space.

As is usually the case with such restructuring efforts, jobs will be cut and entire facilities shut down, including a plant in the Bavarian town of Unterschleissheim. In Manching, north of Munich, where the Eurofighter is built, employees are also nervous. According to EADS officials, the future of their jobs is directly related to the question of whether the German government will buy additional Eurofighters from the latest 3B tranche.

The spring cleaning at EADS is seen as a reaction to the fact that the German government thwarted a merger between EADS and the British defense company BAE Systems over a year ago. The chancellor herself intervened in the planned merger, fearing that it would lead to her country losing influence over a group with such strategic importance. Merkel was particularly concerned about jobs at EADS subsidiary Airbus.

EADS officials still haven't forgiven the government for obstructing the deal. "This is what they get," they are quietly saying, referring to the job cuts. "Growing challenges are clashing with declining budgets everywhere," Enders explains. "It's obvious that we can only guarantee Europe's security and defense jointly."

Flame-Resistant Underwear?

The A400M transport aircraft is an example of how joint European defense projects can falter. Fundamental questions have hampered production recently, because the company lacks joint European approval of the necessary legal underpinnings. The European Parliament and the European Commission should have created the necessary legal conditions. But this has been held up by the fact that no country is willing to relinquish its sovereign rights. Now the situation is coming to a head, as Germany is expected to receive its first A400M in 2014. Officials at the defense ministry are now constantly in crisis mode because the licensing procedure remains unclear.

This has led to absurd consequences. The ministry is currently establishing an aviation office for the Bundeswehr, a new agency with more than 400 employees, whose primary task will be to develop licensing guidelines for the A400M. To make matters worse, they will only be developing German rather than European guidelines. But at least the EU leaders have included the problem of Europe-wide licensing in the agenda for their upcoming summit. In late November, the EU Council of Ministers called for "tangible measures for standards and certification" in order to "reduce costs."

In practice, however, such resolutions often raise significant concerns, even with the simplest of products.

For example, the German Defense Ministry has already considered the question of whether buying undershirts and underpants in larger numbers could substantially reduce costs, which could be achieved by purchasing the same models for all soldiers in EU countries. But then it emerged that Bundeswehr standards prescribe that underpants must be flame-resistant up to a specific temperature. It is unclear whether this regulation has ever saved a soldier's life, such as when there is a fire in a tank. Other countries lack this regulation, and yet the Bundeswehr insists on keeping it in place.

But if even underpants are an issue of national security, the odds are truly against a common European defense policy.

Translated from the German by Christopher Sultan

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More Arrests: Greece Makes Progress on Arms Deal Corruption

DATA: 2014.01.20



A submarine built for Portugal being christened in 2009 at the HDW shipyard in Kiel.

Greek prosecutors last week arrested two more people suspected of having taken bribes from German armaments firms during the last decade. The detentions are the latest in the country's intensified efforts to go after corrupt, high-ranking officials.

The case involving German firms that allegedly paid bribes to Greek officials in exchange for arms deals is not new. Years ago, prosecutors in the northern German city of Kiel launched an investigation into top managers at the Kiel-based HDW shipyard on suspicion of corruption. But a lack of cooperation by Greek authorities led to the investigation being abandoned.

Recently, though, with Greece pursuing past corruption with more energy than ever before, progress has been rapid. And last week, two more suspects were taken into custody on suspicion of having received bribes from German arms companies or transferred bribe money onward in connection with a sale of German-made 214-Class submarines in the beginning of the last decade. The deal was worth €1.14 billion.

Sotiris E. is suspected of having received €20 million in connection with that deal. E. was the head of the struggling, state-owned HSY shipyard in Athens at the time. One of the provisions of the deal was that HDW would take over HSY. SPIEGEL has learned that Greek investigators believe the German submarine consortium, which included Essen-based Ferrostaal and HDW shipyards, gave that money to E. in the form of a bribe payment to ensure he wouldn't stand in the way of the plan. E. is thought to have received the money via shell companies in the Marshall Islands and Hong Kong as well as through his lawyer. He denies the accusations, saying that the payments were legitimate commission fees.

The second arrest made last week was that of Yannis B., who is thought to have cashed in €3.5 million on the same submarine deal. B., who is a close associate of former Greek Defense Minister Akis Tsochatzopoulos, has likewise denied any involvement in corruption.

Intensifying Investigations

The arrests mark a continuation of the newfound vigor Greek prosecutors have shown to investigate and arrest high-ranking officials suspected of past corruption. In the middle of December, longtime Defense Ministry official Antonios K. was taken into custody for having received bribes on arms deals. According to a December report in the *Süddeutsche Zeitung*, newspaper, he received €1.7 million from a Greek representative of the German company Krauss-Maffei Wegmann in connection with a delivery of 170 Leopard II tanks.

Since his arrest, he has reportedly made a wide-ranging confession, including his admission that he received between €500,000 and 600,000 in the 214-Class submarine deal. He also said he was bribed by several other companies around the world, including arms firms in Germany, Sweden, Brazil, the United States and France.

German companies Daimler, Siemens and Deutsche Bahn have likewise been accused of paying bribes for contracts in Greece in the past.

Recently, though, Greek prosecutors have been intensifying their investigations and have shown a willingness to reach for higher-profile current and former officials. "For the first time, Greek justice is

reaching really high up," Aristides Hatzis, a legal professor at the University of Athens, told the *New York Times* recently. "One reason is that the public desire for catharsis is strong. Another is that the political system is weak and has too much to lose by trying to intervene. It risks being exposed."

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Troubled Times: Developing Economies Hit a BRICS Wall

By Erich Follath and Martin Hesse

DATA: 2014.02.03



Until recently, investors viewed China, Brazil and India as a sure thing. Lately, though, their economies have shown signs of weakness and money has begun flowing back to the West. Worries are mounting the BRICS dream is fading.

It was 12 years ago that Jim O'Neill had his innovative idea. An investment banker with Goldman Sachs, he had become convinced following the Sept. 11, 2001 terror attacks that the United States and Europe were facing economic decline. He believed that developing countries such as China, India, Brazil and

Russia could profit immensely from globalization and become the new locomotives of the global economy. O'Neill wanted to advise his clients to invest their money in the promising new players. But he needed a catchy name.

It proved to be a simple task. He simply took the first letter of each country in the quartet and came up with BRIC, an acronym which sounded like the foundation for a solid investment.

O'Neill, celebrated by *Businessweek* as a "rock star" in the industry, looked for years like a vastly successful prophet. From 2001 to 2013, the economic output of the four BRIC countries rose from some \$3 billion a year to \$15 billion. The quartet's growth, later made a quintet with the inclusion of South Africa (BRICS), was instrumental in protecting Western prosperity as well. Investors made a mint and O'Neill's club even emerged as a real political power. Now, the countries' leaders meet regularly and, despite their many differences, have often managed to function as a counterweight to the West.

"The South has risen at an unprecedented speed and scale," reads the United Nations Human Development Report 2013, completed just a few months ago. Historian Niall Ferguson wrote in his 2011 book "Civilization: The West and the Rest" of "the end of 500 years of Western predominance." It is, he suggested, an epochal change.

But now, after having become so used to success in recent years, reality has begun to catch up to the BRICS states. Growth rates in 2013 were far below where they were at their high-water marks. Whereas China's growth rate reached a high of 14 percent just a few years ago, for example, it topped out at just 8 percent last year. In India, economic expansion fell from a one-time apex of 10 percent to less than 5 percent in 2013; in Brazil growth went from a high of 6 percent to 3 percent. Such values are still higher than those seen in the EU, but they are no longer as impressive.

And worry is spreading. Now, there is a new moniker being used to describe the developing giants: the "fragile five." It was coined by James Lord, a currency expert at Morgan Stanley and is meant as a warning to the now brittle-seeming countries of Brazil, India and South Africa as well as to Turkey and Indonesia, both of which are threatened with collapse.

Slow-Down or the End?

What has happened? Have the economic climbers reached the end of their tethers or is it merely a temporary slow-down? Some have warned of overreacting, but the development raises questions for the global economy and for the people in those countries where economic success went at least partially hand-in-hand with increased political freedoms and a new self-confidence.

The bad news is quickly mounting. On Tuesday of last week, India's central bank raised interest rates higher than expected in an effort to get massive inflation under control. That night, Turkey did the same thing, raising its prime lending rate to 10 percent. Soon thereafter, South Africa followed with an increase of its own. Developing countries have become uneasy and are doing all they can to slow investor flight and the collapse of their currencies.

Indeed, it almost seems as though the supposed decline of the West was but an illusion. In recent years, hundreds of billions was invested in the sovereign bonds of developing nations because returns in the established Western markets were comparatively weak. But last May, it took just a few words from then-Federal Reserve head Ben Bernanke to reverse the flow. He hinted that the US central bank could

begin pumping less money into the financial system if the American recovery continued. A first wave of investors fleeing the developing world was the result.

It took just half a year before Bernanke made good on his pledge. Now that the Fed has in fact begun to tighten monetary policy, a second wave has begun — and it is nothing short of a tsunami. Increasing numbers of investors have begun pulling out of uncertain markets in the belief that US growth and climbing interest rates are a sure thing. Since Bernanke's announcement, Brazil's real, the Turkish lira and the South African rand have lost up to a quarter of their value.

It is an extremely dangerous development for the countries affected, particularly for those that import more than they export like India and Brazil. The gap, after all, must be filled with money from abroad.

That may explain why Brazilian President Dilma Rousseff unabashedly courted international investors at the World Economic Forum in Davos in mid-January. Addressing bankers and captains of industry as if it were some kind of IPO road show, Rousseff said emerging economies like Brazil "have the biggest investment opportunities." She said her country had sufficient currency reserves and that the financial system is stable enough to weather the current storms. The president argued it would be a mistake to only pay attention to short-term developments. It is "absolutely essential," she said, "to bear in mind a medium and long-term time horizon in our reviews."

Emerging Middle Classes Find Their Voice

It isn't just the raw figures that are fueling concern among the governments of developing nations. From Beijing to New Delhi to Rio, the upswing has fostered a new self-awareness in people, creating a broad popular movement in the truest sense of the term. In recent years, impressive middle classes have taken shape in virtually all of the emerging economies.

Members of that middle class are now demanding a larger piece of the pie and higher wages. At the same time, they also want "good governance" — meaning greater responsibility and accountability for their leaders — and the right to increased democratic participation. Economic progress has served as catalyst for political demands. If that dream now suddenly ends, it could also slam the brakes on these emerging popular movements — or at least stir emotions in dangerous ways.

This is particularly true of Brazil, a country that has made major social progress in recent years. Unemployment is down as a result of the boom and the country's support programs for the poorest segment of society have been largely successful. It may be happening slowly, but in contrast to many other countries around the world, the gap between the rich and poor is actually narrowing in Brazil. Still, the people want more. They are conscious of corruption among leaders and the ruling class; they are outraged when they see money wasted on lavish construction projects like the ones underway for the upcoming World Cup in the country.

Indeed, it seems a paradox. Brazil is crazy for football and sports in general, but they are protesting against this summer's World Cup and the 2016 Summer Olympics because they have come to realize that there are more important things in life than flashy stadiums. They want things like better schools for their children and decent, affordable health insurance. As a left-leaning social democrat, Rousseff has no other choice than to back the protests as long as they remain peaceful — and offer some kind of relief. Of course, that can only happen if she can keep Brazil's economy from faltering.

Raw Nerves in India

The situation in India is worse. Nepotism has become endemic and a part of the ruling class is criminal. Nearly one-third of all parliamentarians are the subjects of criminal proceedings. The country has become one where cities with universities and world-class firms exist next to shockingly underdeveloped towns and villages. The numerous cases of rape suggest that women are still viewed as second-class citizens. Meanwhile, regional differences continue to grow.

Nevertheless, civil society has also been strengthened in India as a result of the boom, and mass protests have forced the government to act. Thus far, the economy has managed to remain stable and business leaders are hoping that it will start growing again after elections this fall. Narendra Modi, the leading candidate for the Hindu nationalist BJP party, is viewed as an effective, business-friendly politician. At the same time, he is also seen as being insensitive towards minorities because of his role in bloody anti-Muslim riots. Critics accused Modi of inaction as the chief government minister in the state of Gujarat during the deadly protests in 2002. Hundreds of people, mostly Muslim, were killed, and the United States responded by banning him from entering the country.

Indian Central Bank chief Raghuram Rajan is a good example of just how raw nerves in New Delhi have become. He has accused the US and Europe of short-sighted economic greed and argues that industrialized nations must assist developing countries with their currency problems — especially given that India, China and Co. helped dampen the crisis in 2008.

"Industrial countries have to play a part in restoring that, and they can't at this point wash their hands off and say we'll do what we need to and you do the adjustment," Rajan told Bloomberg TV in an interview earlier this month.

Concerns about Chinese Economy

One worry shared by leaders of both BRICS states and Western countries alike is the possibility of an economic collapse in China.

Last year China became the world's greatest trading power. Within five years at the latest, China will likely surpass the United States to become the world's No. 1 economy. But the country still faces plenty of challenges, particularly the next, more difficult level of development. After all, the step from the global poorhouse to the middle class is an easier one than climbing the next few rungs to the top.

The droves of inexpensive workers who abandoned China's agricultural sector and were absorbed by industry — thus transforming the country into the world's factory — are now becoming a burden. They are beginning to demand higher wages and the state must provide for healthcare and pensions. China's economic model, its authoritarian state-controlled capitalism, is being pushed to its limits. In order to reach the next level of development, the Communist Party will likely have to adopt Western state structures.

The unspoken deal between leaders and their people — we ensure rising prosperity as long as you don't get too involved in politics — is threatening to collapse. In addition to creating instability among 40 percent of the global population, a significant worsening of the economic situation in the BRICS countries could have significant consequences for the West. Global German companies like BASF and Siemens now generate a significant portion of their profits in the Far East. Volkswagen sells more cars in China than in Germany.

Despite all of the problems with troubled banks and highly indebted municipalities, China still has some \$3.8 trillion in currency reserves, more than any other country worldwide. It is certainly enough to soften the blow and likely sufficient to finance a rapid recovery in the event of a crisis.

O'Neill, for his part, has embarked on a new path. The man who once managed some \$800 billion for Goldman Sachs quit his job at the investment bank last April. He took some time off, began filming country profiles for the BBC and is now promoting investment in countries like Mexico and Nigeria. Now 56, O'Neill told SPIEGEL that he always felt like "an outsider in my industry." He has found a new issue to focus on in his films: Social justice.

O'Neill believes that the global economy finds itself at something of a divide. It is not so much one that runs between industrialized countries and the developing world so much as between the global rich and poor. He speaks of the headlines made by the pope and by New York's new mayor with their speeches focusing on income inequality and growing societal splits. He believes that we could be in the early stages of a redistribution of wealth, one which places less emphasis on capital and more on climbing incomes among the lower classes, propelled by taxes or minimum wage laws.

And, he adds, "we as investors" clearly have to take such developments into account. But also as human beings.

Translated from the German by Charles Hawley and Daryl Lindsey

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The Krypton Temple: China's Surging Tech Start-Up Scene

By *Bernhard Zand* in Beijing

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A decade ago, the tech scene in China was grim. But these days young start-ups are turning heads and attracting investors from overseas. As their products find success abroad, Chinese entrepreneurs are acting locally, but thinking globally.

It's a private party in The Basement, a club in Beijing's Sanlitun nightlife quarter: "We Will Rock You" blares from the speakers as about 100 young Chinese gyrate on the dance floor. The women are wearing glowing red, green and blue headbands. The men are filming them with their iPhones.

The Internet firm 36Kr is throwing the party for customers and employees to bid farewell to the year of the snake. The company's third year, and its most successful, is just coming to an end.

After three more songs, the band takes its first break. Several acts follow, including a fire-eater, a stripper and a can-can dance troupe. And then comes the climax of the Chinese new year's party: the raffle drawing. "Okay, everyone log in to Weixin," the MC says, "and shake your phones: three, two, one, now!"

Weixin, WeChat in English, is the most successful Chinese chat app and everyone in The Basement had it installed on their mobile devices. When the phone is shaken, the app displays a list of everyone nearby within just seconds. Those at the top of the moderator's Weixin list win the raffle: iPhones, paid vacation days, giant-screen televisions. One winner is so ecstatic that, new iPad in hand, he begins breakdancing on stage. Then the band returns for the next set.

Around midnight, welcomed by chants of "Laoban!", the boss (laoban) takes the stage. Liu Chengcheng is a slender young man wearing black, horn-rimmed glasses and a hooded sweatshirt, and looks a bit shy standing in front of so many people. The company that he started has also helped several other Chinese start-ups find their way to success: Twelve of the "30 Under 30" software and hardware companies from China singled out by *Forbes* were made famous by 36Kr, Liu says.

As a child, Liu was interested in comics, much to the chagrin of his mathematician mother. He particularly liked Superman, who comes from the planet Krypton. Krypton, of course, is a chemical element, a rare gas with the atomic number of 36. Hence the company's name, 36Kr, and the rather odd moniker with which Liu addresses his employees.

Investors Call Him

"Hello Kryptons," Liu says hesitantly into the microphone. "I hope the party has been fun. I'm sorry that some of you didn't win anything. Take a taxi home and keep the receipt. We'll reimburse you."

It is a spontaneous offer. Liu Chengcheng, who calls himself simply CC on the English side of his business cards, can afford to send his employees home in cabs. His website and shared work space have become key meeting places for computer experts from China's capital. His turnover and his staff are both growing; investors call him rather than vice versa.

And there are many of them, some overseas, who have become interested in the Chinese start-up scene. Akio Tanaka, a 43-year-old from Japan, is one of them. He is responsible for the second round of financing for 36Kr; his company, which is based in San Francisco and finances projects in Europe, Brazil and Russia, invested \$5 million in Liu's firm.

"When I came to Beijing 10 years ago, China's Internet was so ugly," Tanaka says. "But now, the websites of some Chinese vendors are better than those in America." He said he had just ordered a batch of special batteries from the online shop Taobao and at any time he can use the website's chat function to find out where his package is and when it will arrive. Amazon, he says shaking his head, "still sends me emails."

Tanaka says that Beijing has developed from the "Wild West" he got to know in 2004 to become the most important start-up center outside of the US. "Here are the people, here is the money, here is a market," he says. It is a realization that the more established online universe also now shares. In July, Yahoo head Marissa Mayer bought the Chinese start-up firm Ztelic, which collects and analyzes data from social networks and last September, Facebook executive Sheryl Sandberg came to Beijing to meet with leading IT officials.

American Internet giants like Microsoft and Oracle likewise operate research centers and incubators here. International venture capital funds like Intel Capital, Sequoia Capital and e.ventures have invested hundreds of millions of dollars in Chinese start-ups.

A Momentous Encounter

The history of the Kryptons begins in Liu's hometown of Yancheng, near Shanghai. When he was still in school, he began programming simple smartphone apps. Later, as a university student in Beijing, he wrote a tech blog in which he discussed new apps and gadgets he had heard and read about.

After four years, Liu Chengcheng transferred to the Chinese Academy of Sciences in the Zhongguancun university quarter of Beijing. The neighborhood, in the northwestern part of the city, is considered to be China's answer to Silicon Valley. Since the 1980s, a biotope has developed here where engineers, programmers and investors can easily find each other.

In Beijing alone, some 200,000 people receive university degrees each year, with the state standing by to help those who want to start companies. Some of the start-ups that got their start in Zhongguancun are now worth billions, such as the computer manufacturer Lenovo, which bought IBM's PC division and purchased the Motorola brand from Google. The search engine Baidu and the cellphone manufacturer Xiaomi are also based here.

By Christmas of 2010, 19 writers were regularly contributing to Liu's blog. It was then that Liu met Wang Xiao, one of the founders of Baidu, at a university alumni party. It turned out to be a momentous encounter: Wang offered to invest 300,000 yuan (€40,000; \$54,500) in his blog. "I didn't even know why I needed an investor," Liu says. "What was I supposed to do with the money?" He brought these two questions with him when he returned home for the new year's festivities that year. His mother was ready with a warning: "Only a fool or a fraud would give you so much money. Don't do it," she told him.

He was still thinking about it on his way back to Beijing. He values his parents' advice, but, he says, "my mother didn't even know what Baidu is!" He took the money, discontinued his studies at the university and dove into China's start-up scene with three of his writers, presenting the most original ideas on his website. "In the beginning, we were working like journalists," Liu says. "But the more start-ups we presented on the site, the more investors got in touch with us. They wanted us to bring them all together."

It is a cold, smoggy winter Saturday a few streets north of the Forbidden City. It's no thanks to the climate that Beijing, and not the more cosmopolitan Shanghai, attracts the most creative young Chinese. One blogger has called the city "the anti-lifestyle capital, the anti-San Francisco."

'Like a Flashmob'

Liu Chengcheng has long since left his student flat and now lives in a studio apartment. Which is to say, that is where he sleeps. He spends his days here in the Tech Temple, a former factory loft which has been modified into an incubator. It is a bright, modern, open-plan office, a bit like an Apple Store with a huge espresso bar. There are some 280 work stations where young entrepreneurs, talent scouts and investors from China, Europe and the US sit in front of their laptops. Fifty of them work for 36Kr.

One glass door displays the message: "If you have everything under control, you aren't moving fast enough." At a table behind the door sit 10 people who have collected for an "offline salon." Ren Ji, who works for a hotel booking service, would like to write a program which makes it easier to find people offering rooms. Victoria is looking for a platform where her company can market children's toys. The cloud-computing expert Zheng Guangwei wants to establish a database allowing doctors to discuss prescriptions. Everyone presents their ideas and a conversation quickly ensues.

"My plan was to enable such connections on my website," Liu says. "But many entrepreneurs wanted to present their projects at their own conferences." For his first "salon," he rented an Internet café in Zhongguancun, figuring that around 50 people would come. "Two thousand showed up," he says. "It was like a flashmob." He learned his lesson: "Online is fast, but cold. Offline is slow, but warmer." His website 36Kr became an agency for start-up conferences.

Business was good and further investors appeared on the scene, from abroad. The venture capital funds Matrix Partners and e.ventures, both from the US, invested a total of \$6.5 million in 36Kr. Meanwhile, the 300,000 yuan that Baidu co-founder Wang once invested had multiplied — 86 times, as Liu quickly calculated: "His share of 36Kr is currently worth 26,000,000 yuan," he says. The €40,000 initial investment has turned into more than €3 million.

The conditions for foreign investors, however, are not entirely comfortable. It continues to be "very painful" to bring money to China, Akio Tanaka says. The hermetic capital markets force him and other investors to create complicated constructs which generally require a shell company in the Cayman Islands or Virgin Islands. China's strict stock exchange rules have likewise meant that no country currently sends more start-ups to exchanges overseas than China does.

But the outlook is attractive. To be sure, Chinese entrepreneurs began by cloning Western ideas, Tanaka says. But they have been so adept at developing their own products that many of them have found success in other countries as well. Weixin/WeChat, which has been on the market for just three years, already has more than 100 million registered users outside of China. Momentcam, a free app developed in China which transforms photographs into caricatures, was temporarily the best-selling app in the App Store in 18 countries.

'Play Me a Sad Song'

The 1.3 billion Chinese, 84 percent of whom have cell phones and half of whom have mobile Internet access, are among the most active users of e-commerce, social networks and online gaming. As such, it is only a matter of time before they close the gap in the tech industry. The Internet giant Tencent, the parent company of WeChat, has bought into the gaming companies Epic Games and Riot Games. Its competitor Alibaba plans to take on market leader PayPal with its payment platform Alipay. By this summer, Alibaba will likely begin offering its stock on US exchanges; it is estimated that the company is worth \$73 billion.

At the same time, China's Internet establishment itself is investing in Chinese start-ups. "When we arrived 10 years ago," says Tanaka, "not many Chinese wanted to do such a thing. Now, local funds are growing like mushrooms after rain. Even the government is buying into select start-ups."

Liu Chengcheng and Akia Tanaka both point out that only 10 out of 100 start-ups "are really successful." But, they agree, given the number of candidates, that is an appealing quota for the future of China's IT sector.

They are both quick to cite examples of successes that they themselves have contributed to. Liu unlocks his iPhone, launches the streaming app Jing.fm and says "I am sad, play me a sad song." Immediately, a heart-rending ballad by the American singer Clay Aiken comes on. The best, though, Liu says, is a taxi search app drivers can use to notify clients as soon as they arrive at their doors to pick them up. The fare is then paid via WeChat.

Tanaka says he isn't worried a bit about 36Kr. The platform, he says, is quickly developing into a kind of LinkedIn for Chinese start-ups where entrepreneurs can find everything they need: an investor, an office, the necessary cloud capacity, professional customer service -- and a lawyer if there is trouble.

Liu Chengcheng, who has just turned 25, is already nostalgic about the time "when I was still young." Over the course of the next year, he anticipates that the numbers of both his clients and employees will double. "And it will be increasingly difficult to find the right people to maintain our standards," he worries. It isn't easy being a businessman.

The time he has available for his private life is also shrinking, with trips to Shanghai, Chengdu, Boston and San Francisco. Still, he says, he did finally manage to find the time to get his driver's license.

What kind of car does he want to buy? "A blue one," he says. What brand? "A BMW, maybe a Lexus. Anything but a Mercedes. Only businesspeople drive those."

Translated from the German by Charles Hawley

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World War I Guilt: Culpability Question Divides Historians Today

By Dirk Kurbjuweit

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This year marks the 100th anniversary of the outbreak of World War I and the 75th of the start of World War II. Questions over the degree of German guilt remain contentious among historians, who have been fighting over the issue for years.

In his book "The Blood Intoxication of the Bolsheviks," published in the early 1920s, a certain R. Nilostonsky described a particularly horrific form of torture used in the Russian civil war. A rat was placed into an iron pipe, which was then pressed against the body of a prisoner. When the torturers placed the other end of the pipe against a fire, the panic-stricken rat had only one choice: to eat its way through the prisoner.

When Hitler met with his officers on Feb. 1, 1943, after the defeat at Stalingrad, he told them that he suspected some German prisoners were likely to commit treason. "You have to imagine a prisoner being brought to Moscow, and then imagine the 'rat cage.' That prisoner will sign anything."

Historian Ernst Nolte published an essay in the *Frankfurter Allgemeine Zeitung* newspaper on June 6, 1986. In it, he suggested that Hitler's use of the term "rat cage" meant that the Nazi leader had heard of the Soviet form of torture involving a rat and a pipe. For Nolte, this served as evidence of the fear that Hitler and his men had of the Russians, a fear that could have "prompted" them to commit genocide.

In 1988, historian Hans-Ulrich Wehler published a book in which he devoted an entire chapter to the "rat cage," in an effort to prove that Nolte's theory was wrong.

As much as their debate seemed to revolve around rats, the real issue was culpability. How much guilt has Germany acquired throughout its history? And does the anecdote about Hitler and the Russian rat torture somehow diminish German guilt?

This year will be a historic one, marking three important anniversaries: the 100th anniversary of the eruption of World War I, the 75th anniversary of the start of World War II and the 25th anniversary of the fall of the Berlin Wall. The first two dates have been the source of heated debates among German intellectuals. The Fischer controversy in the early 1960s had to do with assigning blame for the eruption of World War I, while the dispute between historians in the mid-1980s revolved around culpability for

the Holocaust. Both debates were informed by the positions in what was then a divided nation, including views on German unification.

History is not just history, but also a part of the present. This is especially true of Germany. The overwhelming history of the 20th century engulfed the country and shaped the consciousness of politically active citizens.

Both debates ended in victory for those who advocated Germany accepting the greatest possible culpability and therefore sought to exclude the possibility of German reunification, fearing that a unified Germany could lead to fatal consequences, perhaps even a third world war. As a result, German consciousness was strongly influenced by this acceptance of guilt for decades to come.

A New Identity for Germans?

In the meantime, new information has come to light on the issues in both debates, which tends to support the losing side. Could this lead to a new national identity for Germans?

The importance of this question underscores the need to revisit the Fischer controversy and the dispute among historians in this historic year. It also focuses our attention, once again, on a controversial concept of the day: revisionism. It was once anathema to one side of the debate, and subsequently to the other. But it's a necessary debate.

A device that has already been relegated to history stands on the desk of Hans-Ulrich Wehler: a typewriter. In a sense, Wehler lives between the Netherlands and Italy, in a white house on the outskirts of the northwestern German city of Bielefeld, near the underground Dutch-Italian natural gas pipeline. For Wehler, living so close to the pipeline means that nothing can be built to spoil his view. When he sits in his office, he looks out at trees and meadows. Behind him are enough books to take an ordinary person an entire life to read, but for Wehler they represent only a small portion of his reading material.

He was a professor at the University of Bielefeld for 25 years. His most important work is a book called "Deutsche Gesellschaftsgeschichte" (German Social History). Wehler, 82, is a slim, cheerful man with a hint of the singsong accent typical of the Rhineland region.

When he was an assistant professor at the University of Cologne in the early 1960s, Wehler attended a colloquium led by Hamburg historian Fritz Fischer. But he was disappointed. He had expected something wild and exciting, but Fischer was a conservative man who "engaged in the conventional history of diplomacy."

Destroying a Comfortable Relationship with the Past

In 1961, Fischer published a book called "Germany's Aims in the First World War." A sentence in Fischer's book led to many changes. For Fischer, the German Reich bore "a substantial share of the historical responsibility for the outbreak of the general war."

The young Wehler was speechless. He had been waiting for a sentence like that.

At the time, West Germany was a country that felt relatively at ease with its past. The "national master narrative," the account of Germany's good past, still existed. The 12 Nazi years were certainly viewed

as horrific, but they were also largely repressed at the time. German history prior to the Nazi era was viewed as anything from tolerable to heroic, including the history of World War I. German historians of the early postwar period clung to a word that had been used by former British Prime Minister David Lloyd George: "slid." In George's view, the major powers had slid into the war, which meant that everyone was equally culpable or innocent.

Fischer's theories destroyed this comfortable relationship with the past. He saw a continuity between the war objectives and 1914 and 1939: great conquests with the goal of achieving global power. The German Empire became a precursor to the Nazi regime and World War I an overture to World War II. "A mine has been placed against the good conscience of the Germans," SPIEGEL, which agreed with Fischer's ideas, wrote in its review of his book.

For Gerhard Ritter, an important historian at the time, Fischer's book was intolerable. He had served the German Kaiser as a soldier in World War I, and he believed that Fischer's theories were a "national disaster." He was uninterested in revisionist history. The Fischer controversy had begun, a debate that was carried out in newspapers and magazine, and at the 1964 "Historikertag" (Conference of German Historians) in Berlin.

Wehler says he defended Fischer "as much as possible." But he was still too young at the time to be taken seriously as a historian.

The dispute soon became political. In 1964, the German Foreign Ministry tried to prevent Fischer from traveling to the United States to give a series of lectures. In 1965, Franz Josef Strauss, the deputy chairman of the conservative faction in the German parliament, the Bundestag, called upon the government to do everything in its power "to combat and eradicate the habitual, negligent and deliberate distortions of German history and Germany's image today, distortions that are sometimes made with the intention of dissolving the Western community."

Strauss was troubled by the idea of "sole moral responsibility," which was not something Fischer had mentioned but had become a central concept in the dispute. This is often the case in debates, when they become condensed into individual words and sentences, making do with less than complete accuracy in the interest of strengthening an argument.

Carving History into Stone

Fischer's view prevailed. Whether the term being used was "sole responsibility" or a "significant share of the historic responsibility," the national master narrative had been destroyed — an agreeable outcome for those who dominated the public dialogue starting in the late 1960s, the student revolutionaries who came to be known as the 1968 generation.

In 1972 historian Immanuel Geiss, one of Fischer's students, said: "The overwhelming role played by the German Reich in the outbreak of World War I and the offensive character of Germany's war objectives is no longer a point of controversy, nor is it disputable." It was as if he were carving history into stone.

Geiss knew how to make this final state of the history of World War I politically useful. In his view, the Fischer controversy had produced a new kind of person, "the German who had become insightful." From the 1972 perspective, Geiss had developed instructions for this person. The first and second world wars, he said, had resulted in "the need to make do with the status of lesser powers in Europe," as well as the

"final liquidation of all patriotic dreams of a German Reich." He was referring to the possibility of German reunification. "Any attempt to circumvent these political consequences, to squeeze past them, would inevitably lead to a third phase of German power politics, hence leading to a third world war initiated, once again, by Germany."

Four decades later, over lunch at Potsdamer Platz in Berlin, Herfried Münkler, 62, shoots that notion down. A third world war? Nowhere in sight. Power politics? Difficult question. Germany is a power in Europe once again, but primarily an economic one. Münkler is critical of Germany, which, as "the strongest player at the center is keeping itself out of the political fray."

Münkler, who teaches political science at Berlin's Humboldt University, has just written a book about World War I, "Der Grosse Krieg" (The Great War). He refers to Fritz Fischer's research as "outrageous, in principle," noting that the historian limited his research to German archives, ignoring Russian, English and French material. This, says Münkler, meant that Fischer couldn't have discovered that the other major powers also had reasons to go to war.

Confusing Scenarios and Political Plans

Besides, says Münkler, Fischer "confused scenarios and political plans." The German military leaders had in fact developed war plans, just as everyone else had, he explains. They were determined to be prepared. But the political leadership did not embrace these plans, says Münkler. Australian historian Christopher Clark reaches similar conclusions in his book "The Sleepwalkers." There are similarities between sleepwalking and sliding into war. Both involve uncontrolled movements.

Nevertheless, Münkler finds the Fischer controversy "helpful in terms of political history" and sees "a positive effect of mistakes." It was necessary, says Münkler, for the Germans to turn to their history once again, for something to break open and for the national master narrative to give way to a critical consciousness.

Wehler, on the other hand, says that 70 percent of what Fischer theorized was correct. He still believes that there was continuity between the German Empire and the Nazi regime. And the question of Russian, English and French war policy? An omission on Fischer's part.

Wehler asked him about it. They had met because Fischer was trying to recruit Wehler to teach in Hamburg. "Fischer said to me that he had already taken 800 pages for the German side, so that he couldn't devote that much space to the other major powers anymore." Who was going to read all of that?

It was a good point. In the 1960s, Germany was revolutionizing its conception of history, because a book couldn't be too thick. Later, Wehler made sure that the same thing didn't happen to him. His book "German Social History" encompasses 4,807 pages.

Another point is that Gerhard Ritter, who had been so vehemently opposed to Fischer's theories at the time, was associated with the anti-Hitler resistance and had been detained for a short time as a result. Fischer, however, had sympathized with the Nazis, as was later revealed.

Wehler says that Fischer told him that, after the war, he had found it difficult to accept having been part of the machinery of horror, both as a soldier and as a fellow of a Nazi Party institute. He felt pressure to make a contribution for a better Germany through his work. "I liked the fact that he expected a cleansing,

a catharsis, through the research," says Wehler. Did Fischer deliberately exaggerate as a result? He can no longer be asked, because, like Ritter and Geiss, he is no longer alive today.

Ritter wrote that Fischer's book was a culmination of the "self-obfuscation of German historical awareness." "I am convinced that this will be no less disastrous than the excessive patriotism of the past." Later on, Geiss agreed with portions of Ritter's argument. He criticized the tendency to use Fischer's talk of the "German special path" as a reason to completely condemn Germany. He was already familiar with the second battle over German history, the dispute among historians.

One day in the 1960s, as Wehler was sitting in his office in Cologne, a strange man knocked on his door. He was stiff and aloof, introducing himself as a secondary school teacher from Bad Godesberg, near Bonn. He said that he had written a study about fascism in his free time, that is, after school had ended and he had finished correcting his students' papers. His goal, in completing the study, was to qualify to serve as a professor at the University of Cologne. His name was Ernst Nolte.

It was an unusual approach to a university career, but it was a well-written study, and it propelled Nolte, a philosopher and high school teacher, into a position as a history professor. The study was published as a book in 1963, "Fascism in its Epoch." Wehler wrote a glowing review.

A Dispute Erupts among German Historians

On June 6, 1986, Wehler, now a professor in Bielefeld, read an essay by Nolte in the *Frankfurter Allgemeine Zeitung* titled "The Past that Will not Pass." Once again, he was speechless. But this time Wehler was reading sentences he hadn't expected at all.

Nolte's article culminated in five rhetorical questions: "Did the Nazis and Hitler perhaps commit an 'Asiatic' act merely because they and their ilk considered themselves to be potential victims of an 'Asian' deed (for Nolte, the term "Asiatic" was a euphemism for something especially gruesome)? Was the Gulag Archipelago not primary to Auschwitz? Was the Bolshevik murder of an entire class not the logical and factual prius of the 'racial murder' of National Socialism? Cannot Hitler's most secret deeds be explained by the fact that he had not forgotten the rat cage? Did Auschwitz in its root causes not originate in a past that would not pass?" Nolte left no doubt that each of these questions had to be answered in the affirmative.

Wehler couldn't believe what he was reading. He called sociologist and philosopher Jürgen Habermas, a friend from his younger days in Gummersbach. "Jürgen was beside himself," says Wehler. Nolte's article couldn't remain unchallenged. But who would write the response? "We decided to divide up the task," says Wehler. Habermas, the more famous of the two men, wrote the text, while Wehler dug up the necessary information and sent his assistant, Paul Nolte, to the archives. Paul Nolte, who is unrelated to Ernst Nolte, is a well-known historian in his own right today.

In his response, Habermas stirred up attacks on other conservative academics and journalists. "The text was all wrong," Wehler says with a chuckle, but it became a brilliant success. On July 11, 1986, the Habermas essay was published in *Die Zeit* under the title "A Kind of Settlement of Damages." The dispute among historians had erupted. On one side, it involved the left-liberal faction led by Wehler and Habermas, who were opposed to a new revisionism. Rudolf Augstein, the founder and publisher of SPIEGEL, was also a sharp critic of Nolte. Conservative historians and journalists, including Michael Stürmer and Joachim Fest, stood on the other side of the debate.

Like the Fischer controversy, this dispute also occurred during the Cold War, when ideological lines were being drawn between the left and the right. It was a heated and harsh battle. One day, Nolte's car was set on fire in the parking lot of the Free University of Berlin.

Nothing Allowed to Minimize German Guilt

The historians' dispute revolved primarily around two concepts: singularity and causal nexus, a Latin term for connection. The left-liberal faction insisted that the Holocaust was exceptional, and that its atrocities could not be compared with the horrors of Stalinism. It also insisted that the Holocaust was not a reaction to the gulag, but rather a spawn of the German hatred of Jews. It was singularity, but not causal nexus.

Nothing was to be allowed to minimize German guilt. Once again, the present played a critical role. Helmut Kohl, who was chancellor at the time, was a man with an awareness of history and a national consciousness, and he wanted a conservative revival, away from the cultural and political dominance of the left liberals, who had been around since the late 1960s. In 1985, Kohl took then US President Ronald Reagan to a cemetery in the southwestern town of Bitburg, which also included the graves of soldiers who had served in the Waffen-SS. He wanted to shape the House of History in Bonn and the German Historical Museum in Berlin to suit his agenda. The left-liberal intellectuals feared a revision of history and a return to the national master narrative.

For Habermas, the alternative was "constitutional patriotism." Furthermore, West Germany was to view itself as a part of the West, not as its own entity, one that had to recognize that something was missing, namely the eastern part of Germany. History had taught the Germans that unification was impossible. And as history became more and more horrible and singular, the notion of reunification became more and more forbidden.

In November 1986, three years before the fall of the Berlin Wall, historian Heinrich August Winkler wrote: "In light of the role that Germany played in the genesis of the two world wars, Europe and the Germans cannot and should not desire a new German Reich, a sovereign nation-state, anymore. This is the logic of history and, to quote Bismarck, it is more precise than the Prussian Oberrechnungskammer."

On the whole, the left-liberal faction prevailed. "We won," says Wehler.

'Nolte Was Done an Injustice'

Jörg Baberowski, 62, was studying history in the central German city of Göttingen when the historians' dispute erupted. During his schooldays in the nearby town of Holzminde, he had joined the Communist League of West Germany (KBW) and had collected money for its causes. They included Pol Pot, the Socialist ruler of Cambodia, responsible for the deaths of close to 2 million of his fellow citizens, a butcher like Hitler and Stalin. Which, of course, heaven forbid, is a comparison.

By 1986, Baberowski had changed to such a degree that he was the only student to defend Nolte's theories in an advanced seminar. He was berated for his position, says Baberowski, "but I didn't care; I was used to that from my days with the KBW."

Baberowski became a historian and a specialist in Eastern Europe. Like Münkler, he teaches and does research at the Humboldt University in Berlin. His book "Verbrannte Erde - Stalins Herrschaft der

Gewalt" (Scorched Earth - Stalin's Reign of Violence) won the Leipzig Book Fair Prize in 2012. "Nolte was done an injustice," says Baberowski. "Historically speaking, he was right."

Singularity? While conducting his research in Russian archives, Baberowski discovered how vicious Stalin and his thugs had been. Concentration camps had existed in Russia since 1918. In a camp near Moscow, for example, four people shot and killed 20,000 people in one year. "It was essentially the same thing: killing on an industrial scale," says Baberowski.

Causal nexus? "Of course, Hitler was not unaffected by what he knew about the Russian civil war and Stalinism."

Sitting in Café Einstein, he says: "Hitler was no psychopath, and he wasn't vicious. He didn't want people to talk about the extermination of the Jews at his table. Stalin, on the other hand, delighted in adding to and signing off on the death lists. He was vicious. He was a psychopath."

Spoons are clinking against cups, an espresso machine is hissing and other patrons are speaking in muted voices. It's an uncomfortable moment. Can he say this sort of thing? Can Hitler have been less vicious than someone else? Did the people at nearby tables hear what he just said? Such questions spring to the fore, the product of decades of German history education from schools, books and the media. The imprint is deep.

My next stop is Bielefeld, a visit to the office of Hans-Ulrich Wehler. He declines to agree with Baberowski. A causal nexus? "Hitler cannot be interpreted as an anti-Lenin at all." Singularity? "I think so. In my eyes, Hitler remains undefeated at the top of the list."

This too is an uncomfortable moment. It feels as if he were talking about a contest, about rankings, or even about a hit list. Must a German remain the worst of all butchers? Isn't that putting it a little too coldly?

Wehler seems to sense these thoughts. "Did you know," he says, "that one in four victims in the German concentration camps was a child?" His voice is filled with emotion and his eyes are moist. He looks at me for a long time.

Then he tells another story about Ernst Nolte. Wehler once invited him to dinner at his home. "My wife is a great cook," he notes. After one or two glasses of wine, says Wehler, Nolte loosened up and talked a little about his life. He was born with three short fingers on his left hand, which meant that he was unfit for military service, whereas his younger brother died in World War II. As a result, Nolte said according to Wehler, he had been under pressure to do something for his country.

Wehler and the two confessions: Fischer's and Nolte's. And then there is Baberowski. Personal issues played a role in the battle over Germany's history. Baberowski says that in doing his research, he also "came to terms with my own mistakes at the beginning," including his belief in the communist ideology and collecting money for Pol Pot.

'One Cannot Seriously Dispute This Connection'

Ernst Nolte, 91, opens the door to his apartment on the third floor of a stately old building in Berlin's Bayrisches district.

He is an amiable man who doesn't complain about his infirmities. He and his wife live in a spacious apartment, surrounded by books, art and a grand piano, the apartment of well-educated German intellectuals. Nolte responds to our questions at length during the two-hour conversation. These are authorized excerpts from that talk.

Regarding the causal nexus: "One cannot seriously dispute that this connection existed. Anyone who has ever read Hitler's speeches knows how important an issue Bolshevism was to him. He frequently lost control and worked himself into a state of extreme agitation. It is absurd to claim that Germany would have become a national-socialist state of the kind Hitler envisioned if the Bolshevik revolution had not taken place in Russia in 1917."

Regarding singularity: "All the horrors and extermination procedures known to have occurred in German concentration camps were reported much earlier in the concentration camps of the Cheka and the NKVD. Those who refuse to believe this may be good people, but they are no academics. The technical process of gassing people to death is one main difference. The great Jewish writer Joseph Brodsky once said that if he had the choice, he would much rather die within a few minutes in a gas chamber than after months of starvation in an ordinary concentration camp. He can say that, whereas I prefer to remain silent, because I would immediately be accused of having reprehensible motives."

Regarding the neo-Nazi terror cell NSU, whose sole surviving member is currently on trial in Munich on charges relating to the murder of 10 people mostly of Turkish origin: "I don't believe that these people should be characterized as 'right-wing' terrorists. They were simply a gang of murderers. If a note with the words 'Go home' had been pinned to the victims, it would have been an act of right-wing terrorism."

Regarding his hand: "It's the reason I wasn't drafted, and I was spared from taking part in the war. In other words, it was an unearned lucky break. Precisely for that reason, I felt a special obligation to investigate the problems of the period in an academic fashion, and not just from a standpoint of one-sided dismay."

Regarding culpability for the war in 1939: "I am more and more convinced that we should attach more weight to the role played by the Poles and the British than is usually the case. Hitler did not want to wage war for war's sake, as is often claimed. He would have liked to enter into an anti-Soviet alliance with the Poles. His claims against Poland were not 'national socialist.' Rather, they dated back to the days of the Weimar Republic. If the Polish government had sent a negotiator, as Hitler wanted, and had agreed to the 'Weimar' demands to return Gdansk to the German Reich and to establish extraterritorial road and rail connections through the 'corridor,' Hitler would not have invaded Poland."

Harsh Criticism

The conversation and his autobiography, to be published this spring, coalesce into the image of a man who considers himself to be important, and yet is resentful because he no longer plays a role today. In his last book "Späte Reflexionen" (Late Reflections), he insisted on ascribing to the Jews their "own share of the 'gulag,'" because some Bolsheviks were Jews. Based on his logic, the Jews were partly responsible for Auschwitz. This has long been an argument of anti-Semites.

Nolte received some "harsh criticism" for his book, even from acquaintances, criticism that, as he writes, "usually amounted to the theory that I had now admitted that my many adversaries were correct and that I shouldn't be surprised to be plowing a lonely furrow," he writes. He has upped the provocation once

again and has to live with the fact that no one is interested. There is no outcry and no debate. Germany is at ease and Nolte is finished.

But not everything this man says is wrong. Comparisons are constantly being drawn in history seminars today between Hitler and Stalin, apples and oranges. Comparing isn't automatically equating, but instead serves to promote insight. It's what Nolte has said all along.

He insisted on the freedom of the academic, and he was right. Just how outraged everyone was at the time seems disconcerting today. In the 25th year after German reunification, fears of unification seem absurd. But at the time, no one knew how it would turn out, which makes some of the concerns understandable. But speculation shouldn't have been portrayed as the truth. Everything was the subject of speculation, from the German future to the German past.

History is not open in the same way as the future is, but it is open nonetheless. In both debates, the combatants behaved as if there were historical truths, but they don't exist. All that exists is a state of research that includes gaps, which are filled with speculation and interpretation.

No one knows what Reich Chancellor Theobald von Bethmann Hollweg truly thought and wanted in the summer of 1914. No one knows how strongly Hitler was influenced by Soviet atrocities. Historical research is the science of approximation. Constant revisions are necessary for that reason alone.

The current state of the historical interpretation is that all major powers sleepwalked into World War I, and that Bolshevism and Stalinism were more brutal than was long known or admitted. Is there a national outburst as a result? No. Is there rejoicing because German culpability is somehow reduced? No.

No matter what others did, the Nazis were disgusting criminals whom masses of Germans followed, and the German Reich did a great deal to allow World War I to happen. German responsibility for the present and the future is one of the consequences. We can live up to this responsibility without self-obfuscation.

So what's next? Are there any new revelations about Germany's past? These are questions posed to a historian of the intermediate generation, 53-year-old Edgar Wolfrum from Heidelberg, whose book "Rot-Grün an der Macht", about the Chancellery of Gerhard Schröder and his coalition with the Green Party, was published in 2013.

'German History Is Getting Smaller and Smaller'

He is sitting in his office at the University of Heidelberg, joined by his assistant Angela Siebold, the first female historian in this history of old men. What is being discussed today? Wolfrum ponders the question for a while. "It's still the old issues," he says, "but we are discussing them more quietly and calmly." He pauses to reflect, and then he says: "German history is getting smaller and smaller." With the fall of the Iron Curtain, China's opening to the world, the new importance of India and Brazil, others are also demanding that attention be paid to their past. In other parts of the world, the Holocaust is not at the center of everything.

Wolfrum struggles with this notion. He recently read a book about world history in which, as he says, the Holocaust had more or less dwindled into a footnote. War, too, was no longer the dominant theme. Instead, says Wolfrum, women's history is increasingly in the spotlight today. He prefers the hard issues to the soft, Wolfrum adds.

He looks at his assistant, perhaps a little guiltily. She looks back at him. It is an indulgent look, but also one that says: Dear men, there are going to be a few more revisions of history.

Translated from the German by Christopher Sultan

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Interest Rate Blues: Emerging Nations Demand Western Support

By Martin Hesse and Christian Reiermann

DATA: 2014.02.17



Federal Reserve Board Chairwoman Janet Yellen: Has the US badly handicapped emerging economies with its stricter monetary policies?

At the G-20 finance ministers' meeting in Sydney, emerging economies will push for joint action to halt rising interest rates. But the industrialized nations want nothing to do with it and are instead arguing that each country should solve its own problems.

A relatively agreeable meeting is awaiting German Finance Minister Wolfgang Schäuble at the end of this week. The journey itself, to be sure, will be a taxing one; the flight from Berlin to Sydney will take almost 24 hours. But once he arrives, the greatest difficulty will already be behind him.

Under the summer Australian sun, Schäuble will meet with his counterparts from industrialized and emerging economies as part of the G-20 meeting there. As always, the state of the global economy will be the main topic of conversation.

Schäuble and his colleagues from the euro zone, in contrast to previous years, can sit back and relax this time around. Nobody will be trying to force Germany, France or Italy to take immediate action to protect the world economy from turbulence in Europe. "The euro as such is no longer the focus of financial market attention as a source of concern," Schäuble recently said with satisfaction. The euro crisis, much to the pleasure of European leaders, has gone dormant. This year, others will be in the spotlight, such as the Americans.

Investors Return to Dollar

Representatives from India, Brazil and Turkey in particular accuse the US Federal Reserve, under the leadership of new head Janet Yellen, of having severely handicapped their economies by backing away from the crisis driven policies it has pursued in recent years. By reducing the number of US sovereign bonds it purchases, the Fed has triggered a rise in US interest rates, with the consequence that a flood of investors are now returning to the dollar from emerging economies.

To halt the decline of their currencies, India and Turkey were recently forced to raise their own interest rates, a move which, while propping up the exchange rate, also puts the brakes on economic growth. As such, they and similar countries want to use the meeting in Sydney to establish a common approach with the industrialized economies, particularly with the US. They want the developed world to pay closer attention to economies in Asia and Latin America.

The battle lines are familiar: emerging economies versus Europe and the US, just like at the beginning of the economic crisis. Back then, though, China, India and Co. were negotiating from a position of strength. Pointing to their own strong growth rates, they demanded that the Americans and Europeans — who they not illogically saw as having caused the crisis -- do more to prevent a collapse of the global economy. Now, though, with growth in emerging economies having slowed, roles have been reversed.

Complaints Unjustified?

Many of the contours of the Sydney showdown are already clear. Even if the Americans and Europeans were often at odds during the euro crisis, Europe firmly backs the US position now. Schäuble, in particular, can be relied on; he considers the complaints coming from Asia and South America to be unjustified and believes that the dangers to the global economy are no longer to be found in the euro zone or in the US.

He has some pretty powerful supporters too. The International Monetary Fund (IMF) now sees the US as an engine of growth and has stated that the collective euro-zone economy has emerged from recession. It is time, Berlin feels, to move away from crisis policies and return to normality — just as the US has been doing in recent months.

The Finance Ministry in Berlin believes that the shift shouldn't come as a surprise to the emerging economies. After all, they were forewarned at the G-20 meeting in Cannes back in November of 2011 that industrialized countries would abandon crisis policies as soon as the situation allowed. That time, Berlin says, has now come.

In any case, Schäuble argues, complaints shouldn't be directed at himself and his Western counterparts. He points out that central banks make their decisions independently, free of political meddling. And that, too, is an argument he plans to pull out in Sydney if necessary.

Schäuble and his Western counterparts also have the impression that they are being abused as scapegoats. Many of the problems currently being faced by emerging countries, they say, are homemade. Turkey's economy, for example, is not the victim of global problems. Rather, many of the difficulties it is facing stem from the domestic policies of Prime Minister Recep Tayyip Erdogan. Argentina, which has also distinguished itself in America bashing of late, is suffering from the consequences of decades of misguided economic policy. In Thailand, the government and opposition have been locked in a stalemate for months, which has left its mark on the economy. And Indian Prime Minister Manmohan Singh has proven unable to get corruption and excessive regulation under control.

The 'OHIO Principle'

Thus, Europe and the US are expected to call on their critics to pursue the OHIO principle, as experts call it. The abbreviation stands for "Own House in Order," meaning roughly that each country should do its own homework. And that's a major reason why Western representatives don't see a need for orchestrated action against the turbulences within the context of the G-20. "We aren't expecting an Asia crisis 2.0," a Schäuble staffer said.

But there is no way of ruling that out entirely. There are plenty of reasons that the economic miracles in the emerging economies have recently lost some of their sparkle. For the past two years, growth in China has fallen below the double-digits, increasing instead at an average of 7.7 percent, notes Min Zhu, deputy chief of the International Monetary Fund. That's still dizzyingly fast compared to mature economies like Germany or Japan, but nevertheless a little slower than important trading partners and raw materials suppliers to China, like Brazil, India and South Africa, have been used to for years now.

China recently tamed its furious pace of investment, putting an end to the price bonanza surrounding many raw materials that had ensured high growth and ample foreign exchange revenues. Of course, there's also the issue of interest doping. As long as interest rates in the United States, Europe and Japan remained microscopically small, emerging countries were also able to borrow money under fantastic conditions.

Since 2010, more than \$1 trillion net flowed each year into the emerging markets of Asia, Latin America, Eastern Europe and Africa. But the influx receded in 2013 to levels not seen since 2008.

"For a long time, it appeared that there were few differences remaining between emerging economies and fully developed industrialized nations," says David Solomon, the co-head of investment banking at Goldman Sachs. "The risk premiums were almost at zero. Now people are registering that they overestimated the emerging economies and that these premiums should have been higher."

So far the outflow of capital from once hot markets of the past few years hasn't been that dramatic. Since the currencies of South Africa, India and Turkey plunged at the end of January, the situation has quieted

a little. The central banks in those countries raised interest rates and, by doing so, were able to stop the flight of money — at least for now.

Has the crisis really been resolved though? Can the countries that have been experiencing an economic miracle suddenly get back to business as usual? It is unlikely. "There will be further turbulence; the problems aren't over yet for the emerging economies," says Scott Mather, deputy chief investment officer at Pimco, the world's largest bond fund. He does believe, however, that investors will differentiate more between the individual countries. "The problems will last longer in those places where economic vulnerability is mixed with political instability — for example, in Ukraine, Turkey or Thailand."

The most economically vulnerable countries are those that import much more than they sell abroad and are thus accustomed to high capital influxes. When high deficits and debts are added to the equation, the investor money can evaporate just as quickly as it flowed in during recent years.

Still, numerous economists — be they from the IMF, the banks or the large funds — are still optimistic. The dangerous mix that triggered the financial crises of the late 1990s occurs less frequently today. "Many emerging economies are in a better starting position than they were in the earlier crises," says Scott Mather. "They possess greater currency reserves, less rigid exchange rates and in many cases a balanced or even positive current account balance."

That's only true to a certain extent. Brazil may have sextupled its currency reserves within eight years to around \$350 billion, an increase that fosters trust and the impression that the country has become far more robust. But the government still hasn't found a solution for its massive negative account balance, inflation is at around 6 percent and growth is leveling off at a level similar to that of Germany.

Countries like India or Indonesia have similar structural problems. In addition, problems like corruption and political uncertainty are common. In recent days, the exchange rates of oil countries like Russia and Kazakhstan went into decline.

US Will Play Decisive Role

This rightfully makes managers of American pension funds or German insurance outlays nervous. When investors' risk aversion grows and the herd starts running in another direction, investors tend to just start pulling their money out all over the place. They don't spend much time analyzing the specifics of each individual country. If growth doesn't recover in the emerging economies, the situation could yet worsen.

The US will play a decisive role in whether that happens or not. "At the moment, the global economy is very dependent on the recovery of the American economy and continued low interest rates," says Dennis Snower, president of the Kiel Institute for the World Economy.

Many other economists share Snower's view that a normalization of America's monetary policy is not only essential, but is also in the interest of the emerging nations. "In the short term, the change of course in American monetary policy may cause pain for developing nations, but they will profit from it in the end if the Fed is able to ensure sustainable growth," Pimco executive Mather says.

But if the situation in the emerging economies continues to worsen and the turbulence endures, the reverse could be true — because it could jeopardize the upswing in the United States as well as Europe's recovery.

'Negative Feedback Loop'

"The potential for a negative feedback loop from the emerging markets to the developed markets is huge," Gautram Batra, managing director and investment strategist at London-based Signia Wealth, told Bloomberg earlier this month. Global companies are increasingly dependent on developing nations. Corporations like Apple, General Motors, Coca-Cola or multinational oil companies already generate a high share of their profits there. Multinational food giant Nestlé recently admitted it had missed profit expectations because of turbulence in these markets.

An enduring crisis in the developing economies could also create fresh worries for Europe's strapped financial sector. Analysts at Deutsche Bank recently calculated that competing banks, like Italy's Unicredit, Spain's Santander or Austria's Erste Bank, generate a high degree of their profits from emerging markets, making them vulnerable.

But economists like Snower consider the danger that Europe's recovery will be halted by crisis in the emerging economies to be limited. "Emerging economies still play a minor role for German exports, with most going to Europe," he says. Italy alone imports as much from Germany as Argentina, Brazil, India and Turkey do combined. So it's likely that political and economic problems in Italy would be the source of greater concern for German Finance Minister Schäuble than turbulence in Istanbul or Buenos Aires.

Still, if a conciliatory gesture toward the emerging economies does come in Sydney, it will likely come from the Europeans. For now, it is virtually assured they will maintain their loose monetary policy.

Translated from the German by Charles Hawley and Daryl Lindsey

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'A Perfect Storm': The Failure of Venezuela's New President

By Jens Glüsing

DATA: 2014.02.24



He was hand-picked by Hugo Chávez, but Venezuelan President Nicolás Maduro has lost control of the country's economy. Vast protests have been the result, but the government in Caracas has shown no signs of bending.

The smell of smoke wafts over Caracas. A group of young women have built a barricade of wooden pallets and garbage bags and lit it on fire on the main street running through Bello Monte, a middle-class quarter of the Venezuelan capital.

A petite university student named Elisabeth Camacho fiddles with a gas canister and clutches a stick bristling with nails. She is wearing a white T-shirt and a baseball cap in Venezuela's national colors, a kind of uniform worn by many of the demonstrators. She appears relaxed and ignores the curses coming from drivers struggling to turn their cars around. "We demand security," she says. "The government needs to finally stop the violence."

Students have been protesting in Caracas for days, building barricades on city streets and occupying squares. The movement began two weeks ago in San Cristóbal, in the state of Táchira near the border with Colombia. In just a few days, it spread across the entire country.

The students are protesting against inflation, shortages and corruption. Mostly, though, they are taking to the streets in opposition to the violence meted out by the country's paramilitary shock troops. "We are going to protest until the government disarms the colectivos," says Camacho.

"Colectivos" is the name given to the brutal militias that even late President Hugo Chávez supported. Now, the government of his successor, Nicolás Maduro, is sending the thugs after opposition activists, with masked men on motorcycles speeding through the streets, firing on demonstrators and, sometimes, following students all the way back to their universities. At least 13 people have died in the unrest, with 150 having been injured.

Last Tuesday, government toughs terrorized the quarter of Altamira, a hotbed of opposition in Caracas. For hours, some 150 motorcycles sped through the central square with thugs firing guns into the air. A handful of passersby were wounded by the bullets.

A Mustachioed Chávez

One day later, Maduro co-opted the country's television channels to publicly ridicule his opponents. Wearing a bright red shirt, he hosted the live show, playing the role of an MC in a performance reminiscent of his predecessor. Chávez used to call opposition supporters "scrawny." Maduro prefers to call them "fascists."

Indeed, Maduro behaves a lot like a mustachioed Chávez, but lacks his forerunner's humor and, especially, his aplomb. He often seems tense; he picks at his shirt and stumbles over his words.

Chávez died just under one year ago, but began grooming Maduro as his crown prince a few months prior. No one was as obedient as Maduro, a former bus driver that Chávez made into a government minister. It was a terrible decision for the country: What Maduro lacks in charisma, he makes up for in radicalism. He has ruined the country's economy and has often turned to Cuba, his closest ally, for guidance. And he has attempted to silence the opposition with a campaign of pure terror. Recently, though, it has begun looking as though he will have difficulty regaining the upper hand over the protests.

When Maduro's term began, hopes had been high that he would be able to reconcile his divided country. He sought out contact with the US and gave the impression that he was willing to open a dialogue with opposition politicians. But last week, he expelled three American diplomats, claiming they had supported "the opposition fascists."

Recently, he has encroached on freedom of expression to a greater degree than even Chávez did. He arranged the purchase of the last remaining television station in Venezuela that was critical of the government and has unleashed his supporters on the "fascist broadcaster" CNN and on other foreign journalists. A "deputy minister for social networks" has been charged with monitoring what Venezuelans post on Twitter and elsewhere, while the two largest government-critical newspapers have had trouble publishing due to a paper shortage.

The president is a stubborn ideologue hiding behind a jovial façade. He has launched a new wave of expropriations and increased government control in slums, with neighborhood organizations modeled after Cuba's "committees for the defense of the revolution" monitoring residents.

The Voice of the Opposition

Maduro travels frequently to Havana for consultations with the Castro brothers; he was also their preference to succeed Chávez. Cubans also monitor Venezuela's security apparatus, to the point that they even issue personal IDs. But in recent weeks, a potentially dangerous opponent to Maduro has emerged.

Representative Mariá Corina Machado receives visitors in the office of her organization, La Salida, which means "the exit." Machado is the closest ally of opposition politician Leopoldo López, 42. She keeps things moving while Salida leader López sits in a military prison waiting for the Maduro regime to put him on trial.

López, a Harvard graduate and a former mayor of the prosperous municipality of Chacao, is the voice of the opposition. He is chivalrous, charismatic and impatient. He only begrudgingly accepted Enrique Capriles, the moderate governor of Miranda, as the opposition's candidate in the presidential election last April. He had wanted to run himself.

Maduro won by a razor-thin majority and López has never accepted the election result. He broke with Capriles and threw his support behind the student protest movement. After three protesters were killed during violent clashes in Caracas on Feb. 12, the government held López responsible, with prosecutors accusing him of incitement to murder. With proceedings now having begun, the judiciary has reduced the charges to destruction of public property.

López went into hiding for five days, only to turn himself in in a maneuver worthy of Hollywood: Waving a Venezuelan flag during a mass demonstration, he climbed into a military vehicle and was driven in a convoy to jail, escorted by his supporters. He became a martyr overnight and is now the best-known opposition figure in the country.

The risks López is taking are significant. He is polarizing the country and openly challenging the regime. "We don't want to wait six years until the next election. By then, the country will be ruined," says his ally Corina Machado. "Maduro should resign as soon as possible."

'Destroying the Private Sector'

But are López's actions calculated? Or are they born out of desperation? For 12 years, the opposition has been doing everything it can to topple the government. Activists have staged an overthrow attempt, organized referenda and put up candidates in elections — but Chávez always won. The "Caudillo" was considered invincible.

That, though, cannot be said of Maduro. His victory in last year's election was anything but a landslide and even in the slums — once the source of Chávez's power — his economic policies are not well received. In order to combat the country's massive inflation of over 50 percent, Maduro has introduced price controls. Shops that demand prices that he believes are too high are simply occupied. "We will guarantee everyone has a plasma television," the president has said, and has forced stores to sell them cheaply.

"It is plundering under the aegis of the state," says Diego Arria, formerly Venezuela's UN ambassador. "Maduro is destroying the private sector."

Oil production is responsible for roughly a third of the country's economic output and over 70 percent of consumer goods are imported. But the yield from Venezuela's oil wells has been dropping for years and gasoline and foodstuffs are heavily subsidized. And now, the government is running out of hard cash. The official exchange rate is around 6.3 bolívars to the dollar, but on the black market, one can get up to 84 bolívars for a US dollar.

Many shops are empty, with even corn flour, milk and toilet paper subject to shortages. Lines like those seen in Cuba have become common and people are desperately trying to get their hands on dollars. "A perfect storm is brewing in Venezuela," says Arria.

The government has been having difficulties supplying even the basics in the slums of Caracas. In the vast quarter of "23 de enero," people stand in long lines in front of the state-run supermarket; they are issued numbers on strips of cardboard. Chavistas control entry to the store and glorify Maduro and the revolution to shoppers. Most of those waiting remain silent. Every three days, they mumble quietly when the guards aren't paying attention, their food coupons will get them chicken from Brazil and two kilograms of flour, but nothing more.

Black Screen

Venezuela's military has more power under Maduro, a civilian, than it did under the former officer Chávez. Maduro has handed out senior jobs to some 2,000 soldiers and the military now occupies key positions in business and controls entire companies. Late last week, Maduro sent a parachute battalion to Táchira to curtail the protests there.

But even in the military, dissatisfaction is spreading. "The soldiers just haven't yet had the courage to open their mouths," says one administrative employee who works in Fuerte Tiuna, a military base on the outskirts of Caracas.

Even Chávez had begun to realize that the enemy was within. He had officers and a former defense minister who had been critical of him arrested and imprisoned on charges of corruption. Some of them remain locked up in the Ramo Verde military prison not far from Caracas -- just a few cells away from Leopoldo López.

In front of the prison, a group of women is gathered, the mothers of the dozens of university students who have been arrested in the course of the protests. Some of the prisoners are minors, others are injured. "They beat my son on his head," says Beatriz Munga, a desperately worried mother. "I just want to know how he is doing."

She pulls out her cell phone and shows a video that her sons' protest companions made. Shots and blows can be heard, motorcycle engines roar and someone screams. Then, the screen goes black.

Translated from the German by Charles Hawley

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Pope John Paul II's Canonization: The Making of a Miracle

By Alexander Smolczyk

DATA: 2014.03.01

Pope John Paul II will be canonized in April. A woman from Costa Rica experienced a stunning recovery from a brain aneurysm after praying to the late pontiff. Her story provides a unique look at the Vatican's miracle workshop.

There is a place in Rome where miracles are collected and examined, inspected and screened, and purged of all thirst for glory or pagan superstition. It is called the Congregation for the Causes of Saints.

The Vatican's outpost in the Lateran Palace is on Piazza Giovanni Paolo II. The marble street sign, a more recent addition, will have to be redone soon, when a mason chisels the word "San," or "saint" into the sign. That will occur by no later than April 27, when Karol Wojtyla, aka Giovanni Paolo II, will be declared a saint in Rome, only nine years after his death. Rarely has the Vatican been in such a hurry to complete a canonization. John Paul II was a global pope, and now he is to become a saint of the 21st century, a global saint.

He has already been beatified. But to attain the second level of godliness, sainthood, another miracle, one that has been officially examined and cannot be explained by the laws of science, is required.

The necessary research is undertaken at the office on Piazza Giovanni Paolo II. Slawomir Oder, 53, is the "postulator" of "Causa Ioannis Pauli." He handles the red tape surrounding the canonization, acting as an intermediary between Heaven and earth, a sort of central collecting point for evidence, witness testimony and reports of miracles. His staff has inspected all of the writings of Karol Wojtyla, from an early play called "The Jeweler's Shop" to the words of his last, almost inaudible address.

The monsignor is a representative of the new Poland, multilingual, efficient and, most recently, sporting a neatly trimmed goatee. He looks like someone who could be managing a tech start-up. His office on the fifth floor of the Lateran Palace is filled with files, images of popes and souvenirs from his travels. A glass case next to the door contains a white cap and a pencil case. Monsignor Oder answers the question before it is even asked: "Yes, they are originals." He points to a round reliquary, which contains a piece of material with gray spots on it. "They are from the day of the assassination attempt," May 13, 1981. It's the most valuable item in his collection.

Oder's office is also responsible for the management of relics, which are divided into three classifications. The most valued are parts of John Paul's body, which include mostly hair or blood. Second are "contact relics," or clothing and accessories the deceased pope once wore. Finally, items that came into contact with a contact relic also make the list.

A Wondrous Story

There are currently about 400 "first-class relics" in circulation, and about 40,000 second-class relics, which consist almost exclusively of nine square-millimeter snippets of one of the pope's chasubles.

The number of third-class relics is potentially infinite, following the homeopathic principle whereby substances are effective, even in the greatest possible dilution. However, as Oder is quick to point out, such relics are not to be used as a talisman. A relic, he says, is no good-luck charm, but rather an object of meditation and a window into the faith. "Take a few," says the monsignor.

The "Positio," or final report, is kept in the safe. One copy was given to Pope Francis, while the original remains in Monsignor Oder's safekeeping. The Karol Wojtyla file weighs about four kilograms (nine

pounds) and consists of four volumes, bound in apostolic eggshell-white material, and comprising a total of 2,709 pages. The file is titled "Positio super vita, virtutibus et fama sanctitatis," or "Report on the Life, Virtues and Reputation of Sanctity." The report includes, for example, the testimony of a certain Dr. Helmut Kohl (the former German chancellor), as well as that of the Dalai Lama and about 100 other contemporaries. Oder has visited all of them in the last few years. Each of those interviewed, if Catholic, was asked to swear upon his or her soul that he or she was telling the truth.

The "Positio" also contains a long, wondrous story that unfolded three years ago and 10,000 kilometers away, or, to be more precise, in the right temporal lobe of the brain of Floribeth Mora Díaz.

The house of Mora's family is on a steep street on the outskirts of San José, where the Costa Rican capital gradually gives way to the rain forest. Mora -- 50, wearing tight, red stretch jeans -- is a grandmother nine times over. She has constructed an altar on her veranda, a colorful, shimmering private shrine, complete with plaster cherubs, Sacred Heart candles, and printouts of prayers for John Paul II, who will soon be Saint John Paul II. "My saint," says Mora; there is no doubt that her claim is correct.

On April 13, 2011, Señora Mora was convinced that her head was about to explode. She could no longer feel her left leg and she was constantly vomiting. Her doctor had diagnosed Mora with "migraines," but she refused to believe him.

Her husband, Edwin Arce, took her to the emergency room at the Hospital La Católica in San José. He was determined that only the best would do for his wife, and La Católica was the best hospital in the city, despite the fact that some of the patients were admitted in handcuffs, owing to the prison located right around the corner.

A Positive Omen

The neurologist who evaluated Mora was Dr. Alejandro Vargas, a doctor so young, attractive and clever that he could easily be taken for a telenovela actor. Before Vargas operates on a patient's head, he likes to say: "With the help of God, vamos..." Mora decided to interpret his words as a positive omen.

"My head felt like it was swollen, I didn't even dare to sneeze. The doctor gave me a contrast agent and did his examination. Then he told me I had an aneurysm" -- a bulge in the wall of a blood vessel. Aneurysms are not unusual in individuals over 50, especially when they are somewhat overweight and have hypertension.

"Her blood pressure was very high. She was suffering from a fusiform aneurysm," Vargas would later write in his report. "It could have been clamped, but the problem is that we don't have the technology for that. An operation was too risky."

Mora's aneurysm looked to be located in a region of the brain that was inaccessible to the surgeons. "Dr. Vargas said that he couldn't clamp the blood vessel," Mora relates. "He said that if he operated, I could fall into a coma or become permanently paralyzed. He told me there was nothing he could do."

Mora remembers how a priest came to administer her last rites. Dr. Vargas recalls that he had only said that nothing could be done for Mora in his hospital. "This type of case is certainly operated on in Mexico or the United States. I prescribed anti-hypertensive medication for the señora, as well as a sedative. After all, the aneurysm hadn't ruptured. There was still hope."

But Mora didn't think so. She had a problem in her head, one that not even the best doctor in Costa Rica could solve. She was in tears as her husband Edwin drove her back to Tres Ríos. "I called my brothers so that they could get the family together. I wanted to tell them they should always stick together, even without me, and that their mother had only a month left to live." Mora wept for three days and took the pills Dr. Vargas had prescribed. In between bouts of weeping, she prayed.

One of her children occasionally came into her room and tapped her to see if she was still alive. She had been sent home to die. It was what she would later say to every priest she encountered, to the archbishop and to anyone else who would listen.

The Only True Miracle

From a purely dogmatic standpoint, miracles make the church a little uncomfortable. God doesn't need to prove his omnipotence in the form of patients whose missing limbs suddenly reappear. The only true miracle is the resurrection of Jesus.

To Pope Benedict XVI, reports of farmers strolling across their village pond were just as suspect as the cult of Padre Pio or the apparitions of Medjugorje in Bosnia-Herzegovina, where the lame and sick go for salvation. The veneration of saints is no substitute for health insurance.

But people want miracles. A world without the possibility of the impossible would be like a lottery without a grand prize — an empty world, a world without God. It's the reason people want saints. To the faithful, saints are like touchable, practical versions of God.

This sentiment explains why devout Catholics began chanting "Santo subito!" (Italian for "saint now!") shortly after Karol Wojtyła's death. On the day he died, "we perceived the fragrance of his sanctity, and in any number of ways God's People showed their veneration for him," said Benedict XVI, as he proceeded to beatify his predecessor in record time, after only six years of examination.

On May 1, 2011, the day John Paul II was beatified, one and a half million pilgrims came to Rome. Newspapers worldwide published special issues to commemorate the event, including *La Nación* in San José, Costa Rica.

But there is a difference between beatification and sainthood. Only a real saint has his own holiday, and only his relics can be worshipped everywhere, no matter what documents turn up in the future. Only a saint remains a saint until doomsday and beyond.

However, a "fragrance," no matter how strong, is not enough for sainthood. The rules can be found in the papal bull titled "Divinus perfectionis Magister." They state that it is not sufficient to have led an unblemished and virtuous life, or even to have wrestled down communism. Canonization requires a confirmed miracle.

The notion that he was capable of miracles was already attributed to John Paul II in the course of his beatification. In 2005 Marie Simon-Pierre, a nun from Puyricard in France's Provence region, claimed that she had been cured of Parkinson's disease by merely invoking the deceased pope.

According to the rules, simple martyrdom, such as death by assassination, would be sufficient for beatification. But a miracle is required for canonization, provided the pope enforces the rule. What's more, the miracle must have taken place after beatification. In the case of John Paul II, that would be anytime after May 2, 2011.

Floribeth Mora couldn't sleep that night and watched television instead. The special edition of *La Nación*, with a black-and-white photo of the pope giving his blessing, was lying on top of Mora's TV.

"In the morning, I looked at his picture in the newspaper. I heard a voice. Yes, it was a male voice. Yes, it was in Spanish. It said: 'Get up and have no fear.' His two hands emerged from the photo." Mora has told the story many times. She weeps every time she tells it.

She is an attractive and serious woman, and yet she lacks the penetrating radiance common to those who have been in contact with the dead. Her husband Edwin, who used to sell auto parts, now runs a security company with his sons. The youngest son, who looks like a punk rocker, serves us tamales.

"I stood up and said: 'Sí, Señor.' I was able to go into the kitchen. I felt a little better. I felt an inner warmth. I was convinced that I was healthy, even if my body was saying the opposite. My Juan Pablo," says Mora.

Her headaches subsided and eventually disappeared. In July, Dr. Vargas was astonished to see his patient return to his office with no symptoms. He says: "When I saw the scans, I initially thought it was the wrong CD. I could see no signs of an aneurysm. It looked like a completely normal artery, even after the catheter examination. It was my impression that something had happened here. I haven't found anything like this in the literature."

Juan Pablo had helped.

For Mora, there was no need to discuss the miracle any further, and the world would never have learned about it if a certain Father Dariusz Ra had only brought along some Polish sausage from Krakow, or perhaps some vodka. But the priest had felt that something very special was needed.

In Rome, Ra had become friends with another priest, Donald, when they were both students at the Pontifical Gregoriana University. Father Dariusz was from Silesia, and Father Donald was from Costa Rica. "Dariusz wanted to visit me, spent a few days at the beach and see the volcanoes. He asked if he could bring me anything. I had no idea," says Donald. In any event, he expected his friend to turn up with some Polish sausage instead of blood -- papal blood. Although it was only a drop, it was the blood of John Paul II, together with a certificate in Latin, which read: "Ex Sanguine Beati Ioannis Pauli Papae."

The Making of a Miracle

"That was the first peculiarity," says Donald Solana, the priest at the church of Nuestra Señora de Ujarrás in Paraíso, a neighborhood in the city of Cartago. Wearing a short-sleeved shirt, he smiles broadly and easily. "The blood of a pope — here in Costa Rica. I am always amazed anew by our Lord."

And that was only the beginning. Without that drop of blood in the luggage of Father Dariusz, there would be no canonization on April 27, 2014, nor would there be a square at the Vatican soon to be named Piazza San Giovanni Paolo II. That's because miracles don't just fall out of the sky. Miracles are made.

The drop of blood that the visitor from Krakow had brought along in his luggage was dried on a piece of material and enclosed in a brass container. It was from the last blood sample taken from John Paul II as he was dying.

Stanislaw Dziwisz, who is now the Archbishop of Krakow, was the pope's private secretary at the time and had inherited the ampoule. In addition to being viewed as the trustee of John Paul's spiritual estate, Dziwisz has a monopoly on the distribution of the former pope's blood, which he dispenses at his discretion around the world, contained in various reliquaries.

"The hospital ampoule was not thrown away, but was wiped clean with one of the pope's old chasubles. And my friend Dariusz...", says Father Donald, pausing to savor the moment, "... had brought us some of it."

Some 3,000 pilgrims came to see the drop on the first day. On the second day, Father Donald thought about moving up the date of a planned expansion of his church.

The intercessory prayers of the day are already piling up in a basket in front of the relic. "Ensure that my son gets the job at the town hall," reads one note, while another reads: "Help me, Juan Pablo, I'm in such great pain."

In strict accordance with canon law, Father Donald isn't permitted to collect such entreaties. Someone who has been beatified can only be worshipped in his native country -- Poland, and not Costa Rica, in this case. Father Donald's drop of blood will only be transformed into the blood of a saint on April 27, when its value will suddenly increase, not unlike a work of art being auctioned at Sotheby's.

A Call to Costa Rica

"One day this señora turned up after the church was already closed. She was weeping and she was determined to see our drop of blood," says Father Donald. "I let her in. She said something about a cure, and that John Paul had saved her. My friend Dariusz wrote down a web address to which she could send her story." After that, says Father Donald, the woman's name slipped his mind.

"We certainly had a few dozen interesting, potential miracle cases in reserve," says Slawomir Oder, the man in charge of the former pope's file in Rome. "My secretary gave me the email from Señora Floribeth. There was no vanity there. On the contrary, she was a simple and beautiful soul whose only thought had been for her family. And John Paul II had always been near and dear to the family. So I made a call to Costa Rica."

Father Donald received the call at 7 a.m. one day in April 2012. Monsignor Oder introduced himself as the postulator of the cause of John Paul and quickly got to the point: "Find Señora Floribeth Mora. We need her."

It took the priest a moment to remember the woman who had come to his church in tears. With the help of someone he knew at the phone company, he managed to track her down at her home in Tres Ríos, on the outskirts of San José. "The Vatican sent us \$1,200 to have Floribeth examined in a private clinic," says Father Donald. "The result was the same: There was no aneurysm. I sent the scans to Rome by DHL."

The machinery of the Congregation for the Causes of Saints had been set in motion. Too many people were waiting for a miracle. And certainly not just because they were sick.

In Washington, for example, a "Blessed John Paul II Shrine" had been built for \$75 million, but the expected crowds of visitors had failed to materialize. The operators, a pope-loving brotherhood called the Knights of Columbus, were planning to quadruple the size of their exhibit space once John Paul's

canonization was announced. According to a spokesman, the organization is now hoping to be able to present pilgrims with a blood-spattered piece of the former pope's robes from the day of the attempted assassination.

In Poland alone, 19 churches have already been consecrated in the name of the former pope. There are study centers, pilgrimage sites, museums and commemorative paths on every continent. And since the beatification, everyone has been waiting for the same thing: sainthood. The real thing. The miracle.

No Longer Needed

On Oct. 17, 2012, Floribeth Mora boarded an airplane for the first time in her life. Father Donald accompanied her to Rome, where a room had been reserved for her at the Gemelli Hospital, on the same floor where the pope, her Pope Juan Pablo, had stayed after the attack. The Congregation for the Causes of Saints had made all the preparations.

Perhaps Mora already sensed at the time that her private miracle was about to be transformed into something else, something much larger that would have little to do with her anymore: a global miracle. As a souvenir, she bought a snow globe with a tiny St. Peter's Basilica inside.

She was given the same unpleasant and prolonged tests as in Costa Rica: ultrasound, CT, catheter diagnosis. The tests made her so ill that an excursion to Assisi had to be canceled. At some point Mora just wanted to go home. And by then, she was no longer needed.

"It isn't the miracle that makes the saint," explains Slawomir Oder, the postulator of the cause. "It's merely the final confirmation" — God's watermark, so to speak. "Every miracle requires a legal configuration," says Oder. "The church must have definitively determined that, after a person with a reputation for sanctity was turned to in prayer, an act of God occurred for which there is no scientific explanation."

In other words, the miracle is subjected to a technical inspection of sorts. A panel of theologians examines whether a sincere and deliberate prayer actually took place prior to the miracle.

Before that can happen, a panel of doctors is convened, pursuant to Section 2.14.1) of the "Divinus perfectionis Magister," which reads: "The claimed miracles, for which a written document has been prepared by the rapporteur appointed for this purpose, are examined by a group of experts (if cures are involved, a group of doctors); their statements and conclusions are described in a precise report."

Although he cannot provide the names of the doctors involved, says Postulator Oder, this much he can say: "They are authorities who are not necessarily close to the church."

When Father Donald received another phone call from the Vatican in November, the voice on the other end informed him that everything was "tutto bene!" The doctors had found no scientific explanation for Mora's cure. "It was indeed a miracle," says Monsignor Oder. "The doctors had ruled out spontaneous healing. The aneurysm was in a part of the brain that couldn't be operated on. There is neither a thrombus nor a scar, nor is there any evidence of a different path the blood could have taken. It's as if the aneurysm never existed."

Another Version

The case was clear, for the postulator, for the cardinals and bishops of the Congregation, and for Pope Francis. On July 5, 2013, the Holy See announced that the pope had recognized by decree the miracle required for canonization.

Without access to all of the scans, it is difficult to say what really happened in the right temporal lobe of Floribeth Mora Díaz.

Since the pope's death, there had been so many alleged miracle cures that there was practically a competition over which miracle would be selected by the Vatican. Brazil, Mexico and Poland, as well as Bolivia, were all in the running. So why did the Vatican choose Floribeth Mora from Costa Rica?

The local archbishop, Hugo Barrantes, sees the case as "a message to the secular state" of Costa Rica, which was in the process of decriminalizing artificial insemination. "A miracle is no random intervention by the Lord," says Slawomir Oder, who ought to know. "It always comes with a deeper message. In the case of Señora Floribeth, it is a message for life and the family."

There is also another version of the story.

"We didn't want it to be a nun, because a nun had already been involved in the beatification," says Daniel Blanco, chancellor of the diocesan curia of San José in Costa Rica. The official report on the miracle of San José bears his signature. "The case was very much strengthened by the fact that it was from Latin America, where John Paul II is very popular. And that she was a mother in the prime of her life."

Besides, says Blanco, Cardinal Stanislaw Dziwisz — the Archbishop of Krakow and the source of Father Donald's relic containing the blood of the former pope — had shown a keen interest in the case. "In the final phase, he called almost every day to ask how much progress we had made." Progress with the miracle, that is.

On April 27, 2014, Rome will be overflowing with pilgrims once again, when a new name is added to the list of saints: Saint Karol.

Father Donald Solano will have renovated his church by then. He has already had new business cards printed for the church. They now include the word "shrine."

Dr. Alejandro Vargas, the first doctor in the case, says that patients now come to him just to touch his hand. Recently, as he was performing a difficult surgery using a microscope, there was so much blood that he had to operate blindly. He says that he sensed that "someone took my hand, and the bleeding stopped."

Today Mora always sits in the front row during mass. Some people from Bosnia recently came to her house to ask for her blessing. It is still something of a mystery to her that they have made her Juan Pablo into a saint; that her name will soon be mentioned in every language; that millions of people will think about the miracle that took place in her head.

Mora's life has thoroughly changed in only one respect: It is continuing. But what happens if another aneurysm forms in her brain? "Under canon law, it would be a completely new illness," the postulator said. A new miracle would then be required — or a better doctor.

Translated from the German by Christopher Sultan

From DER SPIEGEL

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'A' for Angela: GCHQ and NSA Targeted Private German Companies and Merkel

By *Laura Poitras*, *Marcel Rosenbach* and *Holger Stark*

DATA: 2014.03.31



Merkel was an NSA target. But so too were private companies in Germany.

Documents show that Britain's GCHQ intelligence service infiltrated German Internet firms and America's NSA obtained a court order to spy on Germany and collected information about the chancellor in a special database. Is it time for the country to open a formal espionage investigation?

The headquarters of Stellar, a company based in the town of Hürth near Cologne, are visible from a distance. Seventy-five white antennas dominate the landscape. The biggest are 16 meters (52 feet) tall and kept in place by steel anchors. It is an impressive sight and serves as a popular backdrop for scenes in TV shows, including the German action series "Cobra 11."

Stellar operates a satellite ground station in Hürth, a so-called "teleport." Its services are used by companies and institutions; Stellar's customers include Internet providers, telecommunications companies and even a few governments. "The world is our market," is the high-tech company's slogan.

Using their ground stations and leased capacities from satellites, firms like Stellar — or competitors like Cetel in the nearby village of Ruppichteroth or IABG, which is headquartered in Ottobrunn near Munich — can provide Internet and telephone services in even the most remote areas. They provide communications links to places like oil drilling platforms, diamond mines, refugee camps and foreign outposts of multinational corporations and international organizations.

Super high-speed Internet connections are required at the ground stations in Germany in order to ensure the highest levels of service possible. Most are connected to major European Internet backbones that offer particularly high bandwidth.

Probing German Internet Traffic

The service they offer isn't just attractive to customers who want to improve their connectivity. It is also of interest to Britain's GCHQ intelligence service, which has targeted the German companies. Top secret documents from the archive of NSA whistleblower Edward Snowden viewed by SPIEGEL show that the British spies surveilled employees of several German companies, and have also infiltrated their networks.

One top-secret GCHQ paper claims the agency sought "development of in-depth knowledge of key satellite IP service providers in Germany."

The document, which is undated, states that the goal of the effort was developing wider knowledge of Internet traffic flowing through Germany. The 26-page document explicitly names three of the German companies targeted for surveillance: Stellar, Cetel and IABG.

The operation, carried out at listening stations operated jointly by GCHQ with the NSA in Bude, in Britain's Cornwall region, is largely directed at Internet exchange points used by the ground station to feed the communications of their large customers into the broadband Internet. In addition to spying on the Internet traffic passing through these nodes, the GCHQ workers state they are also seeking to identify important customers of the German teleport providers, their technology suppliers as well as future technical trends in their business sector.

The document also states that company employees are targets — particularly engineers — saying that they should be detected and "tasked," intelligence jargon for monitoring. In the case of Stellar, the top secret GCHQ paper includes the names and email addresses of 16 employees, including CEO Christian Steffen. In addition, it also provides a list of the most-important customers and partners. Contacted by SPIEGEL, Stellar CEO Steffen said he had not been aware of any attempts by intelligence services to infiltrate or hack his company. "I am shocked," he said.

'Servers of Interest'

Intelligence workers in Bude also appear to have succeeded in infiltrating competitor Cetel. The document states that workers came across four "servers of interest" and were able to create a comprehensive list of customers. According to Cetel CEO Guido Neumann, the company primarily

serves customers in Africa and the Middle East and its clients include non-governmental organizations as well as a northern European country that uses Cetel to connect its diplomatic outposts to the Internet. Neumann also says he was surprised when he learned his firm had been a target.

The firm IABG in Ottobrunn appears to have been of particular interest to the intelligence service — at least going by a short notation that only appears next to the Bavarian company's name. It notes, "this may have already been looked at by NSA NAC," a reference to the NSA's network analysis center.

IABG's history goes back to the 1970s. The company was established as a test laboratory for aerospace and space technologies. The German Defense Ministry was an important client as well. Although the company has been privately held since 1993, it has continued to play a role in a number of major projects connected at least in part to the government. For example, it operated the testing facility for Germany's Transrapid super high-speed maglev train and also conducted testing on the Airbus A380 super jumbo jet and the Ariane rocket, the satellite launcher at the heart of the European space program.

IABG also does considerable business with the Bundeswehr, Germany's armed forces. The company states that its "defense and security" unit is "committed to the armed forces and their procurement projects." These include solutions for "security issues, for prevention and reactions against dangers like terrorism and attacks against critical infrastructure."

Like Stellar and Cetel, the company also operates a satellite ground station — one that apparently got hacked, according to the GCHQ document. It includes a list of IABG routers and includes their network addresses. In addition, it contains the email addresses of 16 employees at the company named as possible targets. IABG did not respond to a request for comment from SPIEGEL. In a statement, GCHQ said it does not comment on intelligence-related issues but "all of GCHQ's work is carried out in accordance with a strict legal and policy framework which ensures that our activities are authorised, necessary and proportionate."

Classic Acts of Espionage

Monitoring companies and their employees along with the theft of customer lists are classic acts of economic espionage. Indeed, such revelations ought be a case for the German federal public prosecutors' office, which in the past has initiated investigations into comparable cases involving Russia or China.

So far, however, German Federal Public Prosecutor Harald Range has been struggling with the NSA issue. Some experienced investigators have had a problem applying the same criteria used to assess intelligence services like Russia's to those of the United States and Britain. Federal prosecutors in Karlsruhe have provided a preliminary assessment, but so far no decision has been made about whether the agency will move forward with legal proceedings.

Under review at the moment are allegations that the NSA monitored the chancellor's mobile phone and also conducted mass surveillance on the communications of millions of Germans. Range recently told the Berlin-based daily *Die Tageszeitung* the affair was "an extremely complicated issue."

"I am currently reviewing whether reasonable suspicion even exists for an actionable criminal offense," he told the newspaper. "Only if I can affirm that can I then address the question of whether a judiciary inquiry would run contrary to the general public interest — a review required for any espionage-related crime" in Germany. A decision is expected soon.

The launch of legal proceedings against GCHQ agents or NSA employees would quickly become a major political issue that would further burden already tense trans-Atlantic relations. An additional problem is the fact that Range is in possession of very few original documents, particularly those pertaining to the NSA's monitoring of Chancellor Merkel.

A secret NSA document dealing with high-ranking targets has provided further indications that Merkel was a target. The document is a presentation from the NSA's Center for Content Extraction, whose multiple tasks include the automated analysis of all types of text data. The lists appear to contain 122 country leaders. Twelve names are listed as an example, including Merkel's.

The list begins with "A," as in Abdullah Badawi, the former Malaysian prime minister, and continues with the presidents of Peru, Somalia, Guatemala and Colombia right up to Belarusian President Alexander Lukashenko. The final name on the list, No. 122, is Yulia Tymoshenko, who was Ukrainian prime minister at the time. The NSA listed the international leaders alphabetically by their first name, with Tymoshenko listed under "Y". Merkel is listed under "A" as the ninth leader, right behind Malawian President Amadou Toumani Touré, but before Syrian dictator Bashar Assad.

TOP SECRET//COMINT//REL TO USA, AUS, CAN, GBR, NZL//20320108

Machine vs. Manual Chief-of-State Citations

Nymrod (machine-extracted) Citations					Last TKB Manual Update
	Name	Role	Code	Cites	
1	Abdulah Badawi	Malaysian Prime Minister	008	> 100	10/15/2007
2	Abdulah Yauuf	Somali President	005	> 100	N/A
3	Abu Masin	(Mahmud 'Abbas) PA President	009	> 100	5/20/2009
4	Alan Garcia	Peruvian President	009	> 100	N/A
5	Aleksandr Lukashenko	Belarusian President	005	> 50	N/A
6	Alvaro Colom	Guatemalan President	009	> 100	N/A

Target person No. 9: A top secret NSA list includes the names of government leaders who have been tasked as targets. The "Nymrod" database of citations derived from intelligence agencies, transcripts of intercepted fax, voice and computer-to-computer communication, includes 300 references to German Chancellor Angela Merkel.

The document indicates that Angela Merkel has been placed in the so-called "Target Knowledge Database" (TKB), the central database of individual targets. An internal NSA description states that employees can use it to analyze "complete profiles" of target persons. The responsible NSA unit praises the automated machine-driven administration of collected information about high-value targets.

The searchable sources cited in the document include, among others, the signals intelligence database "Marina," which contains metadata ingested from sources around the world. The unit also gives special attention to promoting a system for automated name recognition called "Nymrod". The document states that some 300 automatically generated "cites," or citations, are provided for Angela Merkel alone. The citations in "Nymrod" are derived from intelligence agencies, transcripts of intercepted fax, voice and

computer-to-computer communication. According to internal NSA documents, it is used to "find information relating to targets that would otherwise be tough to track down." Each of the names contained in Nymrod is considered a "SIGINT target."

The manual maintenance of the database with high-ranking targets is a slow and painstaking process, the document notes, and fewer than 200,000 targets are managed through the system. Automated capture, by contrast, simplifies the saving of the data and makes it possible to manage more than 3 million entries, including names and the citations connected to them.

The table included in the document indicates the capture and maintenance of records pertaining to Merkel already appears to have been automated. In any case, the document indicates that a manual update was not available in May 2009. The document could be another piece of the puzzle for investigators in Karlsruhe because it shows that Chancellor Merkel was an official target for spying.

In addition to surveillance of the chancellor, the Federal Prosecutor's Office is also exploring the question of whether the NSA conducted mass espionage against the German people. The internal NSA material also includes a weekly report dating from March 2013 from the Special Sources Operations (SSO) division, the unit responsible for securing NSA access to major Internet backbone structures, like fiber optic cables.

A License to Spy

In the document, the team that handles contact with US telecommunications providers like AT&T or Verizon reports on the legal foundations with which it monitors the data of certain countries. According to the SSO report, FISA, the special court responsible for intelligence agency requests, provided the NSA with authorization to monitor "Germany" on March 7, 2013. The case number provided in the ruling is 13-319.

TOP SECRET//SI//NOFORN



Last Week:

Germany (13-319)

Signed: 7 Mar 13

This week:

NTR



Graphic: The SSO report citing FISA authorization to monitor Germany

The documents do not provide sufficient information to precisely determine the types of data included in the order, and the NSA has said it will not comment on the matter. However, lawyers at the American Civil Liberties Union believe it provides the NSA with permission to access the communications of all German citizens, regardless whether those affected are suspected of having committed an offense or not. Under the FISA Amendments Act, the NSA is permitted to conduct blanket surveillance in foreign countries without any requirement to submit individual cases for review by the court, whose deliberations and rulings are top secret.

According to the partial list in the document, the court has provided similar authorization for countries including, China, Mexico, Japan, Venezuela, Yemen, Brazil, Sudan, Guatemala, Bosnia and Russia. In practice, the NSA uses this permission in diverse ways — sometimes it uses it to monitor telecommunications companies, and at others it surveils individuals.

"So far, we have no knowledge that Internet nodes in Germany have been spied on by the NSA," Hans-Georg Maassen, president of the Federal Office for the Protection of the Constitution, Germany's domestic intelligence agency, which is also responsible for counterintelligence measures, said last summer.

It's also possible the Americans don't even have to do that, at least not directly. It's quite feasible they have better access through major US providers like AT&T or Verizon whose infrastructure is used to process a major share of global Internet traffic. The NSA could use that infrastructure to access data from Germany. This would be totally legal from the American perspective -- at least according to the FISA court.

This article is based on the SPIEGEL book, "[The NSA Complex: Edward Snowden and the Path to Total Surveillance](#)". The book was published this week in German by DVA, a subsidiary of Random House. You can read the English-language archive of SPIEGEL's reporting on the NSA scandal [here](#).

Editor's note: You can read an additional report on spying by the NSA and GCHQ on Germany and Chancellor Merkel on [The Intercept](#).

Translated from the German by Daryl Lindsey

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Investigating Surveillance: German Parliament Divided over Snowden Subpoena

By SPIEGEL Staff

DATA: 2014.04.14



Berlin has insisted it wants to scrutinize NSA spying in Germany. But actually inviting Edward Snowden to testify before a parliamentary investigation is proving delicate. Some in Chancellor Merkel's party are now casting doubt on Snowden's suitability as a witness.

It was, of course, purely coincidental that Glenn Greenwald found himself in Berlin last week, just as the debate in Germany was swelling over whether Edward Snowden should be invited to testify before the NSA investigative committee in the Bundestag, the federal parliament.

Greenwald had flown in from Brazil, where he lives, to speak at the presentation of the Liberty Award, a prize honoring foreign correspondents from Germany. And he didn't pass up the opportunity to pay tribute to Snowden, the man whose source material he has relied on in helping to shed light on the global surveillance system maintained by the United States and Britain. "Every country," said Greenwald, 47, has a moral obligation to help Snowden. That, he added, is particularly true for Germany. Top politicians in Berlin were targeted by the NSA and its British counterpart GCHQ, and Germany would have been none the wiser but for Snowden. Meanwhile, Snowden's visa for political asylum in Russia, where he now lives, is set to expire this summer.

Just a few hours prior to Greenwald's speech, and not even two kilometers away, politicians belonging to Chancellor Angela Merkel's governing coalition made clear that help would not soon be forthcoming. The Greens and the Left Party, both in the opposition, had moved to invite Snowden to testify before the parliament's NSA committee, but conservative and Social Democratic members of the committee are in no hurry and it remains unclear when they might reach a decision. Opposition politicians are furious.

The squabbling within the committee — which led to the resignation of Chairman Clemens Binninger of Merkel's Christian Democratic Union (CDU) — is more than just the standard Berlin bickering. Ten months after the NSA spying affair began, the parliamentary investigation has presented Merkel's government with the perfect opportunity to finally demonstrate its resolve in getting to the bottom of US and UK spying activities in Germany. Berlin has frequently insisted it is committed to probing the depths of the scandal, with Interior Minister Thomas de Maizière (of the CDU) even claiming that "boundless" American surveillance would be addressed. But if the handling of Snowden provides any indication, the government's resolve is to be doubted.

Lasting Damage

It is perhaps not surprising that Berlin would seem to have gotten cold feet. Snowden's presence in Germany would be delicate in the extreme from a foreign policy perspective. And trans-Atlanticists in the Merkel government have for months been uncomfortable with the fact that many of Snowden's closest supporters have chosen the German capital as their base of operations. Should Snowden, 30, be allowed to join them, many in Berlin fear that US-German cooperation could suffer lasting damage, particularly on intelligence issues.

Were Snowden to testify before the Bundestag investigative committee, says Heather Conley, a former US diplomat who is now with the Center for Strategic and International Studies in Washington, it would be a "major irritant in the US-German bilateral relationship." His testimony, she continues, "will continue to deepen anti-American sentiment in Germany and elsewhere in Europe" — just at a time when the Ukraine crisis is demonstrating just how important trans-Atlantic ties are.

Partly for that reason, Merkel decided early on not to grant Snowden asylum in Germany. Her fear of a clash with the US is just as great as her concern over a potentially divisive domestic political debate. Government sources say it could lead to a grave fissure in her governing coalition, which pairs her conservatives with the center-left SPD. The final say over visa issues lays with the Interior Ministry, under the control of de Maizière, one of Merkel's closest allies.

There is, however, an exception: Were a parliamentary investigative committee to subpoena a witness from abroad, the Interior Minister's discretion "could be reduced to nil," according to an expert opinion provided by the Bundestag's research service. On the contrary, he would then be required to do everything within his power to prepare such a visit, unless, the expert opinion notes, the welfare of the state is at risk. That, though, is a "question that can only be answered on an individual basis" — and parliament has a significant say in the answer.

Both the Greens and the Left Party have been adamant that Snowden should be allowed to come to Germany and the expert opinion produced by the Bundestag's research service has made it clear that the investigative committee provides the best tool to reach that goal. Once Snowden is here, both opposition parties would like to see him stay.

That, though, is an impossibility from the perspective of Merkel's conservatives. "Were Snowden to come to Germany," says conservative domestic policy spokesman Stephan Mayer, "then the government, in my opinion, would be required to accede to the legally unobjectionable extradition request from the US." A final decision in this hypothetical could ultimately lie with the judiciary.

'A Dead-End'

Senior Green party figure Hans-Christian Ströbele says that it is paramount for the investigative committee to learn as much about American surveillance practices as possible. But, he notes, "there is a second important aspect for me: We have to make it possible for a man, whom we have so much to thank for, to live a normal life in a country based on the rule of law." And there isn't much time to achieve that goal, he adds. Snowden's asylum visa in Russia expires in August and nobody knows how long Russian President Vladimir Putin might continue to allow his presence.

The Left Party and the Greens sought to petition for a Snowden subpoena in the very first session of the investigative committee, but conservatives rejected the move. Indeed, the committee chairman, Clemens Binninger, unexpectedly resigned in response last Wednesday, saying that he stepped down to protest opposition efforts to turn the committee into a Snowden circus. In his statement, Binninger said that Snowden was not of particular interest as a witness. "Focusing only on him would lead the committee into a dead-end," he said.

The Greens immediately became suspicious and claimed, with no evidence whatsoever, that Binninger had been pressured into resignation by the Chancellery. Merkel, according to the Greens, didn't want to have a potential Snowden subpoena hanging over her during her trip to Washington at the beginning of next month. Binninger was quick to deny the accusations. "During the entire preparations for the committee, there were no discussions with the Chancellery — formal or otherwise — regarding how to approach the witness Snowden," he said, adding that his decision was his alone. Ströbele is not convinced and is now considering subpoenaing witnesses from the Chancellery.

But the Chancellery too was caught off guard by Binninger's sudden resignation. Chancellery sources note that Binninger was apparently unprepared for the political nature of most parliamentary investigative committees. To be sure, Merkel's staff has also denied accusations that it sought to influence the investigation, but sources also admit that Merkel is eager to avoid travelling to the US under the shadow of an impending Snowden visit to Berlin.

During the investigative committee's second session last Thursday — now under the leadership of Patrick Sensburg — coalition politicians listed a number of concerns related to the potential Snowden subpoena. Myriad questions pertaining to such a visit would have to be resolved, including organizational issues and Russia's potential stance.

The When and the How

When the Left Party and the Greens refused to back down, coalition lawmakers resorted to a procedural trick. Although the opposition can make as many motions to collect evidence as they like, the majority decides on when and how such motions are addressed.

The majority decided to delay the vote on whether to subpoena Snowden until its next meeting. By then, the government is to determine if and how such a visit could be arranged. Whether coincidence or not, the government has been asked to provide that information by May 2, precisely the date on which Chancellor Merkel embarks on her next trip to the United States to meet with President Barack Obama.

Committee Chairman Sensburg believes this is sensible, saying that it must be determined in advance whether Snowden has "anything relevant" to say. "Only then can we consider the question of when, where and how" it can take place, he said. The politician also said that the questioning didn't necessarily have to take place in Germany. The SPD's senior official on the committee holds a similar view. "I admonish all members of the committee not to use the Snowden issue to create media attention," he said. "That would be cheap and inappropriate."

Green Party politician Konstantin von Notz, on the other hand, is annoyed. "The Christian Democrats and the SPD are defending the government's interests," he said. "If that continues, then the next four years are going to be terrible." He says his faction is considering challenging the procedural tricks now being used by the majority at Germany's Federal Court of Justice. Notz said he finds it absurd that there

has been a debate for weeks now on whether or not Snowden would make an important witness. "He is one of the most important ones," he said.

One man suspected early on that people would seek to discredit the whistleblower: Snowden himself. Even as he began his flight, he said that the American government would seek to impose long-term damage to his credibility as a witness.

Snowden wasn't a senior employee at the NSA, but he was an unusually perceptive and critical one. He says he made the decision to turn against his employer when, while working as a systems administrator, he stumbled across a document from the NSA's general inspector dating from 2009. In it, an NSA lawyer at the agency's headquarters in Fort Meade, Maryland, outlined the tectonic changes that had been made to America's security structures following the Sept. 11, 2001, terrorist attacks. It described in detail how the NSA had been given wider leeway for its operations with significant support from former Vice President Dick Cheney.

Significant Value

That's the point at which Snowden came up with the idea of obtaining as many documents as he could. He had been planning his departure from the NSA for over a year. US officials claim that he then used a webcrawler to automatically detect and download data. Among other areas, they claim he used the software program to obtain reports from the powerful technical surveillance unit, which had a sort of online black board behind the firewall where reports were posted with information about various secret operations.

Information about that alone could be significantly valuable to the parliamentary committee. It would allow members of German parliament, who know little about the NSA's structures, to learn how the US intelligence service is organized, which data is stored, where it is stored and for how long, and the importance of certain types of documents. Even just the way he handled the material shows how deeply he dove into the NSA's inner workings. He sorted the data into categories that document the NSA's various secret programs — the surveillance of other countries or Internet infrastructure, for example. He stored the some 50,000 documents from Britain's Government Communications Headquarters (GCHQ) separately. The papers include diverse clues that are also important for the investigation in Germany. They would spotlight, for example, the close cooperation between the NSA and the largest American telecommunications companies, like AT&T — a cooperation which, documents show, sought to direct part of international data traffic through the United States to make it possible for the NSA to access it.

Of particular relevance to Germany is a program called "Tempora" which is operated jointly by the NSA and GCHQ. The program, operated out of Bude in Cornwall, is used by the intelligence services to tap parts of international data traffic in the large fiber optic cables that run across Europe. "Tempora is the first 'I save everything approach' ('full take') in the intelligence world," Snowden says. He claims "it sucks in all data, no matter what it is, and which rights are violated by it." Last week, Bloomberg reported that the NSA has been exploiting the Heartbleed bug in order to tap encrypted data. The US government has denied the allegation.

One of the parliamentary committee's key objectives is to determine the extent to which the NSA is surveilling the German people. Tempora would seem to be an important piece of this puzzle. Snowden spent a lot of time looking into Tempora and would likely be able to say a lot about the program.

'Think Twice'

Snowden's German lawyer, Wolfgang Kaleck, is convinced of this. Last Friday, he assured members of the committee in writing that Snowden occupied a "unique work status" in the US intelligence service structure. "He possesses expertise that for this reason alone is of crucial importance because he may be the only specialist of such rank who would also be willing to or is in a position to share his knowledge with the NSA investigative committee."

The decision on whether the former NSA employee testifies is a decision that Snowden himself must make. Diplomatic sources in Berlin suggest that Snowden would have to "think twice" about traveling to Germany. Even if he had hopes for applying for amnesty here, the risks for the 30-year-old in traveling from Moscow to Berlin would be considerable.

Memories in Berlin are still fresh of how vigorous efforts were in July 2013 to force a plane carrying Bolivian President Evo Morales to land in Vienna. At the time, the Americans suspected that Edward Snowden was on board the aircraft.

By Nikolaus Blome, Hubert Gude, Rene Pfister, Jörg Schindler And Holger Stark

Translated from the German by Charles Hawley and Daryl Lindsey

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Tod und spiele: Brasilien vor der Fußball-WM // Morte e jogos. O Brasil antes da Copa do Mundo

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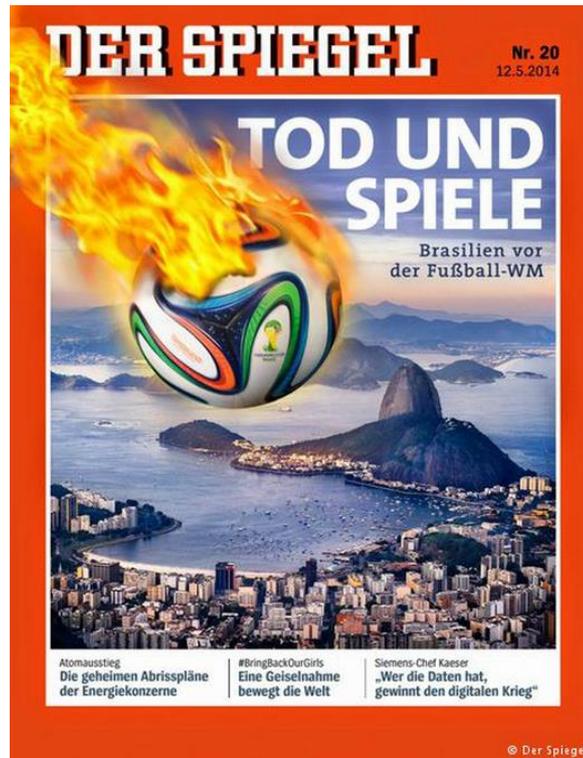


Figura 14 – Capa da revista *Der Spiegel*

Edição 20, 12 maio 2014

Gol contra do Brasil

A Copa do Mundo pode ser um fiasco no Brasil, o país do futebol: manifestações, greves e tiroteios no lugar de festa. Os cidadãos estão revoltados com os políticos corruptos e com os gastos na construção dos estádios — os brasileiros sofrem com a estagnação da economia.



A presidente do Brasil Dilma Rousseff é uma mulher destemida. Como uma guerreira que outrora lutou contra a ditadura militar na capital Brasília, ela rugiu incógnita como uma moto nas estradas. Somente uma coisa pode causar seu desconforto: uma visita a um estádio de futebol para a Copa do Mundo.

Rousseff teve por vezes compromissos no Itaquerão, o novo estádio de futebol de São Paulo, e os adiou. Agora, não pode mais adiar sua visita: em breve, começa a Copa do Mundo no novo estádio. O jogo de abertura acontece no dia 12 de junho: Brasil x Croácia. Na quinta-feira passada, a presidente finalmente compareceu ao estádio, foi uma aparição fantasmagórica.

A polícia isolou as entradas, soldados esperavam dentro de caminhões numa rua lateral, agentes secretos de terno e óculos escuros controlavam os visitantes.

O helicóptero com a Chefe de Estado aterrissou ao lado do estádio vazio. Ela não falou com os moradores da região. Saudou os estudantes de uma escola pública e posou para os fotógrafos. Em seguida, apertou as mãos de um trabalhador da construção civil e desapareceu novamente. Mais de cem jornalistas esperaram em vão algumas palavras da Presidente.

Praia de Ipanema no Rio de Janeiro



Präsidentin Rousseff im Itaquerão-Stadion
Gespenstischer Auftritt

Die größte Party der Welt könnte ausrechnen im Land des Fußballs in einem Iasko enden. Brasilien hat den WM-Blue In Deutschland decken sich die Fußballfans in diesen Tagen mit den Trikots der Nationalelf ein und diskutieren leider schafflich Jogi Löws vorläufigen Kader. |

Presidente Dilma Rousseff no estádio Itaquerão. Aparição fantasmagórica

O estádio deve ser inaugurado antes dos testes necessários para os jogos da FIFA. As instalações ainda não estão terminadas.

A quatro semanas dos jogos, os trabalhadores ainda martelam as arquibancadas extras solicitadas pela FIFA, antes do apito inicial para a Copa do Mundo. Escavadeiras nivelam a terra vermelha do lado de fora do estádio, a estação de metrô mais próxima é sinalizada através de placas, os trajetos são improvisados.

O Itaquero representa tudo o que esta Copa do Mundo simboliza, um dos mais caros e caóticos Mundiais de Futebol da história da FIFA: os custos são altos, três trabalhadores morreram em acidentes, nenhum prazo foi respeitado.

O novo estádio não era necessário. São Paulo tem o moderno Estádio do Morumbi, que poderia ser reformado sem muito esforço.

Na cerimônia de abertura do Mundial, a presidente Dilma Rousseff estará sentada junto com os realizadores do evento no novo estádio. Seria a oportunidade para discursar e ter a atenção mundial. Mas é provável que a presidente se mantenha em silêncio. Ela teme as vaias.

Algo pouco imaginável pode acontecer: a maior festa do mundo pode simplesmente acabar em um fiasco na terra do futebol.

Na Alemanha, os torcedores apaixonados se reúnem com a camisa da seleção alemã e debatem a atuação do treinador alemão Jogi Löw. Nas prateleiras dos supermercados podemos encontrar acessórios da Alemanha. Os alemães estão festejando cada vez mais a Copa do Mundo por aqui.

No entanto, os brasileiros, famosos no resto do mundo por seu carnaval, têm comemorado pouco. Há apenas tempo para reviver antigos demônios do Brasil: manifestações e greves, problemas com infraestrutura e violência.

Nas favelas do Rio, os traficantes de drogas e a polícia travam batalhas sangrentas. Em São Paulo, gangsteres queimam ônibus à noite.

No Rio, cidadãos irritados destruíram na última quinta-feira cerca de 400 ônibus porque os motoristas entraram em greve. No mesmo dia, em São Paulo, os Sem Terra, em manifestação, bloquearam o trânsito, o mesmo ocorreu em Belém, Florianópolis, Fortaleza e Belo Horizonte. Estes protestos são apenas uma prévia do que está anunciado para os jogos da Copa do Mundo no Brasil.

Provavelmente só a seleção brasileira poderá mudar o clima. Na quarta-feira passada, o treinador Felipe Scolari anunciou a lista dos jogadores convocados para a “Seleção”, num evento no Rio. Era como se fosse um ato de Estado. Se Neymar e companhia garantirem a vitória, o governo espera que os brasileiros possam, talvez, dançar e celebrar ao invés de fazerem manifestações.

Mas o que acontecerá se o Brasil for eliminado nas oitavas ou quartas de final? Terminarão os jogos em batalhas de rua? Serão os políticos e funcionários da FIFA perseguidos por uma multidão enfurecida?

O governo subestima esses medos. Pessimismo não pertence ao espírito brasileiro, disse o ministro do Esporte, Aldo Rebelo, na última terça-feira diante dos correspondentes estrangeiros no Rio — uma declaração surpreendente para um governo que quer vender o Brasil como o paraíso da alegria tropical.

O ministro estava irritado com as perguntas sobre os problemas com a infra-estrutura e segurança: nos Jogos Olímpicos de Londres, os telefones celulares não funcionaram. No ano de 1998 em Paris houve motins durante a Copa do Mundo. Se a bola rola ao menos uma vez, o entusiasmo é tomado por sentimentos estranhos.

Mas como, de repente, a sensação de crise assola o país? Há alguns anos atrás, o Brasil entrava no nicho dos mercados emergentes e se alçou ao posto de país desenvolvido. Em pouco tempo, milhões de pessoas pobres mudaram de classe social, se tornaram classe média e o real foi, por vezes, uma das moedas mais fortes do mundo.

A subida foi notável. O maior país da América Latina em meados dos anos noventa foi considerado um caso perdido. A economia oscilou por décadas entre altos e baixos, houve uma explosão nos preços, o Brasil mudou de moeda três vezes dentro de cinco anos.

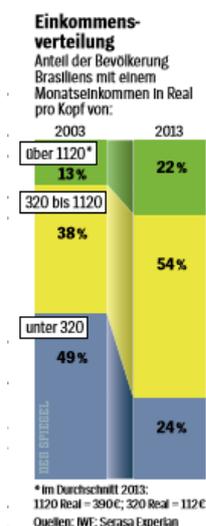
O social-democrata Fernando Henrique Cardoso conseguiu com o “Plano Real” a estabilização da economia em 1994, quando foi eleito presidente. Mas foi seu sucessor, que brilhou no país a partir do ano de 2003.

Lula da Silva foi demonizado por seus adversários como comunista, mas conseguiu agradar a ricos e a pobres: os investidores estavam satisfeitos com as altas taxas de juros, os pobres com os programas sociais. Ele não precisou economizar: os preços das matérias-primas do Brasil e dos produtos agrícolas aumentaram; a exportação de soja, carne e minério de ferro trouxeram um bilhão de dólares.

Lula queria coroar o seu trabalho com a Copa do Mundo. 64 anos depois do “Maracanazo”, no Rio, em que o Brasil perdeu o Mundial para o Uruguai, o tetracampeão deveria ganhar o “hexa”, o sexto título, em casa. Lula chorou quando o Brasil, em 2004, foi escolhido para sediar a Copa do Mundo.

Mas agora surge a pergunta: ele era um artista popular, um herói da ilusão? Será o crescimento do Brasil, um castelo de cartas? O milagre econômico se desfez. No ano passado, o crescimento foi de apenas 2,3 por cento. Nos estacionamentos das fábricas de automóveis em São Paulo estão armazenados milhares de carros novos, as empresas produzem mais do que vendem.

A inflação, o antigo mal do Brasil regressa. A falha não é ameaçadora, mas os cidadãos precisam se sentir preparados para uma estagnação prolongada.



Muitos dos grandes projetos estatais que tiveram um empurrão de Lula estão hoje como ruínas na paisagem: ferrovias sem trilhos; canais escoam para lugar algum; pontes inacabadas. Bilhões de reais foram desperdiçados.

Os méritos de Lula são incontestáveis: milhões de brasileiros podem, pela primeira vez, comprar suas casas, carros e sair de férias no estrangeiro. Anteriormente, os brasileiros negros eram vistos nos shoppings do Rio e de São Paulo como babás ou seguranças. Hoje, eles passeiam pelas lojas como clientes.

Olhando para o boom econômico dos anos Lula, vemos a classe média. Eles sempre pagaram mais impostos e vemos o retorno: falta de escolas e hospitais, carros particulares causam grandes congestionamentos nas cidades — há poucos ônibus e trens. Dois terços das famílias não têm saneamento básico, como rede de esgoto. Ao mesmo tempo, as rendas aumentaram em bairros de classe média nas grandes cidades. No Rio, nos últimos anos, a renda praticamente triplicou. Quem quer abrir seu próprio negócio, luta contra a burocracia das leis e, sem subornos, nada funciona.

Muitos brasileiros de classe média ficaram particularmente indignados quando Lula saiu. Políticos do Partido dos Trabalhadores de Lula subornaram deputados dos partidos aliados para que o governo tivesse maioria na Câmara.



Militärpolizisten in einer Favela in Rio: Zum Anpffiff kehren die alten Dämonen zurück

Políciais militares em uma favela no Rio

A sucessora de Lula, Dilma Rousseff, anunciou, ao assumir o cargo há três anos, que não toleraria a corrupção em seu governo. Mas agora, parece que prevaleceu na Petrobras, o coração do capitalismo do Estado brasileiro, o nepotismo. Bilhões teriam sido enviados aos EUA, o que alimentava os cofres do partido ilegalmente.

Na semana passada, o Congresso criou uma comissão. Até as eleições presidenciais em outubro, novas revelações ameaçam colocar em risco a reeleição de Dilma Rousseff.

Carismática ela nunca foi, mas até agora ela era considerada uma tecnocrata competente e uma especialista em Política Energética. Esta reputação está agora danificada. Nem sequer é excluído o fato de que, durante a Copa do Mundo, haja apagões: ironicamente, o Brasil obtém sua energia de outra fonte, 80 por cento vêm das usinas hidrelétricas. No entanto, os reservatórios estão quase vazios, pois choveu muito pouco durante os últimos meses.

Ao descontentamento dos cidadãos em relação as suas condições de vida se mistura a raiva contra a FIFA, pois gastou-se bilhões de euros na construção dos novos estádios. A antiga alegria com a Copa do Mundo acabou, há problemas no governo e com os dirigentes de futebol.

Difícil aliviar a tensão durante a Copa do Mundo visto que em junho passado houve protestos em todo o país. Durante a cerimônia de abertura da Copa das Confederações em Brasília, os torcedores vaiaram a Presidente. Mais tarde, ela apresentou um plano de cinco metas que previa uma reforma do sistema político. Como as manifestações diminuíram, esqueceu-se do projeto.

“Sem pressão não acontece nada”, diz o trabalhador Zezito Alves, que estava próximo ao Estádio em São Paulo na quinta-feira durante a visita da Presidente. Junto com centenas de desabrigados que ocuparam uma área abandonada.

Eles construíram cabanas de plástico e madeira durante a noite. 2000 famílias vivem no assentamento, que eles chamam de “Copa do Mundo do povo”. “Queremos um teto sobre nossa cabeça”, disse Alves. Com a construção do estádio, os aluguéis dobraram por aqui e muitas pessoas pobres estão na rua.

Os ocupantes queriam manifestar-se diante do estádio durante a visita de Dilma Rousseff, mas, acabaram recebendo um telefonema da presidente: a Chefe de Estado convidou-os para dialogar.

Ela recebeu Alves e quatro de seus companheiros para uma conversa. “Nós entregamos-lhe uma lista de nossas demandas e em poucos dias, vamos obter uma resposta”, disse Alves. E se a resposta demorar?

Alves respondeu: “Estaremos no jogo de abertura, em frente ao estádio e faremos muito barulho”.

“Nós somos muito violentos”

Der Spiegel entrevista o escritor brasileiro Luiz Ruffato que fala sobre a relação entre futebol e política e da hipocrisia de uma sociedade que não é em si mesma unida na sua insatisfação



Ruffato, 53 anos, é um dos mais famosos autores do Brasil. Sua vida parece uma novela: os avós pobres eram imigrantes italianos, a mãe analfabeta, o pai vendedor de pipoca. Em seus livros, Ruffato dá voz aos pobres das cidades, ele tornou-se famoso por seu romance, também traduzido para o alemão, “Eles eram muitos cavalos”: um dia na cidade de São Paulo é contado através de 69 cenas brutais, sem fôlego e às vezes poéticas, como é a vida por lá. Ruffato não tem carro, nem celular, nem TV e vive com seus dois gatos em um apartamento modesto na zona oeste de São Paulo, onde aconteceu esta conversa.

Der Spiegel: Sr. Ruffato, por que os brasileiros, loucos por futebol, desejam que o Brasil perca a Copa do Mundo?

Ruffato: O futebol continua sendo a nossa paixão, a questão é se precisamos de um campeonato mundial. A decisão de fazê-lo, como sempre acontece aqui veio de cima para baixo, sem consultar o povo. Isso se deu baseado na ilusão de que somos a sétima maior economia do mundo — e, portanto, rico o

suficiente para pagar a Copa do Mundo. Mas não é verdade. É verdade que somos a sétima maior economia, mas não somos um país rico.

Spiegel: O Brasil é aclamado como o país que conseguiu tirar milhões de pessoas da extrema pobreza num curto período de tempo. Foi tudo uma ilusão?

Ruffato: O fato é que a renda aumentou, a situação da classe média melhorou. Hoje, 42 milhões de brasileiros ganham um salário mínimo de 350 dólares. Isso não significa que nós tiramos as pessoas da pobreza. Elas só foram capazes de gastar mais dinheiro comprando TV ou carros. Houve aumento do consumo e as pessoas viraram consumidores, mas não cidadãos. Nas áreas de saúde, educação, transporte e segurança pública, nada foi feito.

Spiegel: E a sua própria ascensão social não é um exemplo de que o país melhorou muito?

Ruffato: Eu sou uma exceção, não sou um exemplo e nem um símbolo do novo Brasil. Minha mãe era analfabeta, meu pai também, mas ambos sabiam que o único caminho para uma vida digna é a educação. Isso significa que meus pais, sem instrução, tinham mais consciência do que qualquer político brasileiro. Era para eu trabalhar em outra coisa, mas eu estudei jornalismo, mais tarde veio a literatura. Mas esta não é uma carreira comum. Alguns dos meus amigos de infância, a grande maioria, estão ou morreram porque estavam traficando drogas — ou trabalham em fábricas, estão descontentes e são alcoólatras. Para os meus amigos, eu sou um estrangeiro. E outra coisa: Eu tenho certeza de que se eu não fosse branco, mas preto, eu não estaria sentado aqui agora.

Spiegel: Em que mundo você se sente em casa: no mundo da sua infância ou no dos intelectuais de São Paulo?

Ruffato: Eu não me sinto pertencente, como a maioria dos brasileiros. Eu nasci na cidade de Cataguases e vivo em São Paulo. Eu pertencço aonde? A nenhum lugar.

Spiegel: Você disse uma vez que levanta todas as manhãs com medo de acordar. Por quê?

Ruffato: Pessoas como eu, de classe média, vivem em constante insegurança. No início dos anos noventa, a inflação chegou a 90 por cento ao mês. O sentimento é o seguinte: hoje estamos bem, mas como será o dia de amanhã, ninguém sabe.

Spiegel: No ano passado, na Feira do Livro de Frankfurt, você realizou um discurso implacável contra o Brasil e trouxe o lado obscuro do país: a brutalidade, a homofobia, mas em especial o racismo. E a coexistência pacífica entre negros e brancos é um mito?

Ruffato: A impressão de que há uma democracia racial no Brasil é enganosa. A escravidão foi abolida aqui em 1888 e quando vamos buscar a linhagem da população brasileira atual, vemos que nossos antepassados do sexo masculino são geralmente de origem europeia, suas mulheres, no entanto, têm raízes indígenas e africanas. Isso significa que os homens europeus estupraram estas mulheres. Como isso pode resultar em coexistência pacífica? O jogador de futebol Ronaldo, uma vez respondeu se ele achava o Brasil racista: Sim, existe o racismo, e quando eu era negro, eu sofri. Ele diz que hoje não é mais negro, porque tem dinheiro. Isto é o que chamamos de “branqueamento” social. Mas isso não quer dizer que a elite branca também aceitou esses negros.

Spiegel: Pelé diz que ele era um homem negro com espírito branco.

Ruffato: Exatamente, isso é o pior racismo que existe!

Spiegel: O Partido Trabalhista foi escolhido porque havia prometido abolir essas estruturas elitistas. Por que o Brasil ainda é tão desigual?

Ruffato: O nosso sistema político é uma herança da ditadura militar. Para que decisões sejam cumpridas, você tem que conseguir o máximo de alianças, o que torna praticamente impossível mudar o sistema. O Partido Trabalhista fez isso, mas agora é preciso prática política, ele já combateu antes, inclusive a corrupção.

Spiegel: Será que isso se aplica a presidente Dilma Rousseff, que, inclusive, tinha anunciado o combate a corrupção?

Ruffato: Nós, brasileiros, somos todos corruptos. Eu mesmo sou, todo mundo aqui é. A estrutura social nos leva a ser e não faz nenhuma diferença se se trata de um ou 100 milhões. Nós sonegamos impostos. A corrupção é aceita e muitas pessoas acreditam que se roubam o Estado não estão sendo corruptas. Porque o Estado de fato nos rouba. Será que o governo de Dilma Rousseff é corrupto? Claro que é, como era no governo do presidente Lula ou durante a ditadura militar. Todo o nosso sistema político é podre. E a pior parte é que nós, os cidadãos, não contribuimos para mudar isso.

Spiegel: O senhor certa vez descreveu o Brasil como um país que “dá as costas”. De onde vem esta negligência?

Ruffato: Nós não temos senso coletivo nenhum, somos muito individualistas e egoístas. A principal razão para sermos assim vem, em minha opinião, da nossa exploradora elite. Ela tem o estado para uso próprio — propriedade privada. Por exemplo, as nossas universidades públicas: elas são boas, mas para quem? Só os ricos que têm uma boa educação usufruem delas. E se um brasileiro ascende socialmente, então, ele reproduz os valores conservadores da classe média. Conosco, qualquer pessoa que tenha helicóptero superou o carro caro, o carro caro substituiu o carro ruim, carro ruim a moto e a bicicleta e os ciclistas o pedestre. Ele não olha para baixo, mas sempre para cima.

Spiegel: Isso é o oposto do que acontece com muitos povos.

Ruffato: Eu acho que o Brasil é muitas vezes incompreendido. Nós somos muito violentos. Tudo começou com o genocídio dos povos indígenas, seguido da escravidão, mais tarde, a exploração de imigrantes pobres. E praticamente, em todo o século 20 vivemos sob uma ditadura. A história do Brasil é uma história de violência. Portanto, eu não estou surpreso com a violência de hoje. Estamos tão bem que somos capazes de linchar uma mulher na rua porque suspeitamos que ela tenha sequestrado uma criança. Somos tão sinceros que 368 homossexuais foram assassinados no ano passado. Somos tão pacíficos que se estima que ocorram cerca de 500 mil casos de violência doméstica por ano, mas não se sabe porque as mulheres não se atrevem a ir à polícia. Então, eu não sei porque devemos ser um povo afetuoso. O que temos é uma tendência para a felicidade. Apesar de nossa miséria, procuramos ser alegres.

Spiegel: Por que a violência aumentou nos últimos tempos, embora a pobreza tenha diminuído e muitas favelas tenham sido pacificadas?

Ruffato: A situação agravou-se radicalmente, mas, em minha opinião, por várias razões. As diferenças sócio-econômicas tornaram-se maiores. O tráfico de drogas não é controlado adequadamente e o Brasil tornou-se um dos mercados mais importantes. Além disso, no Brasil, os pobres que trabalham para os ricos, são invisíveis. Se um pobre é criminoso, ele não vê o outro como pessoa, porque ele também não é visto. Para ele, não importa se ele rouba 100 reais ou mata alguém. Eu acredito que uma das razões vem do fato de que o Estado é ausente na vida cotidiana.



Piscina de uma casa em uma favela do Rio: “Se um pobre é criminoso, ele não vê o outro como pessoa, porque ele também não é visto”.

Der Spiegel: Havia um monte de reações negativas ao seu discurso em Frankfurt. Seus opositores disseram que se você não ama seu país, é melhor emigrar. Por que as críticas das reais condições no Brasil é um tabu?

Ruffato: Eu acho que isso é devido à nossa baixa auto-estima. Não é bonito admitir que somos

violentos, que somos racistas, homofóbicos e machistas. É muito mais fácil negar. Porque então você não precisa mudar nada. Portanto, nós nos convencemos que: temos as melhores praias, as mulheres mais bonitas e o melhor futebol do mundo. Por que temos de lutar por melhores condições, se temos tudo isso? Por que precisamos fazer alguma coisa em relação à homofobia quando temos a maior Parada Gay do mundo? Estamos piorando a situação, com a nossa hipocrisia.

Der Spiegel: Um legado da ditadura?

Ruffato: Sim, com certeza, a maior parte dos brasileiros cresceu em sistemas autoritários. Fomos criados a pontapés. Olhamos olho no olho raramente, olhamos mais de baixo para cima; uma visão de pessoas que têm medo.

Der Spiegel: Este ano, o golpe militar faz 50 anos, a ditadura permaneceu no Brasil por mais tempo do que na maioria dos outros países latino-americanos. Ainda no passado, foi praticamente ignorada. Por que isso acontece?

Ruffato: Nós, brasileiros, evitamos o confronto. Resolvemos as coisas, ocultando-as. Fazemos história como nos é ensinado na escola, uma história de aversão a conflitos: a história da democracia racial e de um povo alegre. Mas nós não deixamos a ditadura para trás, ainda temos muita ditadura encoberta pela elite política e econômica.

Der Spiegel: Há um ano houve protestos de cidadãos insatisfeitos com o governo. É este o começo de um movimento maior, que irá forçar o sistema político a fazer uma reforma?

Ruffato: Eu não construirei quaisquer afirmações sobre o futuro, os economistas e analistas estão sempre errados. O que é certo é que os protestos mostraram a insatisfação e o descontentamento geral, porém, as pessoas saíram às ruas por diversas razões. Alguns lutavam por uma maior intervenção do governo, outros por um melhor sistema de educação. Alguns porque se sentiam infelizes por dirigirem três horas todos os dias para trabalhar, alguns porque não podem sair de casa à noite, porque é muito violento. E

outros ainda porque seus filhos vão para escolas onde eles pouco aprendem. Não falta insatisfação. O que falta são objetivos comuns.

Der Spiegel: Por que os brasileiros estão divididos em sua insatisfação?

Ruffato: Porque aqui no Brasil o que é de todos não é de ninguém. Nós nos preocupamos apenas quando os problemas nos afetam. Se o vizinho foi atacado, não tem nada a ver comigo. Se eu tiver um carro blindado, tomo conta de mim, pois não serei assaltado. Se as crianças estão morrendo de fome na rua, o problema não é meu, desde que meus filhos tenham o que comer. Nós não temos bom senso.

Der Spiegel: O futebol pode ser a argamassa que falta nesta sociedade dividida?

Ruffato: Por um lado, é verdade que o futebol une ricos e pobres. Mas é igualmente um instrumento de dominação usado para encobrir as diferenças sociais. Quando o Brasil, em 1970, foi pela terceira vez campeão do mundo, tivemos umas das piores repressões da história. Os opositores da ditadura militar foram torturados e assassinados.

Der Spiegel: O futebol é um instrumento político hoje?

Ruffato: Sem dúvida, nada mudou. Primeiramente, foi dito que a Copa do Mundo traria benefícios para a população porque se investiria em novas infra-estruturas. Agora vemos que a Copa foi, sobretudo, uma oportunidade para a corrupção. Há estádios construídos sem necessidades e o dinheiro dos impostos foi desperdiçado. Esta é a nossa triste realidade.

Der Spiegel: Você é um grande fã do futebol, vai assistir aos jogos no estádio?

Ruffato: Não, porque os preços dos ingressos estão muito caros, não dá para tolerar isso. Por isso, você não verá nos estádios a população brasileira. Você pode muito bem notar que no final da Copa das Confederações, o estádio estava totalmente lotado com espectadores brancos, enquanto a Seleção Nacional é composta por negros, em sua maioria. Esta é a metáfora para o Brasil: o negro sua a camisa, enquanto a elite se diverte.

Der Spiegel: Sr. Ruffato, obrigado por esta entrevista.

Caçando elefantes brancos



Protestos contra a Copa do Mundo no Brasil

Será que haverá manifestações e batalhas nas ruas durante a Copa do Mundo como houve há um ano atrás durante a Copa das Confederações? As obras do lendário estádio do Maracanã mostram o quão longe os políticos estão das pessoas.

Por Jens Glüsing e Maik Großekathöfer

Hamilton Moraes Theodoro é brasileiro, ele adora futebol, mas não quer ver os jogos em nenhum estádio na Copa do Mundo. Nem no estádio, nem pela TV. Ele tem outros planos. Mais importantes, diz ele.

Theodoro trabalha como professor em Angra dos Reis, ele ensina história em uma escola pública, e diz: “Nossa nação está sendo roubada com a Copa do Mundo. Eu não quero ser preso, mas vou correr o risco. Eu preciso ir para a rua e participar das manifestações”.

Ele veio de ônibus para o Rio de Janeiro e levou três horas para contar sua história. Ele se sentou em um sofá, com as mãos cruzadas no colo como em oração, um homem pequeno, de 37 anos, vestido com uma calça jeans e uma camisa bem passada. Theodoro descreve a si mesmo como um ativista radical. Sua esposa e filha o esperam na sala ao lado, elas passam o tempo vendo uma telenovela.

Theodoro pigarreia. “Eu simpatizo com aqueles que se opõem ao poder do Estado. Fazemos tumultos porque queremos deixar uma marca”. Esse é o Black Bloc, homens mascarados nos protestos. “Eu não quero desistir do direito de expressar a minha opinião livremente. Além disso, o preço que exige de mim é alto”.

Ele aponta para o olho esquerdo onde a bala de borracha o acertou, a bala foi disparada por um policial. Um, dois milímetros a mais, e Theodoro teria perdido a visão.

Foi o que aconteceu no verão passado, durante os protestos na Copa das Confederações, o ensaio geral para Copa do Mundo. Uma nova geração nasceu em junho: jovens instruídos de classe média protestaram contra políticos corruptos, contra o desperdício de dinheiro público, contra o abuso de poder. Contra a Copa do Mundo.

Começou com 500 pessoas, então passou a 5 mil, um dia depois, havia 100 mil, em seguida, mais de um milhão. Carros foram queimados, sirenes soaram, pedras voaram, seis manifestantes foram mortos. “Não vai ter Copa do Mundo no Brasil”, exclamou estudantes, garçons, balconistas: Não haverá Copa do Mundo no Brasil!

“A Copa do Mundo será realizada”, diz Hamilton Moraes Theodoro, “mas não como a FIFA imagina”.

O que acontecerá durante a Copa do Mundo se houver batalhas nas ruas? O que estará acontecendo no Rio, onde a final será disputada? Essas perguntas pairam sobre o campeonato como nuvem de gás lacrimogêneo.

Theodoro está com raiva. Irritado porque ele ganha apenas 970 reais por mês, 300 euros, o que é pouco para um professor, mas muito vergonhoso. Irritado com o preço das passagens de ônibus porque há falhas e constantemente o trânsito é caótico. Irritado porque os estádios de futebol estão sendo construídos, enquanto escolas e hospitais estão às moscas.

A FIFA exigiu oito estádios para a Copa do Mundo, o governo brasileiro construiu ou modernizou doze. É arrogância. Juntas, as etapas custaram € 2,7 bilhões, talvez mais, ninguém sabe ao certo. O Tribunal de Justiça, o Ministério do Esporte e o portal de transparência: três organismos oficiais, e a cada nova ligação apresentam números diferentes. No entanto, nenhum país gastou tanto em uma Copa do Mundo. E quase tudo pago com fundos públicos.

Falta apenas um mês para a Copa do Mundo, mas há pouca empolgação no Rio. Normalmente, as pessoas pintam as ruas no Brasil para a Copa do Mundo, colocam as cores do país, verde, amarelo e azul, penduram bandeiras e enfeites, eles fazem competições para ver quem tem a casa mais bem decorada. Nada disso ainda está acontecendo.

“As pessoas não querem comemorar”, diz Theodoro. Ele tem medo da polícia, mas vai aos protestos durante a Copa do Mundo, não será intimidado. “A desobediência civil é o meu dever”.

O que vai acontecer no Mundial? Haverá tumultos? O que pode dar errado no Rio?

Lá fora, uma tempestade cai, quando Christopher Gaffney abre a porta de seu apartamento na Praia de Botafogo, no décimo segundo andar. Ele está descalço, veste calça e uma camisa de linho. Gaffney, um americano de Vermont, mora há cinco anos no Rio, ele é professor visitante da Universidade Fluminense, oferece seminários de desenvolvimento urbano e de investigação sobre o impacto social e econômico da Copa do Mundo. O que ele tem a dizer não tem nada a ver com futebol, samba e praia. Gaffney pinta um quadro desolador.

“Não é só no Rio de Janeiro, não é só nas favelas: todo o Brasil está em um estado de guerra. Nos estádios haverá muitos policiais e agentes apostos, pois será necessário durante a Copa do Mundo”, diz Christopher Gaffney.

Ele escreve um blog intitulado “Caçando Elefantes Brancos”. Ele quer dizer que os estádios lucrarão mais depois da Copa do Mundo, mais do que qualquer homem precisa. Em Manaus, em Cuiabá e Brasília não há equipes que jogam em uma ou duas grandes ligas.

O maior dos pecados é a reforma do Estádio do Maracanã, diz Gaffney. Porque ele é um exemplo de quão longe os políticos estão do povo.

O Maracanã, este lendário estádio, é a casa do futebol brasileiro. Era, melhor dizendo. Para a Copa do Mundo, ele foi destruído, reconstruído e destituído de sua alma.

“Não havia lugar no Rio, nem, em todo o país, que fosse mais democrático que o Maracanã”, diz Gaffney. “Era um lugar para todos. Agora é só para a elite”.

Para a Copa do Mundo de 1950, 11 mil trabalhadores construíram o Maracanã, enquanto a Europa estava em escombros. Um símbolo contra o racismo e a ditadura. A arquibancada era redonda para que todos tivessem a mesma visão sobre o campo. Todo mundo podia ficar onde quisesse. Se as equipes mudassem de lado, os torcedores mudavam também.

E todos devem ter acesso. Cabem 200 mil pessoas no Maracanã, um décimo da população do Rio. Os ingressos na parte mais barata, “Geral”, eram tão baratos que até mesmo os mendigos poderiam comprar.

O francês tem a Torre Eiffel, os americanos a Estátua da Liberdade. Os brasileiros o Maracanã.

Ele foi reformado três vezes. Em 1999, colocaram os bancos do grupo superior, a partir de 2007 houve mais espaço em pé. Gastaram-se 105 milhões de euros, as obras levaram sete anos, e agora tudo foi refeito para a Copa do Mundo, de acordo com as especificações da FIFA. Embora o estádio seja um edifício tombado pelo patrimônio, apenas os pilares exteriores permaneceram. 200 milhões de euros devem ser gastos com mais despesas, somando-se aos 400 milhões já gastos. Tudo dinheiro dos contribuintes, como já foi dito.

O Maracanã tem contrato com três empresas por 35 anos. O estádio não terá tanta capacidade para os visitantes como antes, mas existem 125 camarotes, cada um com 50 metros quadrados, com bar e terraço. O Maracanã está parecendo um estádio da FIFA, disseram uma vez. Ele poderia estar em qualquer lugar: em Londres, Frankfurt, Yokohama.

Christopher Gaffney diz: “Fizeram do Maracanã um centro comercial com grama no meio. Uma arena para a televisão, e não para os brasileiros. Isso é um assassinato cultural”.

Há cadeiras dobráveis coloridas no Maracanã, mas muitas vezes permanecem vazias. Os ingressos mais baratos custam 80 reais, quase 26 euros. Quem pode pagar? Para o jogo do Campeonato do Rio entre Flamengo e Madureira, 2.487 pessoas pagaram pelo ingresso.

Os torcedores brasileiros não podem mais levar grandes bandeiras e banners para o estádio, eles devem ser aprovados pela polícia. Você não pode beber cerveja. O clima é ruim porque quase só a classe superior vai ao Maracanã, e não canta porque não tem torcida organizada.

Gaffney é um cientista, mas não é objetivo. Ele faz parte de uma organização nacional, o Comitê Popular da Copa. Toda terça-feira ele se encontra com os outros membros, de 30 a 50 pessoas no Rio, e, em seguida, eles planejam suas ações.

Há quatro anos, eles protestam contra a privatização do estádio. Eles marcham com bandeiras pelo Rio, nelas está escrito “O Maraca é nosso”. A mensagem é clara e o sentimento por trás dele também.

64 manifestações serão organizadas por ativistas do Comitê Popular no Mundial. O objetivo é impedir que pelo menos um jogo aconteça.



Aktivist Costa mit Kindern in der Favela Jacarezinho: „Was sagt Ihnen Ihr Gewissen?“

O ativista Costa com crianças na favela do Jacarezinho: “O que isso diz a sua consciência? ”

A equipe se aloja no bairro São Conrado e não está longe da praia de Ipanema. No caminho para o aeroporto, o inglês passa por um túnel, o qual os manifestantes desejam bloquear. “Se tivermos sucesso, será histórico”, disse Gaffney.

Ele também protestou no ano anterior. Com uma máscara anti-gás se protegeu do gás lacrimogêneo da polícia com vinagre, leite e limão. Gaffney ainda não foi ferido.

Há uma crença de que a Copa do Mundo tem apenas um propósito: a lucratividade da presença da FIFA no Brasil. “As pessoas sabem quais são as verdadeiras intenções. É por isso que eles vão protestar novamente. E as manifestações serão muito mais brutais do que as que ocorreram na Copa das Confederações”, diz ele.

Gaffney luta porque o governo cumpre os desejos da FIFA, mas não cumpre o que promete à população.

Em outubro de 2007, quando o Brasil se tornou sede da Copa do Mundo, as pessoas esperavam que as linhas de metrô fossem expandidas. Mas dos 49 grandes projetos deverão estar concluídos apenas 13.

Entre o Rio e São Paulo, as duas maiores cidades do país, deveria ser construído para a Copa do Mundo um trem que ligaria as duas cidades, mas o trabalho nem começou.

“Eu protesto porque eu pago os meus impostos e não recebo nada em troca”, diz

Gaffney. “Eu protesto contra a relação parasitária da FIFA com o Brasil. Eles estão extraindo o país”.

Os brasileiros que tomam as ruas, não tem nada contra o futebol. Pelo contrário, eles também não têm nada contra um campeonato mundial. O que eles abominam é a Copa do Mundo da FIFA de 2014 no Brasil. As suas condições, regulamentos e licenças.

Na favela de Santa Marta, não muito longe da estátua do Cristo, há um campo de futebol. Um tapete esfarrapado de relva artificial encontra-se sobre o concreto. Nas ruas, há cheiro de alho e cocô de cachorro. Neste domingo, o campo de futebol reunirá oito equipes para um torneio. Os jogadores estão estampados nas bolsas vendidas pelos comerciantes de rua. Homens e mulheres tiveram que se mudar

por causa da Copa do Mundo. Representantes da Frente de Torcedores Nacional desprezam o novo estádio. Quatro a quatro, em 15 minutos. Mães com bebês empoleiradas em telhados, assistem ao jogo.

Em cima do muro que cerca o campo, penduraram cartazes, “Você vai ver que um torcedor não foge a luta”. A banda dos tambores da favela, DJs dos funks cariocas e algumas meninas rebolam. Uma mulher vende frango cozido e a Brahma está gelada. Três destes eventos devem ocorrer até a Copa do Mundo, cada um em uma favela diferente.

Uma parte do Mundial da FIFA está sob a sombra do Maracanã. Estudantes em uniformes limpos descem do ônibus e se alinham em frente ao pavilhão da Coca-Cola.

Vídeos são passados em grandes telas, crianças aparecem jogando futebol, rostos sorridentes em close up, palmeiras e um pôr do sol. Cure o mundo. A Coca-Cola patrocina a Copa do Mundo. Os filmes são propaganda da FIFA. Na sala de trás do pavilhão, o troféu da Copa do Mundo está em uma vitrine de vidro à prova de balas, tem seis quilos, é feita de ouro 18 quilates. Cada visitante pode tirar uma foto ao lado do troféu por dez segundos. Durante quatro dias, o troféu da Copa do Mundo da FIFA realizará um tour by Coca-Cola. O troféu viaja em seguida para Porto Alegre, no sul do Brasil. Passará pelos 27 estados do Brasil. Como uma vacinação em massa contra a raiva da Copa do Mundo.



Jogo de futebol na favela Santa Marta: “a FIFA é uma porcaria para o país”

No Maracanã, duas dúzias de turistas do Uruguai, Alemanha, Itália visitam os vestiários. Eles fazem uma visita guiada pelo estádio vazio e fotografam os chuveiros e acariciam os armários como se fossem santuários. Em seguida, eles passam por um relógio digital vermelho, que leva ao campo. De dois altofalantes se ouvem aplausos e vozes de torcedores.

Neste momento, você se sentiu um pouco como Philipp Lahm e Lionel Messi ou Neymar — ou pode ser que você esteja aqui também no dia 13 de julho, no dia da final.

Durante a Copa das Confederações, a final tinha apenas começado quando os protestos aconteciam fora do estádio, o gás lacrimogêneo chegava até a arquibancada. O que vai acontecer na Copa do Mundo?

Na tela de descanso do iPhone do Major André Batista aparecem duas pistolas cruzadas e uma caveira atravessada por uma faca. É o brasão de armas do Bope, Batalhão de Operações Policiais Especiais. Batista luta contra o tráfico de drogas nas favelas com 400 homens da tropa de elite, liberta reféns, derruba motins. O Bope é eficiente. E intransigente. Alguns dizem que é brutal. Para a Copa do Mundo, Batista leva um post diferente. Sua tarefa é garantir a segurança fora do Maracanã.

Ele é policial há 22 anos, trabalha nas favelas há 10, esteve presente em inúmeros tiroteios. “Se você não mata, outros matam”, diz ele. Seu rosto permanece imóvel.

Quantas pessoas você já matou? “Eu não mato. É o estado que mata”.

Batista acha que não haverá protestos, “não haverá tumultos”. Estaremos em qualquer jogo com 10 mil policiais treinados especialmente para a Copa do Mundo. “Eu não acho que precisaremos de tanque nas ruas”. Talvez drones voem no céu, estão ainda em fase de testes.

A polícia está trabalhando junto com o Serviço Secreto, eles sabem que os manifestantes se organizam através das redes sociais, no Twitter, no Facebook, através da página Anonymous Rio. Estão tentando se infiltrar nos grupos, se infiltrar no meio do povo. A polícia sabe muito sobre os ativistas. Há um ano, ela sabe quem é o líder.

“Nós sabemos onde essas pessoas estão e como se movem”, disse Batista. “O que não sabemos: tem garrafas de água em sua mochila ou Coquetel Molotov?”.

O Ministro da Defesa brasileiro chamou os manifestantes de “forças opostas”. Desde setembro no Rio são proibidos durante as manifestações o uso de máscaras, gorro, lenço ou chapéu. O governo está discutindo uma lei anti-terrorismo que é tão vaga que qualquer pessoa que está em um protesto pode ser presa e considerada como terrorista. Vandalismo pode ser classificado como terrorismo e há punição para isso.

“Violência gera violência”, diz Batista. Ele entende por que as pessoas protestam, “mas é minha responsabilidade defender a ordem pública”. Ele espera que os protestos continuem pacíficos.

Pode até ser que seja. Mas ainda não é assim.

Parte dos manifestantes militantes, aqueles que formam o Black Bloc, vem das favelas. Na favela do Jacarezinho, há seis quilômetros do Maracanã, há 60 mil habitantes, entre eles, viciados em crack, não há rede de esgoto, nem coleta de lixo, as crianças são negligenciadas e brincam entre ratos. Romário cresceu aqui, o jogador do Mundial da FIFA de 1994 é agora deputado brasileiro no Congresso Nacional.

Durante sete anos, o teólogo protestante Antônio Carlos Costa trabalha no Jacarezinho para a organização Rio de Paz. Ele não é religioso afimco e parece cansado quando fala.

“As pessoas aqui, os jovens com idades compreendidas entre 16 e 28 anos tem o desejo de serem ouvidos. Eles anseiam por atenção”, diz ele. “A Copa do Mundo é uma oportunidade ideal”. Ele não sabe o que vai acontecer. “Uma pessoa morre e a situação pode ficar fora de controle. As pessoas das favelas podem paralisar o Rio”.

Seu escritório fica em cima de uma padaria, alguém traz uma pizza, enquanto Costa fala e rabisca em um pedaço de papel. Ele precisava de apenas um por cento do dinheiro que foi inserido na reconstrução do Maracanã, diz ele, para que os crimes na favela acabassem, retirando o comércio de drogas. Isso garantiria que as crianças fossem à escola, em vez de procurar pornografia na Internet.

Durante a Copa do Mundo, ele quer protestar, em cada minuto livre. “É obsceno, exigir do nosso país uma Copa do Mundo nos padrões europeus. Nosso governo está doente porque concordou com isso. Nós, com a Copa do Mundo, não teremos nada. Para nós, nada vai mudar”.

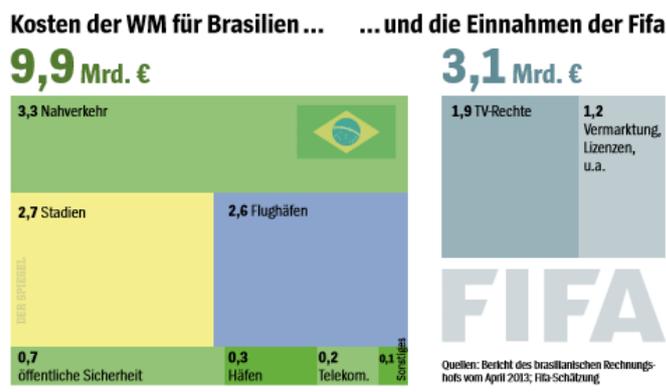
Em fevereiro, ele viajou para a Suíça, estava em Zurique, onde é a sede da FIFA. Ele colocou diante da entrada doze bolas de futebol, uma para cada cidade-sede. Nas bolas prendeu uma cruz vermelha como

símbolo de todas as pessoas que morreram porque seu país investiu na Copa do Mundo em vez de investir em médicos. Ele levantou um quadro-negro com as palavras: “Copa do Mundo de 2014: quem ganha mais? A FIFA, o empresário ou o povo brasileiro?”

Um porta-voz respondeu por e-mail. Explicou o quão grande era a consciência social da FIFA e as coisas boas que ela faz para o mundo.

Costa deseja que Joseph Blatter, presidente da FIFA, durante a Copa do Mundo, vá ao Jacarezinho. Por apenas meia hora. Ele o levaria à praia poluída pelo esgoto que corta a favela. “Eu colocaria meu braço em seu ombro e perguntaria: Sr. Blatter, se isso fosse a sua casa, você iria querer a Copa do Mundo aqui? Você gostaria que seu governo gastasse dinheiro em um campeonato de futebol? O que isso diz a sua consciência?”

Está ficando tarde e Costa precisa ir. Ele vai para o seu carro, abre a porta, mas antes de ir, detém-se por um breve momento. E diz: “Eu não tenho nenhuma dúvida do que eles pensam na FIFA: O que temos nós a ver com o Brasil, afinal?” Em seguida, ele vai embora.



Disponível em: <http://www.spiegel.de/spiegel/print/index-2014-20.html>

Interview with Alex Pentland: Can We Use Big Data to Make Society Better?

DATA: 2014.05.19

In a SPIEGEL interview, American data scientist Alex Pentland discusses how data streams can be used to determine the laws of human interaction. He argues the information can be used to help forge better societies.

Alex Pentland, 62, heads the Human Dynamics Lab at the Media Lab at the Massachusetts Institute of Technology and is considered one of the world's leading data scientists. In his new book, "Social Physics: How Good Ideas Spread — The Lessons from a New Science," he argues that human

communication behaviors follow the rules of mathematics. He says that with the aid of a computer, it is possible to monitor people in ways sufficient to detect these rules. The use of Big Data is proving to be just as important to social scientists as the telescope once was for astronomers.

SPIEGEL recently sat down with Pentland for an extensive interview about his work.

SPIEGEL: Professor Pentland, you do research on the intelligence of groups. Can a bunch of geniuses act stupid when put into a group?

Pentland: Oh, absolutely. That's how I got started on this. We were setting up a laboratory in India. We had a board of directors, some of them were among the most brilliant people in the world, but as a board, they were completely useless.

SPIEGEL: Why was that?

Pentland: There was just too much ego in the room. When one person started talking, he wouldn't stop for half an hour, so very few ideas were actually put on the table.

SPIEGEL: So even a group made up of smart people won't necessarily act intelligently?

Pentland: No. We are usually taught that intelligence is a function of what happens between an individual's two ears, but group interaction is actually at least as important. The way we manage our economy, our incentives — everything is centered on individuals. But what we think and do is highly dependent of what our peers are doing and thinking.

SPIEGEL: And what is it that determines group intelligence?

Pentland: According to our research there are two decisive factors. Firstly, it is important that everybody explore ideas outside the group and introduce those ideas into the group discussion. Otherwise it's just the same old stuff over and over again.

SPIEGEL: In other words, you should steal ideas wherever you can.

Pentland: Exactly. We are used to emphasizing individual creativity, but we've found that creativity is mostly just the connecting of ideas that already exist. This is the source of innovation.

SPIEGEL: Usually we associate big ideas with brilliant minds — that the Theory of Relativity came from Einstein, and cubism from Picasso ...

Pentland: ... but Picasso and Einstein, they were also swimming in a stream of ideas that surrounded them. If Einstein hadn't existed, someone else would have conceived his theory.

SPIEGEL: How about you? You work on what you call "social physics" — is your work based on your own ideas, or were they stolen from your environment?

Pentland: Well, the basic theme of the book is almost 200 years old. Auguste Comte, the father of sociology, invented the name social physics. As to myself, my talent is that I listen to lots of ideas and I'm skeptical about them. I'm good at finding ones that don't fit with other things. And I'm good at putting them together.

SPIEGEL: How about the famous eureka moments in the history of science? The most fundamental insights happened, according to the scientists' accounts, when they were doing things like hiking, dreaming or driving.

Pentland: But that proves the point perfectly. If it were a matter of reasoning, you would hear stories that start with, "I was drawing the diagrams," or "I was just writing down the equations." But that's not what you hear. What you hear is: "I was sleeping," or "I was taking a shower." Humans have two ways of thinking: the slow way, which is based on rational consideration, and a second, much faster way, of trying to put things together by association. It's the latter that produces aha-moments, when we realize how beautifully things fit together.

SPIEGEL: You spoke of two factors that determine the efficiency of a team. What is the second?

Pentland: Yes. The second factor is whether or not everybody is talking to each other. This basically ensures that everybody is on the same page.

SPIEGEL: Do you need a boss for this? Or is it actually counterproductive to have a group leader?

Pentland: There is a kind of leadership that is actually very effective. It can be very helpful to have someone watching the conversation, and poking in every once and a while to make sure that the pattern of communication is right. Women, by the way, are very good at this, because they make sure nobody dominates the conversation and that everybody contributes.

SPIEGEL: You are describing the role of a moderator rather than a boss. A boss also has to make decisions ...

Pentland: ... yes, but not by banging on the table and saying, "This is what you have to do!" Good leadership is about arriving at a consensus. The only exception is in emergency situations — when the enemies are coming over the hill, the traditional model of the powerful leader turns out to be a good thing. **SPIEGEL:** Do the rules you are describing apply to all sizes of groups?

Pentland: The larger the group, the more difficult it is to get everybody involved. With six people, it's almost a non-issue. It's a lot harder when there are 150. And at some point you reach a kind of natural limit. Everything beyond a mid-size city gets real hard to organize, with our current technology and given human nature.

SPIEGEL: Does this mean that something like the European community is misconceived and incompatible with human nature?

Pentland: I think we don't know how to administer it very well. An average person has about 150 people that they interact with, and this hasn't changed a lot since the Stone Age. Imagine that those 150 people are scattered across all the different cultural groups in the EU, so that the average EU citizen knows people from Romania as well as Portugal or Great Britain ...

SPIEGEL: ... which is pretty far from the European reality.

Pentland: That's right. The problem is that you are dealing with cultural groups which are more or less isolated one from another. In the United States it is easier, because this country was highly diverse from the beginning. You had Italians, Irishmen, Indians and Africans all mixed together. And it's a highly mobile society, so that you have people going from New York to Kansas, and from Kansas to Seattle.

SPIEGEL: How could you get a similar degree of engagement in Europe?

Pentland: I will tell you a story from Brazil. There they had the problem that all of the country's different states had very different cultures, and because of this, the country was in danger of breaking apart. That's why they changed the conscription rules for young men in the army: Instead of doing their service in their own state they henceforth had to stay elsewhere. So for two years these young men were exposed to other cultures. And when they went back home, it was these ties that held things together.

SPIEGEL: You think we need a common army in Europe?

Pentland: It doesn't have to be an army. You could do it through the university or education systems. Or by creating some sort of Peace Corps made up of unemployed young people. They could help build infrastructure for Europe -- but make sure they do it all over Europe, and not just in their hometown. That way, use the disastrous levels of unemployment among young people to bind Europe into a much more compatible set of cultural norms.

SPIEGEL: So you not only want to use your concept of social physics to describe social interaction, but you also want to engineer communication?

Pentland: Yes. We visit many different companies and organizations and analyze the pattern of communication.

SPIEGEL: And what kind of results do you get?

Pentland: You can often improve communication in very simple ways: moving people down the hall; setting up a lunchroom; the placement of the water cooler or the coffee machine. What doesn't work is having more meetings, because meetings are typically one person broadcasting and everybody else sitting there. That's not communication.

SPIEGEL: Could you give an example?

Pentland: OK, let's take a call center we investigated. Traditionally, they just had a big meeting in the morning, where everybody received their instructions. And then they just worked. And I said: "No, let's give them coffee breaks together so that they can sit around and chat." In the beginning the management was very upset about this, but then they noticed a dramatic improvement in people's ability to work with customers. The employees obviously shared their tacit knowledge during coffee breaks.

SPIEGEL: But maybe they didn't talk about their work at all. Maybe they just enjoyed the opportunity to chat and were happier afterwards.

Pentland: People talk about work all the time — about how you deal with customers that react poorly and so on. But even when they talk about finding a babysitter, that's a part of their job.

SPIEGEL: Some of your recommendations are much more radical. You propose some very new kinds of incentives for example.

Pentland: That's right. And here, again, the goal is fundamental change: shifting from focusing on the individual to focusing on the social fabric.

SPIEGEL: What do you mean by this?

Pentland: Well, if I want to change your behavior, I could promise you some money. Or I could give the same amount of money to your buddy, but only if you change your behavior. That will force him to

talk to you. And if everybody is part of a network of incentives, then everyone is sitting around saying: "Hey guys, we've got to find a way for all of us to change our behavior so that we can all be rewarded."

SPIEGEL: That's a creative idea — but does it work in the real world?

Pentland: I'll give you an example. DARPA, which is the Defense Research Projects Agency, wanted to do something to celebrate the 40th anniversary of the Internet, and wanted to highlight the power of social media. So they created a contest in which they placed ten red balloons somewhere in the United States, and the challenge was to find the location of all ten of them within one day. Hundreds of teams competed for a reward of \$40,000 (€29,000), and all of the teams used economic incentives, except one ...

SPIEGEL: ... which was, sure enough, your team.

Pentland: Right. We were the only team that did something different. What we said was, "We will give you money if the people you recruit find the balloon." So it became a question of social networks, and everybody said, "Wow, this is sort of fun." So we were able to recruit about 2 million people and quickly found all of the balloons.

SPIEGEL: And this kind of incentive also works in other areas?

Pentland: We used it rather successfully to save energy in Switzerland. Or let's take public health — many people would like to lose weight, but are unable to do it because they're surrounded by people who don't lose weight either. This works much better within a support group. There are, for example, scales that tweet your weight every day to your workgroup, and if someone's weight goes up, everyone gives them a hard time. And if it goes down, everybody congratulates them. People are scared to do it, but I tell you: It works amazingly.

SPIEGEL: If social incentives work that well, why aren't they used more widely in industry?

Pentland: That's a good question. There's a lot of research showing that economic incentives don't work very well, but politicians and business leaders still always only talk about individual incentives and not about social incentives. They just don't think about people as members of a social fabric.

SPIEGEL: But we all want to be seen as individuals, and not as dependent on what other people do.

Pentland: Well, people feel uncomfortable when you doubt their free will. But as a matter of fact, most of our behavior is stuff we just pick up from each other — and it's good the way it is. That's what we call culture. Right? Culture is good. Without culture we wouldn't survive.

SPIEGEL: So far we've been talking about social physics without even mentioning Big Data. On the other hand, you claim that Big Data is fundamental to your field ...

Pentland: Yeah, Big Data is to the study of social behavior what the microscope was to the study of bacteria. If you want to construct a better society, you need a complete picture of social interactions. Until very recently we had neither the data nor the mathematics to analyze it. But now, thanks to Big Data, we can know exactly who interacts when, where and with whom.

SPIEGEL: And how do you do this?

Pentland: First of all, you have to write down exactly what you're going to do, and then a federal committee needs to certify that you will protect people's privacy and behave ethically. Finally, you need

to have the informed consent of all of the participants to guarantee that they understand what's happening.

SPIEGEL: And what happens once all this is done?

Pentland: In one of our projects, for example, we study young families. First, we give them all brand-new phones with software that anonymously reports who they talk to, where, where they go, what they do on Facebook. I also look at their credit card records and we ask them dozens and dozens of questions. You end up with their pattern of communication across all media, and how this interacts with how they thought and felt.

SPIEGEL: You also read their emails, and examine their phone conversations and bank accounts?

Pentland: No, we don't look at that. We don't record it. We don't look at dollar amounts. We are just interested in patterns: How often do they go to the theater? Do they go to fast-food or high-priced restaurants? How often do they go to the supermarket? And we can see, for example, when people are overspending — which, by the way, turns out to be a behavior largely driven by social interaction as well.

SPIEGEL: Do you intervene if you see a family with a heavy overspending problem or that a father is drinking too much?

Pentland: No, never. But we might in the future. The more science is moving forward and the better we understand human behavior, the more you get the obligation to act.

SPIEGEL: So by using Big Data you hope to create a better society?

Pentland: That's right. And, in this area, what we need more than anything is a discussion about how we share data — what I've called a "New Deal on Data". Because the solution to all of our big challenges — global warming, management of traffic, new epidemics — depend critically on how we share our data.

SPIEGEL: But this would also increase the risk of abuses.

Pentland: Not if everybody has control of his or her own data.

SPIEGEL: This sounds pretty naive. Taking into account the enormous amount of data circulating about everybody, how do you want to enforce control?

Pentland: This is easier than you might think. Take your bank: You can go online and see your money, right? And nobody knows about it except your bank. And if you don't trust them any more you can close your account at any time. The same principle could be applied to other areas as well. It may sound complicated, but it's not.

SPIEGEL: But with your "New Deal on Data" people would be able to give them permission to share my data with others.

Pentland: Your cell phone provider already knows where you are and who your friends are. The bank knows about your money. Hospitals know about your health. And they want to be able to use these data to provide better service, to increase your wealth, to improve your health. But they can't. Thousands of people are dying because the hospitals can't share their data.

SPIEGEL: But if you allow them to exchange data at will, this might mean trusting them too much.

Pentland: We're talking about highly regulated industries. You can make laws that force them to let you know what information they have about you. There are already such laws. For instance, in Switzerland, all medical information is now kept in a way that is controlled by the patients themselves.

SPIEGEL: And how about the new superpowers in the world of data — Google and Facebook? Do you want to extend their freedom to exchange data as well?

Pentland: You're right. Right now, it's like the Wild West. But there is hope. Once you can show that the "New Deal on Data" works in some areas, then you can go to the Facebooks and Googles and tell them: "Sorry, but you see, it works." There is no reason why what works for banks, shouldn't work just as well in other areas - except that Facebook won't be happy about it.

SPIEGEL: And what happens when it is the government collecting the data? The recent scandal around the NSA has shown us how eager the secret service is to learn everything about us.

Pentland: That's a huge danger. There is nothing more dangerous in this new world than somebody with a lot of big computers and the ability to collect a lot of data — whether it's any company or the government. I think, the big mistake of NSA was to have such a centralized database. They make Orwell's 1984 world look almost friendly.

SPIEGEL: And it raises the danger of leaks. Luckily it was only Snowden stealing ...

Pentland: Well, do you think so? Snowden just happened to tell everybody about it. I'll bet you can find five other people who stole the same data and sold them rather than telling us about it. That's the real stupidity of NSA.

SPIEGEL: Professor Pentland, we thank you for this interview.

From DER SPIEGEL

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Miracle Crop: India's Quest to End World Hunger

By Philip Bethge

DATA: 2014.06.02



Over one third of humanity is undernourished. Now a group of scientists are experimenting with specially-bred crops, and hoping to launch a new Green Revolution -- but controversy is brewing.

It may not make his family wealthy, but Devran Mankar is still grateful for the pearl millet variety called Dhanshakti (meaning "prosperity and strength") he has recently begun growing in his small field in the state of Maharashtra, in western India. "Since eating this pearl millet, the children are rarely ill," raves Mankar, a slim man with a gray beard, worn clothing and gold-rimmed glasses.

Mankar and his family are participating in a large-scale nutrition experiment. He is one of about 30,000 small farmers growing the variety, which has unusually high levels of iron and zinc — Indian researchers bred the plant to contain large amounts of these elements in a process they call "biofortification." The grain is very nutritional," says the Indian farmer, as his granddaughter Kavya jumps up and down in his lap. It's also delicious, he adds. "Even the cattle like the pearl millet."

Mankar's field on the outskirts of the village of Vadgaon Kashimbe is barely 100 meters (328 feet) wide and 40 meters long. The grain will be ripe in a month, and unless there is a hailstorm — may Ganesha, the elephant god, prevent that from happening — he will harvest about 350 kilograms of pearl millet, says the farmer. It's enough for half a year.

The goal of the project, initiated by the food aid organization Harvest Plus, is to prevent farmers like Mankar and their families from going hungry in the future. In fact, the Dhanshakti pearl millet is part of a new "Green Revolution" with which biologists and nutrition experts hope to liberate the world from hunger and malnutrition.

Global Problem

Today some 870 million people worldwide still lack enough food to eat, and almost a third of humanity suffers from an affliction known as hidden famine, a deficiency in vitamins and trace elements like zinc, iron and iodine. The consequences are especially dramatic for mothers and children: Women with iron deficiencies are more likely to die in childbirth, and they have a higher rate of premature births and menstruation problems. Malnourished children can go blind or suffer from growth disorders.

Throughout their lives, they are more susceptible to infection and suffer from learning disorders, because their brains have not developed properly.

"These children are deprived of their future from birth," says Indian agronomist Monkombu Swaminathan, who has campaigned for the "fundamental human right" of satiety for more than 60 years. To solve the problem of hunger once and for all, Swaminathan and other nutrition experts are calling for a dramatic shift in our approach to agriculture. They argue that instead of industrial-scale, high-tech agriculture, farming should become closer to nature — and involve intelligent plant breeding and a return to old varieties.

The world has enough to eat. The only problem is that the poor, whose diet consists primarily of grain, are eating the wrong food. Corn, wheat and rice — the grain varieties that dominate factory farming — are bred primarily for yield and not for their nutritional content. They cannot adequately feed the poorest of the poor — nutrients and trace elements are at least as important as calories.

Food safety is tied to variety, says Swaminathan, who calls for a sustainable "evergreen" revolution. He advocates the development of new, more nutritional grain varieties better adapted to climatic conditions. "We must re-marry agriculture and nutrition — the two have been too far away from each other for a long time," says the scientist.

The First Revolution

Swaminathan, 88, is considered the father of India's 1960s Green Revolution. He created rice and wheat varieties that were smaller than normal but with substantial higher yields than existing varieties. He also worked with heterozygous plants, so-called hybrids, which are up to twice as productive as their parent generation. The walls of his office in the city of Chennai on the east coast of India are covered with tributes and certificates -- one reads: "India's Greatest Global Living Legend" -- and in 1987, he received the United Nations World Food Prize.

"The Green Revolution was a tremendous success," says Swaminathan. As an adolescent, he lived through the "Great Bengal Famine" that killed millions of Indians in the mid-1940s. "Back then we used to get less than one ton of wheat per hectare (2.5 acres)," says Swaminathan, adding that the yield per hectare has more than tripled since then.

But at what price? Although new high-performance varieties guaranteed high yields, they depleted the soil and consumed far too much water. More and more fertilizer and pesticides were needed. Many small farmers lost everything when they invested in seed grain and were unable to sell their harvest at a profit. Meanwhile, they neglected to grow traditional bread cereals.

"Formerly, the farmers were depending on 200 to 300 crops for food and health security," says Swaminathan, whereas today there are only "but gradually we have come to the stage of four or five important crops, wheat, corn, rice and soy bean." "The Green Revolution," says the scientist, "did not eliminate hunger and malnutrition."

Springtime in Maharashtra

In India, where about 250 million people, or a fifth of the population, are undernourished, the problem is urgent. Some 50 to 70 percent of children under the age of five and half of all women suffer from an

iron deficiency. Almost half of all children are physically underdeveloped or even crippled because they are chronically undernourished or malnourished.

The situation is especially precarious in Maharashtra. In the early morning, we travel out to the countryside with Bushana Karandikar, an economist from the city of Pune (formerly Poona). Karandikar manages the Dhanshakti Project for Harvest Plus. "Malnutrition is the sad part of the Indian growth story," she says during the trip. "It is very surprising, but India is almost in the same league as sub-Saharan African countries, which have much, much lower per capita income."

It is spring, and Maharashtra is green — the land looks fertile, with its lush fields and fruit plantations lining the road. But as scientist Swaminathan puts it, this is part of "India's enigma": "green mountains and hungry millions."

In the town of Ghodegaon, the problems quickly become apparent. Men, children and, most of all, young women in colorful saris are waiting on an unpaved street outside the town's 15-bed clinic. They remove their shoes at the door to the building, where the walls are decorated with portraits of the gods adorned with garlands of flowers.

Dr. Rajneesh Potnis greets us on the second floor, where we are served sweets and aromatic coffee. Potnis has been working in this clinic for 25 years. His fellow medical students told him he was crazy when he went to Ghodegaon, but Potnis was determined to help people. Today he provides advice to nursing mothers, helps women give birth, and treats conditions like rickets, night blindness and anemia.

"The women are the worst off," says the doctor. "They work the hardest, and yet they eat what's left over." As a result, he explains, they frequently suffer from premature deliveries and stillbirths, infections and sudden attacks of faintness. The tribal people, ethnic minorities which live on the margins of society, are in the worst position. "They only come when they have no other choice."

Potnis hands out mineral and vitamin pills subsidized by the Indian government. He also advises families to eat a varied diet, but his efforts are often futile, he explains. "It's so easy to say to people: Eat more pulses, more vegetables and eggs — but most of them can't afford any of that."

The Millet Solution

This is where biofortified pearl millet comes into play. Farmers in the region have always grown pearl millet. So why not simply replace the traditional variety with Dhanshakti? "Then people will get their minerals from the bread they eat every day, anyway," says Potnis.

Ramu Dahine's five-person family, in the nearby village of Vadgaon Kashimbe, is a case in point. Daughter-in-law Meena is baking bhakri, a traditional round, unleavened flatbread made from pearl-millet flour. Dressed in a red sari, she crouches on the floor in front of a small stone building with a corrugated metal roof. She combines pearl-millet flour and water, kneads the dough, places the flatbread into a pan and blows through a long tube onto the coals of a small wood fire until flames begin to flicker.

The Dahines eat the bread, and hardly anything else, twice a day. The seed dealer recommended the pearl millet, says the farmer. He doesn't even know that the grain has a high iron content, but he did notice that his family was healthier than usual by the end of the last rainy season. The variety also has another benefit: Because it isn't a hybrid, Dahine can use a portion of his harvest as seed for the next season.

"For the real poor, this pearl millet is a great hope," says Karandikar. Swiss scientists have shown that the consumption of Dhanshakti millet significantly increased iron levels in the blood of local women. And Indian researchers showed that a daily serving of only 100 grams of the pearl millet could completely satisfy the iron requirements of children.

But for the global champions of the new, gentle Green Revolution and its campaign against hunger, this is but one of many successful attempts to develop more nutritious grain and vegetable varieties. In Brazil, for example, the research organization Embrapa developed biofortified beans, pumpkins and manioc. In Uganda and Mozambique, farmers are growing a new variety of sweet potato rich in provitamin A. In Rwanda, more than 500,000 families are eating beans enriched with iron. And in India, farmers will soon begin growing rice and wheat with especially high levels of zinc.

The Harvest Plus program has already reached about seven million men, women and children, says program head Howarth Bouis, adding that biofortified grain is expected to improve the nutrition of a billion people by 2030. Bouis' early decision to apply only conventional methods in breeding the new varieties was important to its success. "At Harvest Plus we took the decision not to invest in transgenics, because we wanted to avoid the controversy," he says, remembering all too well the dispute over a variety known as Golden Rice.

The Genetic Engineering Conundrum

The transgenic plant, developed in 1992 at the Swiss Federal Institute of Technology in Zurich, contains almost twice as much beta-carotene, a precursor to vitamin A, as ordinary rice. Nevertheless, there has been so much public resistance to genetic engineering that it has yet to be approved for use anywhere in the world.

But in many cases, genetic engineering is unnecessary anyways. There are often natural varieties with grains that already contain the desired vitamins or nutrients. Rice is a perfect example, with about 100,000 varieties in existence worldwide. "You can basically find any trait you can think of," says Swaminathan. In the laboratories of his M. S. Swaminathan Research Foundation (MSSRF) in Chennai, scientists are experimenting with high zinc-content rice. The biologists analyzed thousands of rice strains and eventually discovered about a dozen varieties with especially high zinc levels. They are now being crossed with high-yield varieties.

But Swaminathan isn't opposed to choosing the high-tech approach if it can help alleviate hunger. "I won't worship nor discard genetic engineering," he says. "It is important to harness all the tools that traditional wisdom and contemporary science can offer"

Because, for example, it is very difficult to increase iron levels in rice with conventional breeding techniques, the scientists have turned to biotechnology. "We isolated genes from mangroves and introduced them into the genome of rice," explains Ganesan Govindan, one of the bioengineers at MSSRF. The transgenic rice grains contain elevated levels of iron, and the plants are more tolerant of drought and salt. Researchers expect the variety to be ready for market in two or three years.

'25,000 Farmer Suicides'

But these high-tech solutions are also controversial. Vandana Shiva, a prominent opponent of modern agricultural engineering, lives in the Indian capital New Delhi. In the offices of her organization, Navdanya -- located in the affluent neighborhood of Hauz Khas -- are decorated with a flower arrangement on a glass table and clay vases containing sheaves of grain.

Shiva, dressed in a flowing robe and with a large bindi on her forehead, is an impressive figure, steeled by her tough, decades-long battle with the establishment. The civil rights activist never tires of castigating seed companies. "A globally operating industry is pushing hard to make the world dependent on their products," she says. Farmers who have made the switch, she explains, give up their traditional seed and are then forced to buy the commercial varieties, which often come with license fees, in perpetuity.

"This type of agriculture has taken the lives of 25,000 farmers in India, who committed suicide because they couldn't pay back their debts," says Shiva. She doesn't think much of biofortified varieties, either. "Harvest Plus is focused on one nutrient," she says critically. "But a single nutrient is not a solution to multidimensional malnutrition crisis; the body needs all the micronutrients."

Instead of these "monocultures," Shiva is calling for a return to diversity in fields. "Most of our traditional crops are full of nutrients," she explains. Why create Golden Rice with lots of vitamin A when carrots and pumpkins contain plenty of it already? Why develop genetically modified bananas with high iron content when horseradish and amaranth contain so much iron?

Shiva recommends field crop-rotation, and the fostering of vegetable and fruit gardens and small family farms primarily geared toward nutrition instead of maximized profit. Because Shiva believes organic farming is the only viable approach to defeating hunger, her organization has trained 75,000 farmers in organic farming methods since the late 1980s.

'There Isn't Enough Arable Land'

Harvest Plus Director Bouis believes that Shiva's approach is naïve. "We have the fundamental problem that there isn't enough arable land for a constantly growing population," he says.

A UN Environment Programme report predicts that by 2050, agriculture will have to produce 70 percent more calories than today to feed an expected global population of 9.6 billion people. This "food gap" can only be closed, says Bouis, if we "make agriculture even more productive."

But in Maharashtra, it's clear that new varieties of super grains are not always the entire answer. A third farmer from the town of Vadgaon Kashimbe, Santosh Pingle, 38, and his family are visibly better off than their neighbors. They live in a plastered house, they have cows and goats for milk, and they enjoy the occasional luxury of a chicken from the market. Pingle's recipe for success is that he has done more with his land than other farmers.

The farmer grows iron-rich Dhanshakti millet to satisfy the iron needs of his family of five. On the other half of their field, the Pingles grow tomatoes and high-yield hybrid millet, which they sell in the market. They also grow protein-rich pulses and other vegetables in their house garden, and his wife Jayashree and her daughters harvest lemons, coconuts and mangoes several times a year.

The Pingles are well on their way to achieving "prosperity and strength" -- and they always have enough to eat.

Translated from the German by Christopher Sultan

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Financial Scandal: Organizational Change Has Led to Chaos in Greenpeace

By Michaela Schiessl

DATA: 2014.06.23



Last week, news emerged that a Greenpeace employee had lost millions in donor money through ill-conceived currency deals. Now the environmentalists are in danger of losing their biggest asset: their credibility.

On the day the scandal hit newspaper headlines, Greenpeace International Executive Director Kumi Naidoo didn't panic. A South African with Indian roots who grew up in a township under the Apartheid regime, a couple million missing euros was far from the worst Naidoo had seen.

Instead of tearing out his hair, Naidoo twittered cheerfully about a lecture he was giving on the dispersal of power. He wished other climate activists happy birthday and counselled "young people out there" not to "put any faith in the current generation of adult leaders."

Unfortunately, Naidoo hasn't been particularly committed to following his own advice. Had he been, the organization he leads, Greenpeace International (GPI), might not have found itself facing a crisis last Monday after having lost €3.8 million (\$5.2 million) through currency trading.

Acting independently and in violation of the organization's regulations, a finance department employee signed forward currency contracts worth €59 million to minimize Greenpeace's currency risks. But when some of the contracts came due, the European currency had — contrary to expectations — risen against many others.

The damage extends far beyond the lost millions. Greenpeace has been careful to cultivate an image as intrepid defenders of the environment. Calling themselves the rainbow warriors, activists hang from factory chimneys, throw themselves in front of whaling ships or risk jail time in Russia by calling attention to the plight of the Arctic. Now, another activity has been added: playing the financial markets. For an organization almost entirely financed by donations, the revelation is a PR disaster, endangering from one day to the next the greatest asset Greenpeace possesses: its credibility.

Greenpeace's New Direction

This scandal is about much more than one person's momentous mistake, it's about an entire organization in a state of upheaval. Naidoo wants to shift Greenpeace's focus from the industrialized countries to Africa and countries like Brazil, China and India. That, he argues, is the only way to counteract the threat of climate change. "We need to create an understanding in the developing countries that we will lose our planet if they follow the example of the industrialized nations," Naidoo says.

Since he took the job in 2009, Naidoo has put all of the organization's efforts into raising sustainability-awareness in the world's emerging economies. It's a huge effort that is plunging Greenpeace into disorder. It's also expensive: In 2012, Greenpeace spent close to €90 million on fundraising — one third of all expenditures. And that's not the only thing angering critics. Naidoo also envisions future campaigns no longer being coordinated from Amsterdam, but delegated to various national offices, requiring more coordination and communication. Just integrating the different cultures involved in the organization requires so much effort that other things have been neglected, like financial oversight.

If GPI was still the tightly run organization it once was, the risky investment strategy would never have come to pass, or at the very least, a professional crisis management apparatus would have been on hand to deal with it. Instead, Naidoo rushed to Boston to receive a prize for his civil disobedience-related pursuits.

When Naidoo returned to Amsterdam on Thursday, Greenpeace Germany, the branch that attracts the most donations, had lost 700 supporting members. Greenpeace Switzerland, which is just as financially robust, wrote a dismayed letter to its supporters asking "for forgiveness, from the bottom of their hearts."

But while the national bureaus were placating enraged donors, top staff members were meeting in Arnheim to discuss staffing issues, leaving many of the desks at Greenpeace headquarters empty. At least one staffing issue has been cleared up though: The finance-department employee who finalized the contracts was fired.

Vacuum Led to Mistake

The lack of supervision is a direct result of Greenpeace's restructuring. Because the campaigns have been delegated to individual countries, Greenpeace headquarters has become less important. Kumi Naidoo is rarely present and doesn't even have his own office there. He confirmed that many of the 150 people who work at headquarters will have to go; the main office is dissolving.

When former Chief Operating Officer Willem van Rijn left the organization in December 2012, his successor didn't arrive until May 2013. It was during this leaderless time that a finance department employee had the grandiose idea to sign massive and unsupported forward contracts with the currency broker Monex Europe. The euro crisis hadn't yet ended and the Greenpeace employee was certain that the value of the euro would drop.

Because Greenpeace International regularly sends large sums of money to fund national bureaus that cannot finance themselves, he bought 14 different currencies last spring, including Russian rubles, Chinese yuan and Thai baht.

Deals to limit exposure to the vagaries of the currency markets are normal in international business. Most, though, are limited to a span of just a few months to maintain flexibility. But the Greenpeace employee signed longer-term contracts. He bought currencies worth €36 million in 2013, and an additional €23 million in 2014. And the euro went up.

Greenpeace International management didn't notice that they were sitting on a time bomb until August 2013. Lawyers were brought in, but the contracts were watertight. There was no escape.

Imposed Silence

Then came Greenpeace's second mistake: It said nothing. Greenpeace Germany wasn't informed of the situation until March 2014, after the losses had already been recorded on the balance sheet. Many other bureaus didn't find out until a May meeting in Madrid. Even then, though, the story didn't get out. It only hit the headlines last week.

The organization has explained its cover-up by saying it was waiting for the final audit by KPMG, the business consulting firm it had hired. They say they would have naturally included the losses in the soon-to-be published 2013 annual report, including the €2.1 million losses forecast for 2014.

But did management hope to the issue would somehow go unnoticed? Perhaps Naidoo underestimated just how explosive the news would be. The South African has a different style than his two German predecessors, Thilo Bode and Gerd Leipold. The minutiae of daily business are not his thing — a political scientist who completed his PhD at Oxford, Naidoo sees himself less as a manager and more as climate-change ambassador.

The tall, charismatic executive director is constantly jetting around the world, from the World Economic Forum to the Munich Security Conference, to save the world and convince companies, unions and religious leaders to take part in the fight against climate change. There's hardly any time left in his 70-hour workweek to check the balance sheets.

As an adolescent, Naidoo got his start by fighting against the Apartheid regime in his hometown of Durban. He was exiled and then worked for Nelson Mandela's ANC after the latter's release from prison. He led Civicus, a civil-rights organization, until 2008.

In Naidoo, Greenpeace found a man who, instead of being a dyed-in-the-wool environmentalist, combined environmentalism with social issues. His role models are Mandela and Gandhi. He wants cooperation instead of singular triumphs. When it comes to environmentalism, he argues, everybody should be willing to talk to everybody.

'It Can Never Happen Again'

The Germans in particular pushed back against his leadership style, afraid of losing their clout at home. There have also plenty of disagreements centering on money, focusing on questions as to how much the German chapter must provide to others and whether donors should be informed about the new focus? There wasn't even an informational campaign regarding Greenpeace's new direction.

German Chief Executive Officer Brigitte Behrens plays down the conflict. So far, she says, the delegation of international campaigns has worked and supporters are regularly informed about all activities through Greenpeace news. She also argues that German donations haven't been affected by the misbegotten purchase of foreign currencies. Because of Greenpeace Germany's organizational structure and strict legal restrictions in the country, the donations can only be used for campaigns. But, even so, the money is gone. "I'm very shaken," she says. "It can never be allowed to happen again."

Naidoo will try to compensate for the loss by saving on infrastructure, and not by cutting back on campaigns. The supervision gap has been closed, he says. From now on, all foreign currency contracts must have leadership's blessing.

But the PR damage remains. "We will overcome this scandal," GPI program director and Greenpeace veteran Pascal Husting believes. "But I was always proud that Greenpeace had a clean slate. This thing is going to stick to us forever."

Translated from the German by Thomas Rogers

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El Dorado in the Amazon: A Deluded German and Three Dead Bodies

By *Alexander Smoltczyk*

DATA: 2014.06.30



A German man claims to be an Indian chief in the Amazon rainforest. His tales of El Dorado even impressed Steven Spielberg and Jacques Cousteau. His tales would be harmless if there weren't three unsolved deaths connected to his fantasy world.

In the late 1960s, a man turned up in the Brazilian state of Acre, deep in the Amazon region. He was wearing a loincloth and a feather, carried a bow and claimed he was Tatumca Nara, chief of the Ugha Mongulala. No one had ever heard of an Indian tribe with that name. In addition, the man bore no resemblance whatsoever to an Indian. He was white and spoke with a strong French accent.

He said he had inherited the accent from his mother, explaining that she was a German nun who had been taken by the Indians. His people, he said, lived in an underground city called Akakor, and that German was one of the languages spoken there — a byproduct of the offspring of 2,000 Nazi soldiers who had once traveled up the Amazon in U-boats.

His story would have raised eyebrows anywhere else. But outlandish stories are not uncommon in the Amazon region, so no one paid much attention to Tatumca Nara. Otherwise, he made a friendly impression, and nothing much would have come of his appearance if it hadn't come to the attention of Karl Brugger, a correspondent with Germany's ARD television network at the time. He visited Tatumca Nara in Manaus and recorded his story on 12 audiotapes. Brugger called it: "The most unusual story I have ever heard." It was a tale of extraterrestrial visitors, secret rites of the "ancient fathers" and incursions of the "white barbarians," all described copiously and in great detail, and without interruption "from the year zero to the present."

Even more surprising was the fact that Brugger's book, "The Chronicle of Akakor," enjoyed a certain level of success. In New Age circles, Tatumca's stories were studied as if they were the Dead Sea Scrolls. They included lines like, "Five empty days at the end of the year are dedicated to worshipping our gods."

Oceanographer Jacques Cousteau hired Tatumca as a guide when he explored the region with his boat, the *Calypso*, in 1983. The 2008 adventure film "Indiana Jones and the Kingdom of the Crystal Skull" is about a sunken city in the Amazon called Akator, and an Indian tribe called the Ugha Mogulala. The action figure for the film is dressed in a loincloth and a feather.

Does the original exist? Is Tatumca alive? This reporter recently traveled to Brazil in an effort to find the legendary man.

The *Almirante Azevedo II*, a river steamer, has been traveling up and down the Rio Negro for more than 30 years. The trip upstream from Manaus to Barcelos takes 35 hours, a journey through black waters turned acidic by decaying vegetation. It is the rainy season and the rainforests are flooded, transforming the Rio Negro into a vast, watery network of tributaries and putrid swamps.

Raimundo Azevedo, the captain, is squatting next to a stack of tires on the lower deck, having his back massaged by a physical therapist who came on board at some point. When asked about Tatumca, he says, "The Indian from Germany? Of course I know him. Everyone on the river knows him. Of course he's still alive — as long as no one shot him last week."

The *Almirante Azevedo II* has traveled through the inky black night, in a bubble consisting of the sounds of water rushing past and the numbing chug of its diesel engine, sounds reflected by the wall of rampant, tangled vegetation along the riverbank. Captain Azevedo puts on a shirt and hauls himself up the stairs to the upper deck to play cards.

Sinister Rumors

The few dozen passengers are lying in their hammocks, packed together like sausages in a smokehouse. A Pentecostal Christian crosses himself and prays, while the boy next to him is engrossed in pictures of vaginas on his mobile phone. It seems each person has a different way of starting out the day. The captain, who has heard about Tatumca's jungle fortress, says: "No one dares go there, because he has installed booby traps and attached guns to trees. No one knows what he is hiding there." An occasional shrieking noise can be heard as the boat slides past the shore.

"There was a German who wrote a book about Tatumca," says the captain. "He even had a turtle tattooed over his heart, just like Tatumca. They killed him in Rio."

"The bullet went straight into the turtle," adds Lucio, a fat taxi driver with a piece of his elbow sticking out of his wrist, the result of a motorcycle accident.

"But that wasn't Tatumca."

"Maybe not."

The riverboat creeps up the river, pushing its way through prehistoric organic matter, and the longer it evades drifting tree trunks and floating islands, the more the group discusses rumors about this German living upstream — and the more sinister they become.

Some bones were found seven years ago, says Lucio. "Long bones. It was no Amazonian. Probably a German." Tatumca killed him, says Lucio, to gain access to his money and his wife. "That's what people say. But Tatumca says it wasn't him."

"Maybe not. They say he's on the run from the police in his country," says the captain. By now, Tatumca must be well into his seventies. And yet, the captain notes, he is still strong and fit. "He hates gringos," says another man. He pauses for a moment, looks at the others, and says: "You're gringos."

The shore glides by, empty and yet promising. A shadow occasionally slips out of the water, one of the pink dolphins native to the Rio Negro, which are said to go on land at night and impregnate women.

German adventurer Rüdiger Nehberg also encountered this white Indian, Tatunca Nara, during an expedition among the Yanomami Indians. The two men hated each other at first sight and accused each other of lying, murder and delusion. Their mutual animosity apparently persists to this day. "Tatunca wants to personally drown me in the Rio Negro," Nehberg wrote in an email in May.

Murders and Disappearances

The animosity stems from the fact that Nehberg published a book in 1991 titled "The Self-Made Chief." In it, he revealed that Tatunca Nara's real name is Hansi Richard Günther Hauck, and that he was born in Grub am Forst, a town near Coburg in Bavaria and not on the Rio Negro, in 1941. According to Nehberg, Hauck, who had read a lot of "Tarzan" books as a young boy, abandoned his wife and children in 1966, took a job on board the freighter *Dorthe Oldendorff* and eventually disappeared in Brazil. Former friends said that, as a child, Hauck once claimed to have witnessed the landing of extraterrestrial beings.

This would all be harmless if there weren't three deaths that remain unexplained to this day, deaths that occurred along the upper reaches of the Rio Negro. All three victims had been drawn to the region after reading "The Chronicle of Akakor," and had asked a certain Tatunca Nara to lead them to the sunken city. And, according to witnesses, he had made the same promise to all three: "I will show you Akakor."

The German Federal Criminal Police Office launched an investigation into the suspected murder and disappearance of three individuals "against German citizen Günther Hauck, who lives in Brazil, under a false identity." But the investigation came to nothing.

After 35 hours of painfully slow-moving travel, Barcelos appears on the left bank like a prophecy some 500 kilometers (312 miles) upstream from Manaus. There are 30 Evangelical churches in this town of 15,000 residents, some of whom drive around proclaiming salvation into the motionless, dusty air from sound systems mounted onto their pickup trucks: "God does not deny you any miracles!" It is the religion of the up-and-coming, those who prefer to believe in the future and not the hereafter.

The Lure of the Amazon

The Amazon and its tributaries have always held an attraction for people disgusted with the ordinary, fortune hunters and gold prospectors — among them German actor Klaus Kinski, 19th century geographer Alexander von Humboldt, a Nazi explorer named Otto Schulz-Kampfhenkel and countless rescuers of the rainforest. The most recent incarnation of Amazon adventurer is a gaunt Texan with watery eyes, whose friends call him "The Amazing Faltermann," and who is just pushing his bicycle past the Café Regional.

At 20, Patrick Faltermann left his parents' house in the deeply conservative US Bible Belt, boarded a freighter to Belém, a city on the Amazon, and traded his laptop for a kayak. Then he began paddling up the river. He did it the old-fashioned way, as he puts it, without GPS, against the current and with little more than Teddy Roosevelt's "Through the Brazilian Wilderness" in his luggage. It was a journey of lonely, dark nights, razor grass, poison spitting spiders and being lost for days. Now, four years later,

Faltermann has traveled 4,500 kilometers and says: "I met Tatumca four weeks ago. He must be in his mid-70s, but he's tougher than I am. People seem to be afraid of him, right?"

Tatumca has booby-trapped his hut in the rainforest with dynamite, says Faltermann. "He has friends in the military. That's helpful, because lots of people would like to shoot him dead. He apparently told a girl he was her father and that she had to come with him, in his boat. The man is incredible."

A cool breeze occasionally drifts over from the river on this hot day. Faltermann opens another can of Skol beer, waits until a flatbed truck thunders by and says: "His stories sound like a whole lot of bullshit. And his Portuguese is lousier than mine. It's like a big ego trip. But he knows the area better than anyone else. And he's on to something in the Indian region, up on the Rio Araçá."

On to something? "El Dorado. It's supposed to be up by the two mountain peaks, above the waterfall. Tatumca is the only one who's been there so far." To the people of Barcelos, "El Dorado" seems to be a place just like any other.

Until recently, Barcelos was the world capital of the ornamental fish trade, as well known in the fishkeeping world as Cognac is among brandy aficionados. In 1831, Austrian researcher Johann Natterer discovered the *Symphysodon discus*, or red discus, in the brackish waters around Barcelos. The species, dubbed the "king of aquarium fish," populates millions of living rooms today, usually together with the neon tetra, the most popular ornamental fish of all and also a native of the Rio Negro.

In Barcelos, the telephone booths are designed in the shape of ornamental fish, and during Carnival the population is divided into two groups, the Neons and the Discuses, who then attack one another wearing homemade fish costumes.

But now that ornamental fish are being bred on a large scale in Asia, the trade has declined by 70 percent.

Some time ago, two German aquarium lovers were arrested for bio-piracy. They had believed the assurances of their guide, a native who, to their great surprise, spoke German fluently and called himself Tatumca Nara.

At the town hall, a moldy building on the river, we learn that the "Chronicle of Akakor" triggered an entire tourism industry. In addition to fish keepers, various friends of the jungle and of Indians began coming to the area — but not after there were reports of three deaths.

The first person to disappear was John Reed, a young American. That was in late 1980.

Swiss forestry expert Herbert Wanner vanished in 1984. His sneakers, some bones and a skull with a bullet hole in it were found a year later. It was these bones that the men on the river had spoken about.

Reed had treated the "Chronicle" as a manual for his own life. In his last communication, a letter to his parents, he wrote: "I believe in Tatumca's honesty more than ever."

The third person to go missing was Christine Heuser, a yoga instructor from Kehl am Rhein, a town in southwestern Germany. She too had devoured the "Chronicle of Akakor," and she was convinced that she had been Tatumca Nara's wife in a past life. She visited him in the summer of 1986. A photo exists depicting her swinging bare-breasted from a vine. Otherwise, there are no traces of Heuser.

Murky Waters

Since the trade in ornamental fish has virtually ground to a halt, boat owners on the upper reaches of the Rio Negro have had to search for other work. Many serve as guides for American anglers who come to the region in search of the Oscar fish. Others sail up the Rio Negro, into the tributaries along the Colombian border, where they use their boats to smuggle packages of cocaine.

"I asked Tatumca if he killed those three. He says no." For Mamá, Tatumca's word was good enough. Mamá, a haggard man with a tattoo of a seahorse and a bandanna over his head, is greeted in Barcelos as "o Pirata." He flies a Jolly Roger on his boat and is at home in all murky waters. "Just no drugs," Mamá notes, without having been asked. When he smiles, he flashes a red ceramic tooth in the upper right-hand corner of his mouth.

Mamá says that he is Tatumca's only friend. "I told him that I wasn't interested in his stories. I just want some of the gold." According to Mamá, the two men traveled up the Rio Araçá together in November.

"To a point beyond the waterfall. There you see two cave entrances. Perhaps they were also tunnels built by the Nazis. We tried, unsuccessfully, to rappel down from above. Tatumca also started saying some really strange things." What could possibly seem strange to a pirate named Mamá? "He said: King Solomon is about to come riding out." And then? "He wanted me to kill him." But the king failed to materialize. It must have been the wrong cave opening. "Tatumca is probably sitting in his hut now. I'll take you there."

After the night's torrential rains, the dirt road to Ajuricaba is hardly negotiable. There is a snake in the middle of the road at kilometer 8, and after another two kilometers the trail ends in red, knee-high mud. If Tatumca Nara is truly sitting in his jungle hut, there is no way to reach him. "Perhaps it's better for you," says Mamá the pirate.

'Tatumca? No, He Isn't Here'

But then there is Tatumca's mother-in-law, Elfriede Katz, 88.

Her riverside house is on Estrada de Nazaré, on the outskirts of the town. As in all Jewish houses, a Mezuzah containing Hebrew verses from the Torah is nailed to the doorframe. Katz is in a good mood as she sits in a rocking chair on her veranda. "Tatumca? No, he isn't here," she says in a Bremen accent. Her parents, she explains, immigrated to Brazil shortly after she was born. Later, Katz married a piano maker whose family had fled from the Holocaust.

Katz became a soprano and sang in "La Traviata" at the opera houses of São Paulo and Porto Alegre. There was no indication that she would spend her golden years in the world capital of the ornamental fish trade, with a German-Indian man as a son-in-law, who told her that his name was Big Water Snake.

"My daughter told me that she had met a German Indian. Tatumca sent her love letters by military mail. They were stamped Top Secret. Then the two of them moved to the Rio Negro and lived among the Yanomami Indians for years, until their two children had to go to school." Katz appears to have no doubts about the origins of her son-in-law. She and her husband followed their daughter to Barcelos, where they opened a small hotel. Most of Tatumca's children ended up in Barcelos, including the three who were not supposed to return to the rainforest.

Katz notes offhandedly that Tatumca isn't in the area at the moment, but has traveled down the river to Manaus with his wife Anita. She doesn't know when he will return she says, humming Violetta's aria in her high voice: "*È strano ...*".

It must be terribly difficult to keep the stories going. It takes a lot to maintain a web of lies, no matter how cleverly constructed they are. Constant revisions, additions and renovations are needed. Some lies fall apart while new ones are added. All of this requires constant attention, especially when new visitors arrive, people who have to be shown around and who ask questions. Caution is needed before visitors are led into a new and possibly even more fantastically embellished story. Telling tall tales can be even more difficult than life itself.

And life has a way of choosing its own path. It stages the encounter with Tatumca Nara in accordance with its improbable laws. We finally discover him in Amazonas, a shopping center in Manaus, between Bob's Burgers and C&A clothing store. He's wearing a shopping bag. But it's him, complete with the actor's face, the hands, the leathery skin and a full head of hair. Speaking with an accent from the Franconia region of Bavaria, he says: "*Bom dia*, I'm Tatumca."

After all the stories, rumors and attempts to demonize the man, it feels as if we were facing some fictional Indian chief -- or perhaps Jack the Ripper. This is the story of our encounter: Photographer Johannes Arlt needed a new shirt, and Tatumca had accompanied his wife Anita to Manaus for an eye operation. The two events happened to coincide. This is the first time he has been in Manaus in six years, he says. It's the sort of coincidence that sounds like one of the stories about Tatumca.

"Let's sit down," he says. "I don't like being in the city. I prefer to be in the forest, with my Indians."

He doesn't seem to care who is sitting across from him. He isn't interested in hearing other people's stories, just his own. He talks about his days among the Yanomami Indians, when he and Anita ran an infirmary and a school. The Indians taught him how to survive in the forest, he says. And then, after sizing up his listener to discover how likely he is to believe him, he makes a detour into a labyrinth of fantasies: "I turned over the office of chief in November. The head priest had two of these three-meter-tall servants of God with him. He said the ancient fathers were returning, and that they had opened the tunnel." He talks about walls in the shape of a turtle, and a cave with the Star of David above it.

Whenever he makes these claims his wife, Anita, places a hand on his knee and says "sweetie," and he falls silent.

Perhaps it would have been better to simply allow this man to talk, the way he is talking now, in a flood of memories and fantasies, inventions, outrageous lies and detailed descriptions. Much of the "Chronicle of Akakor" was made up, he says. "Brugger wanted to write a new 'Papalagi.'"

"The Papalagi" was required reading in Germany during the hippie era. In it, an imagined Samoan chief delivers speeches critical of civilization to his people. At this point, Tatumca could dismiss the entire "Chronicle" as pure fantasy. But he doesn't. Of course, he cannot call its core statements into question because, as he says, they are true: "There are Germans among my people. Of course they didn't arrive by U-boat. The water there is too shallow for that. They had to switch to other boats first."

We meet Tatumca again the next morning, this time without Anita, at the Manaus fish market, next to the black waters of the Rio Negro. "Do you want to go to El Dorado?" he asks. "It's no legend. I found walls like those at Machu Picchu. I can take you there." Without hesitation, he takes a pen and a pad of paper and starts drawing the path to El Dorado. It is somewhere on a plateau between the Rio Araçá and the Rio Demini.

His tales are endless and convoluted, and before long a suspicion arises: The lost city of Tatumca Nara isn't in the rainforest at all. It's along the Füllbach, a stream in Upper Franconia, in Grub am Forst, a place Günther Hauck once fled. He took himself as far away from it as possible, into the most remote tributaries of the Amazon, and into a new existence that could have nothing in common with his old life.

According to Brazilian investigative files, there was once an apparently confused German named Günther Hauck who never returned from shore leave. A psychiatrist diagnosed him as schizophrenic, and the German Embassy sent him back to Germany.

Does Tatumca know this Günther Hauck? Not personally, he says. He traveled to Germany once, he adds, and they addressed him as Günther Hauck when he was there. There was also a woman, and to avoid trouble he went to bed with her. But all of that was completely wrong, he says. "I am Tatumca. Period."

"Günther Hauck" is merely a skin that was shed long ago. As if to prove his point, Tatumca pulls out a Brazilian ID card, which identifies him as an "Indian" and contains a stamp from the Brazil agency in charge of Indian affairs. He must have been very convincing as an Indian.

If this man had simply been allowed to talk, it's likely that nothing would have happened. But his stories caught up to him. They attracted people to the region, people who wanted more than to listen to stories. They wanted to be guided up the river and to see the underground city with their own eyes and actually enter it.

Worlds that he had managed to keep apart had suddenly come together. Perhaps he felt cornered by all the admirers and treasure hunters, and by the curious. Rüdiger Nehberg was the worst of them all. He arrived with files and old photos in hand, and he wanted to know exactly who Tatumca really was. "He's schizophrenic, that Nehberg. A liar."

And then there was that yoga teacher who claimed to be his real wife.

'I Didn't Kill Those Three'

Perhaps, when all his excuses, warnings and incantations no longer worked, he decided to leave them alone with their expectations, to simply let them keep walking into thickets of poison and thorns. Without experience, a person can't survive for long in the forest, not even with the "Chronicle of Akakor" in his or her luggage.

When asked about the disappeared, Tatumca says: "I live with my conscience. I've killed many people, but I was a soldier and they were carrying weapons. I'm not innocent. But I didn't kill those three, as they've accused me of doing."

The story of what happened to John Reed and the others will likely remain a mystery. The German case against Günther Hauck, aka Tatumca Nara, has been dropped, due to the absence of the accused. This leaves nothing but suspicions.

But then there is something he says in passing at the Manaus fish market, as tilapia is being deboned at surrounding fish stalls. "My name, Tatumca, means Big Water Snake. It has a habit of only attacking its victims when there is nothing to disturb its activities far and wide."

So what's left other than the suspicion that the man is a daydreamer, an imposter and a gifted self-invented man, a person who sees the existence of his birth certificate as nothing more than a mere possibility?

One morning in Barcelos, a blue-and-white striped riverboat is docked at a pier next to the ice factory. It is carrying bales of piaçaba, a palm fiber material used to make brooms. A few Indians are dozing on the boat, until they are roused by an enormous, sunburned man and begin hoisting the bales onto the shore.

The boat's owner is Tatumca's son Seder Heldio, 36, who no longer speaks German. The town of Grub am Forst means nothing to him. But he does remember growing up among the Indians. "My father may have told you a lot of tall tales, but he is my father. None of the murder accusations have ever been proven. All that happened was that his tourist business was ruined."

And that, says Heldio, is unfair. "I saw the Indiana Jones film," says Heldio, the son of Tatumca. "It sounds a lot like my father's story about Akakor. He never got a cent for it. Maybe he concocted some of the stories. But he paid for it with his life."

Heldio also has stories to tell about Indians. His are about the Brazilian National Indian Foundation (FUNAI), which seeks to protect the indigenous people by barring them from working for wages and instead provides them with welfare checks. Heldio says that his company is in fact illegal, because he doesn't offer his employees working conditions mandated by the unions, including housing and fixed working hours. The problem, Heldio explains, is that Indians don't like sleeping in shipping containers and only come to work when there is nothing to hunt or gather. "They want to keep the Yanomami as if they were in a zoo. I give them money so they can buy things."

The son of a dreamer from Franconia, who wanted to be an Indian and not Günther Hauck, didn't become a chief himself. Instead, he works as foreman, someone who is leading an aboriginal people away from their natural state and into the monetary economy. And because his methods are fair, the Yanomami respect and perhaps even worship him. And, in his case, without the involvement of extraterrestrial beings, ancient fathers or an El Dorado.

With additional reporting by Jens Glüsing

Translated from the German by Christopher Sultan

From DER SPIEGEL

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The Bearable Lightness of Being: How Germans Are Learning to Like Themselves

By *SPIEGEL Staff*

DATA: 2014.07.14



Germans discovered a new lightness of being in the run-up to their World Cup victory. It's a shift apparent not only in football. Increasingly confident and content, Germany is emerging from the dark shadows of its past, but its global role remains elusive.

Christine Meier, 61, sits in a beach chair in her bikini on the German island of Sylt. She's seen all but one of the matches at this year's football World Cup, having watched most of them at her allotment garden in Berlin. "We wear necklaces and hats with the colors of the German flag, some paint the colors on their faces. There is cake, antipasti and sometimes I make a noodle salad in black, red and yellow," she says. Meier is proud of Germany's success in Brazil. "People abroad are watching us," she says. "They want to know how we live and who we are." Germany, she says, has shown itself to be a decent country, adding: "We're an uncommonly good people."

Her comments came two days after Germany crushed Brazil 7:1 in the semifinal. The old magicians of football had been stripped of their magic, and it left many Germans scratching their heads wondering if they could really be as great as the match suggested. In Christine Meier's eyes: yes they can.

It was just one game of seven at the World Cup and others didn't go nearly as well. But it's often these individual events, moments in the life of a nation in which people take notice and ask: Is this who we are?

Germany has football to thank for such moments. Until 2006, Germans saw themselves as a brooding society. But that changed after Germany hosted that year's brilliantly successful World Cup. Until 2010, the country also considered itself to be cumbersome and ponderous, characteristics reflected in the brand of football it played. But then, in the South African World Cup that year, the German team at times played a graceful, attacking style that was beautiful to watch. People abroad were amazed and please. The semifinal in 2014 was the continuation of that spirited lightness.

But is that what it means to be German?

What Does It Mean to Be German in 2014?

In politics as well there are moments that force people to stop and take stock. On June 6th, German Chancellor Angela Merkel visited the 70th anniversary commemorations of the D-Day landings in Normandy. She had been invited by leaders of the former Allied countries, the victors at the time who drove back the Germans and liberated Western Europe. But it was Merkel who was at the center of attention on this anniversary day. Since the Ukraine crisis began escalating in March, the world has been looking to Germany. Would Merkel, a woman from the East who speaks fluent Russian, succeed in making Vladimir Putin listen to reason? She wasn't so successful, but she nevertheless came across as a major world leader just 70 years after the end of the war. It is hard to believe.

Germany in 2014 is very different country than it was in 1984, not to mention 1994 or 2004. One gets the sense that two different aspects are converging to change the country: a new lightness of being and growing importance in the world.

In other words: There's a new feeling of what it means to be German.

There are two components in the way people perceive a nation — the situation inside the country and its relations with other countries. Generally, the second takes a back seat to the first. But it's appropriate to ask where this new lightness comes from? And how does this new Germany present itself to the world. SPIEGEL asked people from different walks of life in the days leading up to the country's fourth World Cup championship on Sunday.

Tearing Down Mental Walls

Klaus Hollweger and his wife Helga are sitting in the gourmet food stalls at Berlin's KaDeWe department store people watching as droves of shoppers peer through aisle after aisle of offerings, from caviar to marbled steaks at what is the German capital city's answer to Harrods. Hollweger, 78, lives in the state of Thuringia in the former east.

When Hollweger talks about football in Germany, his eyes open wide behind his glasses and a smile forms on his lips. "Oooh," he says, "the World Cup has shown me how wonderful it is to live in a reunited country. Today we can all be proud together of our national team." He appears to be genuinely moved. "Our country is doing so well, everything is so pleasant and new here -- also back at home in Weimar," Hollweger says.

Toni Kroos was a central figure for the German team at this World Cup. But do people know where he comes from? Do they care? Kroos was born in Greifswald, a city in eastern Germany, but that seems to be of little importance in 2014. When Michael Ballack, born in former East Germany, became national team captain in 2004, it was still an issue. An East German at the helm of the team? Good God, many seemed to say. A decade later, people simply view Kroos as a German man from the city of Greifswald. A quarter-century after reunification, it seems, old East-West prejudices are finally fading.

For years, Germans as a people were extremely tense and inhibited, partly because they lived in a divided country. They had trouble determining their own identity. Were they German? Somehow they were, but

were they different from the Germans on the other side of the Berlin Wall? Many West Germans just described themselves as Europeans.

Most people believed that East and West Germany would remain forever divided, but the conservatives in the West had no other choice but to insist they wouldn't ever abandon the goal of unity for any reason. Leftists, for their part, insisted that reunification should never happen because of the danger of Germany unleashing yet another world war.

People became engrossed in a virtual debate before, suddenly, reunification happened after all. And the trenches simply got deeper. People responded to the new reality by building new walls in their heads. East Germans lamented the loss of jobs, security and community. West Germans complained about the outflow of billions of deutsche marks and, later, euros for the rebuilding of the eastern states.

Things have changed dramatically in years since. There are still causes for complaint, but on the whole, reunification has been a resounding success. World War III never happened, cities in the east like Leipzig, Dresden and Jena are booming and the situation is even improving in the less prosperous eastern state of Mecklenburg-Western Pomerania. A handful of elderly people may miss a few comforts from East or West Germany respectively, but the younger generation today identifies firmly with a united Germany.

The Germans have become one again — they've become Germans. Prefixes are no longer needed. That significantly reduces inhibitions and contributes to the new lightness of being.

A Nation of Immigration

Bajram Avdijaj, 47, immigrated to Germany from Albania 22 years ago. Today he works in one of the most international parts of Munich: at a fruit and vegetable stand at the Viktualienmarkt market in the city center.

Avdijaj says he shuns sports in much the same way that he was raised entirely without religion. He wouldn't exactly call himself patriotic either, but he says he has noticed the change taking shape in the people around him. It's not bad either, he says.

Avdijaj says he feels half Albanian and half Germany, but perhaps just a little bit more German following the World Cup semifinal. He says he still planned to root for Argentina in the final, though, because Messi is "simply the best, brilliant." He also says he doesn't like the way the Argentinians make the sign of the cross on the field, sometimes four or five times in a row. He likes the fact that the Germans focus more on the pragmatic, on what actually needs to be done. "You won't find them praying on the pitch. Praying doesn't help in the end anyway," he says. "You just have to understand the way things happen, that's all. That's German. I tend to be more like that."

"Germany is increasingly becoming a modern country of immigration," the prestigious Swiss daily *Neue Zürcher Zeitung* wrote in July. In that sense, there have indeed been some decisive changes in Germany.

Who is German? And who should be allowed to become German? Are we a country that allows dual citizenship? Do we prefer citizenship that is based on the concept of *Jus sanguinis*, the right of blood passed down only from family members who are citizens of a state, or *Jus soli*, the right of citizenship for anyone born on German territory? And are we a country that should encourage Green Cards for immigrant workers or should we promote ethnic German children? These are debates that for years made

it difficult for people who weren't born with "German blood" to become part of our society or even citizens. If you're not like us, then you don't belong. Those kinds of ideas are the source of considerable tension.

But look at Germany now: It has indisputably become a nation of immigration. Figures from the Organization for Economic Cooperation and Development in 2012 show Germany ranking second in the world after the United States in attracting permanent immigrants, beating out even such melting pots as Britain and Canada. Germany drew 400,000 immigrants described by the international body as "permanent" in 2012. For some time, people wanted to settle in Germany. Now they can, the barriers have been lowered — and not just at the border. In 2010, former German President Christian Wulff made headlines around the world when he said that "Islam is now a part of Germany." It's the kind of statement that cannot be reversed.

Immigration and integration nevertheless remain difficult issues. Chancellor Angela Merkel's conservative Christian Democrats still don't like thinking of Germany as a country of immigration, and the nation could also be a lot more generous in its handling of refugees. Some immigrants, on the other hand, could also make more of an effort to integrate.

Still, people are inching closer to each other, as a study called "New Potential: The State of Integration in Germany" from the Berlin Institute for Population and Development recently showed. The study indicates that societal acceptance for people who are first or second-generation immigrants is growing and that the way in which they live is gradually starting to mirror that of ethnic Germans.

Recently, Berlin's prestigious Grause Kloster high school held a commencement ceremony for its graduating class. In her speech, the head of the parent's association made a plea for a more diverse school, noting that there were almost no children of immigrants. It was just one of many examples of how things are slowly changing, even in strongholds of homogeneity like this. The school, founded in 1871 by the German Empire, includes Otto von Bismarck among its alumni.

Germany has become one society, but also a diverse one — and that is contributing to this new lightness of being. This is also reflected in the national football team, for which immigrants have since become indispensable, with players like Mesut Özil, a Turkish-German, Jerome Boateng, who has a German mother and a father originates from Ghana, and Sami Khedira, who has Tunisian roots.

Burkhard Kieker was astounded when he entered the Grand Khaan Irish Pub in the center of Ulan Bator a week ago Tuesday. It was just before 4 a.m. local time and yet hundreds of Mongolians had gathered to watch the match. Most had covered their cheeks in makeup in the colors of the German flag. After the closing whistle, they flung their arms around the necks of Kieker and his companions and ordered them a round of beer. "We were the stars of the night," Kieker says. Earlier, he adds, "people here considered German football players to be akin to tank drivers rolling their way to the goal, but today they are celebrated as artists."

Kieker is used to partying. As the head of tourism for the city of Berlin, he has one of the world's more pleasant jobs. He's supposed to promote his city in other countries, but whenever he starts to sing its praises, others lose interest. It's not necessary these days to convince anyone of the Berlin's merits.

Berlin is the capital of Germany's new lightness of being. Without the city, the country would still be considered provincial. It's a bit astounding, though, considering just how provincial natural-born Berliners often are.

Starting in the 1990s, though, a new kind of Germany began to emerge in Berlin, one that is decidedly cooler than many other parts of the country.

After the fall of the Wall, a sort of Wild East atmosphere prevailed in East Berlin — life seemed to move faster than the law and regulations could. Many young West Germans picked up and moved, at the same time discovering a new sense of freedom together with the East Germans. They didn't bother to apply for licenses for their bars and clubs, they squatted buildings and danced, partied and lived wherever they pleased. It was cheap, there was lots of space, a sense of openness to other people and other ideas. It was an openness that also beckoned people from around the world. They answered the call, too, coming to Berlin in droves.

Many came here because they wanted to party, and Berlin became the party capital of the world. This in turn lured the artists and a growing number of tourists, not all of whom could make it past the doorman at Berghain, which many considered to be the world's top nightclub. But they all want to be in Berlin, to be photographed leaping in front of the Brandenburg Gate. They experience Berlin as a place where they can manifest their own lightness of being.

The same applies to Germans. Berlin has radiance to it, drawing in people from other German cities like Bielefeld or Würzburg who then go back home and take a bit of the freewheeling capital culture with them. The Wild East of the 1990s has since been regulated and become commercial, but traces of the post-communist East Berlin can still be found at new places that change location often. The changes that have been taking shape in Berlin represent a considerable share of this new sense of what it is to be German.

Of course, there are some drawbacks to this newfound lightness. And they too are on display in Berlin. All you have to do is fly into Schönefeld Airport, where Easyjet and Ryanair arrive and depart. At landing or takeoff, you'll be treated to aerial views of a brand new airport that stands completely empty. Its opening date was scheduled for two years ago, but engineers failed to do their job, the technical manager is suspected of corruption and billions of euros have been wasted. The international airport that is supposed to welcome millions of tourists each year is a disaster. Is this the new Germany too? Unfortunately, it is.

Klaus Richter is sitting at a table in Dresden's legendary SchillerGarten restaurant. A few bored looking people can be seen watching the semifinal between the Netherlands and Argentina on a big screen TV placed next to a gas lantern beneath some chestnut trees. In the 18th century, German poet Friedrich Schiller was a regular guest at the tavern. Describing his view of the world, the Schiller Institute writes, "a man's duty lies above his own personal inclinations, how he must be both a patriot and a world citizen, which can never imply a contradiction, for the true interests of any one nation can never be at odds with the interests of the world as a whole."

Is Klaus Richter himself patriotic? He stares at his beer and ponders the question. Of course he's pleased that Germany made it into the World Cup final, he says, but he also won't be placing any German flags on his car to celebrate. "People in Germany can't get away with being as casual with symbols like the flag as people in the United States or other places are," he says. Richter says German history is too conflicted for that.

Will Hitler Ever Leave?

History is never too far away for Germans. Adolf Hitler is wandering around Germany's sidewalks, ringing doorbells and even sauntering around the World Cup Fan Mile at the Brandenburg Gate in Berlin, discussing the possibility of a "final victory" with the German people. He wears his familiar uniform and his Hitler mustache, but this is really only an actor playing the Führer in the film version of the best-selling book "Look Who's Back," which portrays the dictator's return to Germany.

But was he ever gone? A good part of West Germans' heaviness and despondency had to do with the country's Nazi past. No other people in the world did such ghastly things as the Germans did, and no other country has done as much to come to terms with the history of its crimes. It was necessary in order to ascertain what was inherently German about that history and if there's a danger of it repeating itself. It was also necessary in order to send a message to the world that people here understand what Germany wrought on the world. But it also created a sense of gloom that was not only difficult for Germans to endure, but sometimes for others as well.

It's a debate that continues to simmer in the country today. Nothing occupies Germans more than the idea of Hitler's return, regardless in what form. It could be a swastika tattooed on the chest of a Russian opera singer at the Bayreuth Wagner festival that sparks a massive debate. Or it could be a rower on the German national team who is engaged to a neo-Nazi, which again triggers a national uproar. A true and reprehensible scandal, however, is the fact that the murderous band behind the National Socialist Underground terror group could go on for years killing immigrants without police and prosecutors doing more to scrutinize and connect the killings and find the perpetrators.

People from other countries also sometimes like to hold us prisoner of our own history. Even during the semifinal against Brazil, this celebration of beautiful football and lightness, some felt compelled to evoke the Nazis. "The Germans have stormed into a foreign country and taken charge," tweeted *New York Times* Washington correspondent Binyamin Appelbaum. Or how about American comedian Rob Delaney, who tweeted, "Germany, relax! They're not Poland."

Hitler is no joke, but sometimes it *is* OK to make jokes about him, even for Germans -- such as author Timur Vermes, who has already sold more than a million copies of his book "Look Who's Back."

Remembering today no longer means that you can't laugh or be happy. The Germans have already learned to shed part of their collective depression, a development that first became visible at the World Cup in 2006, which provided the world with a fantastic party. Today we can remember the past with anger and with sadness, but without becoming overly uptight about it.

Rising Prosperity Lifts Moods

Philipp Stültgens, 28, works as a chef on the North Sea island of Sylt but he has this Wednesday evening off and has joined friends at the harbor for the World Cup watch party there. The German team's success, Stültgens says, fills him with pride — "of the team and of the country." He says the team's playing style is typically German: For him, that means showing a willingness to work hard and push forward. "We aren't the world champions in exports for no reason," he says. When asked if he considers himself to be typically German, he responds: "Well, I am diligent."

German virtues. They too contribute to the country's lightness. Prosperity makes life easier and improves moods everywhere. And prosperity, thanks to hard work, discipline and harmony, is currently on the rise.

This summer has seen a miniature economic miracle grip the country. Fully 42 million people have jobs in Germany, more than ever before, and wages have risen substantially. Furthermore, low interest rates have reduced the incentive to save and Germans have responded by going shopping — and for many people, it's an activity that is a component of happiness. Economic institutes have repeatedly adjusted their forecasts upwards and now believe that the economy could grow by more than 2 percent this year and next. For an established Western economy, that is a respectable achievement.

Germany is benefitting from the fact that it modernized its economy in the early 2000s, preparing itself for the 21st century. The lethargic Rhine Capitalism model, which saw stores close for the weekend at 2 p.m. on Saturday, is history. Both business and society have adjusted and become more flexible. Companies became more efficient and began targeting the needs of the booming developing world.

Clemens Fuest, head of the Centre for European Economic Research, says that the package of far-reaching labor market and welfare reforms passed under Chancellor Gerhard Schröder from 2003 to 2005 has also contributed to the positive development. So too has the fact that German unions refrained for several years from demanding exorbitant wage increases, preferring job security to rising income. For many years, real wages climbed slower in Germany than in any other European country.

In pushing through his reforms in 2003, Schröder shattered Germany's social contract. To that point, the state was extremely generous with its citizens and never took away what it handed out. Schröder was the first to foist significant forfeitures onto the jobless. The result was widespread anger in the country, but it also showed that it was possible to reform Germany. Though reluctant, people followed the lead of the unions and of Schröder. There was no uprising.

A Happily Sated Country

Merkel has been the primary beneficiary, with growth providing the chancellor the opportunity to shower the populace with gifts. And she has been taking full advantage, with unplanned increases in payments to pensioners, the establishment of parental leave benefits, lowering the retirement age to 63 and the introduction of both aid and pensions for stay-at-home mothers. It may be that future generations will have to foot the bill, but no one is complaining now.

Beyond the economy, though, many detractors accuse Merkel of having taken the life out German politics. Democracy, they say, thrives on debate between competing positions. Merkel, though, approaches things differently and tries to keep her governing coalition in the background, loathe to demand too much of her countrymen and women either politically or economically.

The vast majority of Germans like that. They are left to freely live lives unburdened by national politics, with tempers only flaring in response to local issues such as the construction of a new train station or the erection of an electrical tower next door. The country is satisfied -- one has the impression people would like the current status quo to be frozen in place. No new infrastructure, no new chancellor and as little politics as possible. The country is happily sated.

Dagmar Donabauer, 47, is sitting in Spectacel, a bar in the small lakeside town of Inning in Bavaria, at 9:30 p.m. just before the beginning of the second World Cup semifinal. She is a personnel consultant from the nearby town of Gilching and, when speaking of the German national team, uses the pronouns "we" and "us."

For Donabauer, "everything changed suddenly during the 2006 World Cup. People, myself included, really began to feel proud of their country without this aftertaste. You could wave the flag — that was the big change — and the world thought it was great that we waved our flag and didn't see it as begin nationalist anymore."

Donabauer is originally from Austria. Germany's role in the world must really have changed significantly if an Austrian can become so enthusiastic about German football.

Helmut Kohl once uttered a sentence that long defined Germany's relationship to the European Union. "Every mark spent for Europe is money well invested," he said.

Kohl and his predecessors viewed Germany more in terms of the alliances it was part of than as an individual nation-state. Early postwar chancellors had to lead this pariah of world history back into the global community and they did so via Europe and NATO. German interests were reduced to a desire to merge with the West while maintaining decent relations with Warsaw Pact countries. And the process took place under the supervision — and protective nuclear umbrella — of the US. Germany wasn't really a sovereign state until Oct. 3, 1990.

Angela Merkel sees Germany completely differently. She runs a country that regained its sovereignty with reunification, a country enjoying an economic upturn that makes France and Southern European EU partners look bad. And, a few more years have passed since the crimes of World War II and the Nazis, which she didn't live through. She runs a country, which, thanks in part to the 2006 World Cup, enjoys a better image in the world.

A strong feeling of self-confidence is bound up in Germany's lightness. Let's call it: We Are Somebody Again, Part II. Part I was defined by the 1954 World Cup victory in Bern and the economic miracle of massive postwar economic growth. Now, Germans are also self-confident politically. But what is going to come of it?

Merkel's Cool Nationalism

In Brussels, Merkel has become famous for representing national interests, and the German electorate approves. But the national interests she promotes are limited to those of defending and broadening prosperity — and she would like to expand that prosperity to other countries in Europe. She would like to see all EU member states work as efficiently and effectively as the Germans. The reforms she has foisted upon Southern European countries are aimed in part at securing an influential place in the global economy for Europe as a whole. Such an economically strong position would mean greater political influence, which, Merkel believes, would also be beneficial to Germany and its exports. On a global level, Germany is too small to go it alone.

A German chancellor thinking beyond the country's borders? Here too, things have changed. It is only possible because Merkel is quiet and reserved as she pursues her aims. Were she more domineering, resistance from her European counterparts would be much more intense than it has been. Hers is a cool form of nationalism, free from pathos, symbolism and swagger — but it is unrelenting.

Hendrik Grosse Lefert is sitting in the lobby of the German national team hotel in Belo Horizonte on the day before the semifinal against Brazil. An athletic man wearing his dark shirt with the collar open wide, Grosse Lefert is head of security for the German Football Association — and there were plenty of challenges presented by the World Cup in Brazil. One was the fact that the team could only reach its

base camp by ferry. Together with local authorities in Porto Seguro, Grosse Lefert made sure that Brazilian police divers inspected the bottom of the ferry for bombs prior to each journey. None were found.

During the first week of the tournament, he says he was informed that someone was planning to launch a drone from the beach. In the end, it turned out not to be a threat — a marketing company wanted to use the drone to photograph a ship.

Finding a New Role in the World

Security is a particularly sensitive issue for the Germans. Now that the world trusts Germany again following its reunification, the UN, NATO, America and France, among others, expect the country to become more involved in security issues and hotspots around the world, preferably with its military. Both Merkel and the electorate, however, are wary of taking on a leading role.

The mission in Afghanistan proved to be too much for most Germans and Berlin declined involvement in Libya. When it comes to the international missions in Mali and the Central African Republic, Germany has taken on tasks that put German soldiers at little risk. Germans have had enough of war.

Indeed, many in the country are no longer all that certain that they want to continue to be part of the West. A recent survey carried out by the Körber Foundation found that 56 percent of Germans want to work more closely with the Americans in the future. But 53 percent said the same about Russia.

During the crisis in Ukraine, the German government ran through several scenarios should Russia invade a NATO member state in the Baltics. One option considered was that of shunning military involvement. That, of course, would have called into question the entire trans-Atlantic alliance, an outcome that nobody really wants.

But the US is making it difficult for the Germans to stand by their side. Two alleged American agents were recently exposed — their existence an impertinence that is humiliating for a close ally.

Germany's political profile currently looks as follows: Domestically, Germans are pampered by Merkel's governing coalition and see no reason to bicker with one another. Abroad, however, there is no overarching vision and even less consensus. The country used to play the role of model student and was America's best friend in Europe. That is no longer the case, but what is next?

When German President Joachim Gauck earlier this year called for the country to play a greater role abroad, he was blasted by the Left Party for being a "loathsome warmonger." Indeed, most Germans would prefer policies that both protect their prosperity from risk and their soldiers from danger. It is an effective strategy for preserving lightness, but it is also egoistic.

Blitheful contentment, cool nationalism, egoistic risk avoidance: What does the sum total look like? It certainly isn't a 7:1 — it's not pure beauty. One still can't speak of a relaxed German nation; rather it is a country that is losing its inhibitions. It is finding its way back to itself, but is still searching for its role in the global community. Should it sit quietly in the corner or should it take on a leadership role reflective of its size and economic strength? What is missing is a national team coach, one that stipulates a clear path forward.

Markus Werner, 50, has worked as a lifeguard for 28 years on the island of Sylt. He encounters his fellow citizens during the summer holidays, at a time when they are supposed to be particularly relaxed,

but he doesn't find them relaxed at all. They always find something to complain about, he says. But that changes during the month of the World Cup, Werner adds. People then "have a reason to turn up the corners of their mouths." Really, Werner believes, the World Cup should be held twice a year.

In terms of developing a positive German idea, it probably wouldn't be a bad idea.

By Sven Böll, Rafael Buschmann, Carsten Holm, Frank Hornig, Dirk Kurbjuweit, Paul Middelhoff, Conny Neumann, Anna-Lena Roth and Steffen Winter

Translated from the German by Daryl Lindsey and Charles Hawley

From DER SPIEGEL

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NOTICIAS DE LA SEMANA

Francisco frente a un mundo turbulento

DATA: 2013.08.02

Bergoglio. Tras su exitosa visita a Brasil, el jefe del Vaticano debe afrontar los cuestionamientos internos por su reformismo.



Ilustración: Pablo Temes



Por [James Neilson](#)

El papa Francisco dice que le gustaría poder salir de la “jaula” vaticana y pasear por la calle, como hacía Jorge Bergoglio en tiempos idos, pero, como sabe muy bien, ser el Sumo Pontífice tiene sus privilegios. Uno consiste en que hasta sus palabras más banales son festejadas por multitudes que ven en ellas evidencia de sabiduría supernatural. Si un político en campaña – o un obispo porteño–, nos asegura que la realidad puede cambiar, que la corrupción, la pobreza, la exclusión y la droga son malas pero que no hay que desanimarse y así por el estilo, a nadie le llamaría la atención, pero cuando el Papa habla así sus admiradores dicen que se ha erigido en el líder de una especie de revolución espiritual destinada a transformar el mundo.

Asimismo, si bien Francisco sorprendió a muchos al preguntarse, con la humildad apropiada, “¿Quién soy yo para juzgar a los gay?”, afirmó basarse en el “catecismo de la Iglesia Católica” que, dijo, apunta a “integrarlos en la sociedad”. Es de suponer, pues, que cuando de la ética sexual se trata, Francisco –lo mismo que Bergoglio– es en el fondo un tradicionalista: compadecerá con los que a su juicio son pecadores pero que así y todo “buscan al Señor”, sin por eso condonar el pecado.

Aunque de acuerdo común, Francisco es “carismático” porque habla con sencillez, desprecia el lujo y por su mera presencia convoca a muchedumbres que motivarían la envidia de cualquier estrella del rock, no le será nada fácil impedir que la Iglesia Católica se convierta en “una ONG”, o un club para quienes toman en serio las lucubraciones teológicas y sienten nostalgia por rituales milenarios. En Europa, el hedonismo laico ya la ha reducido a un culto de influencia menguante en países antes renombrados por el fervor de los fieles, un retroceso que se ha visto impulsado últimamente por una serie al parecer interminable de escándalos protagonizados por pedófilos clericales. Asimismo, a pesar de la hostilidad eclesiástica hacia lo que Francisco califica del “dios dinero”, los banqueros del Vaticano han resultado ser tan corruptos como sus homólogos de otros credos.

¿Incidirá la prédica vehemente de Francisco, y de sus antecesores pontificales, a favor de la justicia social, la equidad y la inclusión de los pobres, y en contra de la corrupción estructural, en la evolución de los países de mayoría nominalmente católica? Es poco probable. Por las razones que fueran, las sociedades que se ajustan mejor al ideal reivindicado por los papas son las protestantes del Norte de Europa o, en lo que concierne a la equidad económica, las “confucianas” de Asia Oriental. En cambio, los países latinoamericanos, comenzando con Brasil, están entre los más desiguales y corruptos del mundo entero. Puesto que hasta hace muy poco, la Iglesia Católica siempre había desempeñado un papel cultural y educativo preponderante, a menudo casi monopolístico, en la región, es legítimo suponer que ha hecho un aporte muy grande a esta realidad a primera vista paradójica. ¿Le preocupa a Francisco el que hayan brindado resultados decididamente magros todas las muchas exhortaciones episcopales y papales para que los gobernantes, empresarios y otros cambien su forma de actuar? Parecería que no.

Además de tener que poner su propia casa en orden, expulsando a los pedófilos, los corruptos, los intrigantes y los especuladores financieros, el jefe de la Iglesia Católica tiene que hacer frente al reto planteado por los muchos que no quieren a “la verdadera fe”. En Europa, los más peligrosos desde el

punto de vista del clero son los ateos y agnósticos; la ortodoxia imperante es que la verdad es una noción relativa y que todos tienen derecho a elegir la suya con tal que no perjudique a los demás. ¿Es compatible la tolerancia mutua así supuesta con la defensa de una fe de naturaleza absolutista? Mientras pudo, la Iglesia Católica lo negaba, pero cambió de actitud al darse cuenta de que, debilitada, le convendría más resignarse a su condición minoritaria y aseverarse abierta al “diálogo”.

En América latina, el cristianismo aún disfruta de una salud más robusta que en Europa pero, sobre todo en Brasil, quienes se han adaptado mejor a la versión local de la modernidad no son los católicos sino los evangélicos. Según las cifras disponibles, mientras que hace apenas cuarenta años más del 90 por ciento de los brasileños se afirmaba católico, hoy en día lo hace solo el 57%, mientras que por lo menos el 25% es evangélico. Parecería que en opinión de los pobres mismos, el “compromiso” con ellos de los pastores es mucho más sincero que el de los clérigos católicos. Para más señas, han resultado ser más exitosos a la hora de enseñar ciertas virtudes anticuadas –la sobriedad, la responsabilidad personal, el respeto por la educación– que sus rivales en esta interna cristiana; una consecuencia es que suele ser mayor la proporción de evangélicos que, por sus propios esfuerzos, consiguen dejar atrás la pobreza.

Aunque en su visita triunfal a Brasil Francisco se concentró en temas que son prioritarios en aquel país y en el resto de la región como la corrupción sistémica, la desigualdad y la pobreza, como líder de una institución de pretensiones planetarias –“católico” quiere decir “universal”– también le toca asumir el rol de protector de los creyentes en otras partes del mundo. En el norte de África, Nigeria, el Oriente Medio, Pakistán, Afganistán y Asia Central, tanto los católicos como los fieles de otras comunidades cristianas están sufriendo una ola de persecución con muy pocos precedentes en la historia. Todos los días, mueren docenas, a veces centenares, a manos de los resueltos a exterminarlos o sojuzgarlos. Hace un siglo, más del veinte por ciento de los habitantes del Oriente Medio era cristiano; en la actualidad, apenas suman el dos por ciento; tal y como están las cosas, pronto no habrá ninguno salvo en Israel, el único país de la región en que el número de cristianos ha aumentado en las décadas últimas.

Para millones de cristianos, el resurgimiento del islam militante, un producto del repliegue tanto político como anímico de Europa y Estados Unidos, ha sido una catástrofe sin atenuantes. Víctimas de operativos feroces de “limpieza étnica” –en verdad sectaria–, su destino no parece interesar a sus correligionarios o ex correligionarios de los países occidentales que, con escasas excepciones, temen verse acusados de “racismo” o, peor aún, de “islamofobia”. Como descubrió el papa emérito Benedicto XVI cuando se atrevió a criticar, con cautela, los métodos proselitistas contundentes que siempre han empleado los islamistas, hasta aludir el tema es suficiente como para convertirse en blanco de críticas furibundas proferidas no por los islamistas mismos, que, lejos de fingir ser pacifistas, alardean de su voluntad de sembrar terror entre los infieles, sino de los bienpensantes occidentales. A partir de entonces, Benedicto mantuvo una postura más conciliatoria, lo que, huelga decirlo, no ayudó a los católicos y otros cristianos que seguirían siendo asesinados por guerreros santos.

Francisco no ignora lo que está sucediendo: en mayo, canonizó a los 800 italianos que, en 1480, fueron decapitados en Otranto por los turcos por negarse a convertirse al islamismo. Con todo, parece ser tan reacio como el que más a enfrentar lo que en buena lógica debería ser el desafío más importante para el jefe de lo que es, al fin y al cabo, la iglesia cristiana principal. Se estima que más de 100 millones de cristianos corren peligro de ser muertos o, si tienen suerte, solo expulsados de sus hogares, pero hasta ahora tanto el Papa como los líderes de otras entidades religiosas occidentales han sido reacios a llamar la atención al desastre de dimensiones históricas que está ocurriendo y que con toda seguridad se hará todavía más cruento en los meses y años próximos, ya que Egipto, país en que hay aproximadamente 10 millones de coptos, parece condenado a una guerra civil tan obscenamente cruenta como la de Siria, en Irak los atentados contra los escasos cristianos que todavía quedan son rutinarios, en Nigeria los

islamistas de Boko Haram están perpetrando una matanza tras otra –en un episodio reciente quemaron vivos a muchos niños–, y en lugares como Pakistán e Indonesia turbas de exaltados suelen matar con impunidad a los no musulmanes por “blasfemia”. Tal vez no habrá problemas en Afganistán; en 2010 fue destruida la última iglesia cristiana que se encontraba en aquel país desafortunado.

Parecería que, lo mismo que otros integrantes de las elites occidentales, los líderes cristianos se han convencido de que sería más sabio minimizar la importancia de tales detalles porque, de lo contrario, los islamistas se enojarían todavía más. De ser así, la limpieza sectaria que está en marcha en más de cincuenta países continuará hasta que comunidades que en algunos casos se formaron hace casi dos mil años hayan sido definitivamente aniquiladas. Claro, a diferencia de los “mártires de Otranto”, no serían beneficiados póstumamente por una canonización papal: a lo mejor, el futuro de una iglesia tan apocada que ni siquiera se anima a defender a su propia grey con el vigor exigido por las circunstancias será el de una ONG inofensiva. De ser así, el renacimiento previsto por los impresionados por la visita a Brasil de Francisco, el carismático, no habrá sido más que una ilusión piadosa.

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Lilita Carrió: la intimidad de una resucitada

DATA: 2013.08.21

Cómo vive su batacazo porteño. Nuevas amigas, libro y caipiroskas. Escapada a Brasil.

POR [DANIEL SEIFERT](#)



Eufórica. Carrió en el festejo del domingo 11. Se siente más acompañada por su entorno y por los votantes.

Si, como confesó **Elisa Carrió**, el magro 1,8 por ciento de votos cosechados en la última elección presidencial significaron para ella una muerte política, los resultados de las **PASO** ahora los vive como una **resurrección**. Apenas menos mística que de costumbre –para una mujer acostumbrada a dormir con una biblia en la cama y que cerró su pirotecnia verbal de campaña amparándose en el lío que pidió hacer el Papa Francisco–, Lilita encarará la recta final hacia la votación de octubre con objetivos claros: el primordial, lograr que el kirchnerismo porteño, encarnado en Daniel Filmus, se quede sin representación en el Senado. Y el ideal: **conseguir esmerilar a Diego Santilli**, el segundo candidato a senador del PRO, o “el chico que no me barre las calles” y acompaña a Gabriela Michetti, para poder dar el batacazo de meter su dupla –“Pino” Solanas y, en especial, su nueva “hormiguita”, Fernanda Reyes– en la Cámara alta.

El estrés de la campaña no es la mejor recomendación para paliar su “diabetis”, la forma campechana con la que la chaqueña insiste en llamar a su cuadro de **diabetes**. A pesar de haber moderado su dieta e incorporado mucho pescado –en especial, brótolas o pejerreyes– y verduras a su menú, el trajinar de su rutina preelectoral la cansó, aún cuando hizo malabares durante el último mes para respetar su **santa siesta**. Sabido es que cuando Lilita necesita descansar [piensa siempre en el mar](#). ¿Una escapada a Punta del Este? No esta vez. NOTICIAS pudo confirmar que Carrió eligió las costas de Brasil para terminar de resucitar. Partió para allá la noche del miércoles 14.

NUEVAS AMIGAS. Que Fernanda Reyes llegue al Senado es el máximo anhelo de Lilita de cara a octubre. La economista se transformó en una de las piezas clave del círculo que rodea a la líder de Coalición Sur. No por nada fue la elegida desde su espacio para acompañar a “Pino” Solanas, con quien Carrió tejió una sólida relación durante la campaña, en especial, gracias al trabajo milimétrico de otra mujer: Ángela Correa, esposa del cineasta y una morocha brasileña de carácter que, como Lilita, sabe marcar límites y agasajar por igual.

Correa se ganó a Carrió a base de feijoadas y caipiroskas con las que hizo de anfitriona más de una vez para el círculo íntimo de Carrió y de su marido, un selecto grupo compuesto por **Fernanda Reyes**, los legisladores porteños Fernando Sánchez, Julio Raffo y Maximiliano Ferraro y, en algunas oportunidades, Alcira Argumedo. El grupo disfrutó de veladas amenas tanto en la mesa de Correa, como en la de Carrió, en su departamento de Barrio Norte. En medio de esas tertulias de sabores brasileños y charlas coloquiales surgió la idea de apuntalar a Reyes y apuntar contra Santilli –y no contra Michetti, amiga de Carrió– en la campaña hacia octubre, para **disputarle al PRO la segunda banca de senadores**.

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Brilla en el Fluminense

Fred Chaves Guedes, el amuleto de los brasileños

DATA: 2013.08.28

El astro del Fluminense gana medio millón de dólares al mes y lo acosan las mujeres.

POR [LESLIE LEITÃO](#)



Se convirtió en ídolo tras la Copa de las Confederaciones. Será una de las figuras de la selección brasileña en el próximo mundial

Un gol imposible en la final de la Copa de las Confederaciones hizo que Frederico “Fred” Chaves Guedes pasara del amor de los hinchas del Fluminense a ser **ídolo de todo Brasil**. Descontracturado e informal, todo un galán, es objeto de la intensa admiración de las mujeres.

“**La vida está muy buena**”, reconoce. Pero al principio fue difícil: “Me fui de casa para jugar al fútbol a los 9 años. A los 14, 15 años ya llevaba una vida de atleta. Tuve que dejar de estudiar en 7° grado”. Sin embargo, fue aprendiendo de la vida misma y hoy se da el lujo de opinar de todo: los sueldos, las bebidas, la noche.

Periodista: ¿Aumentó la popularidad después de la Copa de las Confederaciones?

Fred Chaves Guedes: Sí, mucho. Fui a almorzar a un restaurante en Río y me asusté: todo el mundo se puso de pie y comenzó a aplaudir. Ahí me di cuenta de que el sentimiento conmigo es fuerte.

Periodista: ¿La fama de galán es cierta?

Chaves Guedes: Soy tímido en las relaciones y ya perdí muchas oportunidades con mujeres muy interesantes por ese motivo. Pero ahora estoy bien asesorado en ese tema. Mis amigos son los que me aconsejan. No me la creo, pero tengo un estilo bien masculino. A las mujeres les gusta eso. Diego Cavalieri es buen mozo. Él sí tiene estilo. Pero está casado. Quiero que Neymar se case pronto así hay más para mí.

Periodista: Se habla mucho de los excesos en la concentración, en que los jugadores llevan mujeres al cuarto...

Chaves Guedes: En Fluminense el ambiente es muy riguroso. Hay cámaras de seguridad por todos lados. Pero cuando el ser humano se empecina con algo, siempre encuentra la forma de conseguirlo.

Periodista: Los hinchas de Fluminense ya lo criticaron por verlo en un bar tomando varias caipiriñas ¿Es común excederse con el alcohol?

Chaves Guedes: Hablaron de unas sesenta caipiriñas. En realidad fueron 28 en una mesa de once personas. Y no fueron los hinchas que dijeron eso, sino unos tipos que lo inventaron para perjudicarme. Ahora yo pregunto: ¿cuál es el problema de tomar algunas bebidas de vez en cuando?

Periodista: ¿No perjudica el desempeño en la cancha?

Chaves Guedes: Creo que exageran. El otro día sacaron una foto de Wagner y Bruno, dos jugadores amigos míos de Fluminense, **tomando una cerveza antes del entrenamiento** ¿Acaso el tipo se va a emborrachar tomando solo eso? En Francia tomaba vino en el almuerzo y la cantidad de alcohol en el vino es mucho mayor que en la cerveza. Y no era solo yo. Todos los jugadores tomaban, incluso en la concentración. Cuando se es joven se maneja mejor. Pero un día los años pesan. Hoy no puedo salir a la noche e ir a entrenar al otro día.

Periodista: ¿Cómo fue la experiencia de vivir cuatro años en Francia?

Chaves Guedes: Al principio estaba medio deprimido, encerrado en casa con mi hermano. Todo era diferente. Pero aprendí a comer comida buena, sofisticada. En Brasil solo era asado, arroz, feijão, papas fritas, pizza. En Lyon salía a cenar tres veces por semana. Aprendí a tomar vino, incluso probé el caracol. También aprendí a hablar francés. Era una cuestión de supervivencia. Cuando iba a discutir con el árbitro gastaba mi francés. Pero a la hora de insultar no daba. Las malas palabras siempre eran en portugués.



Nacido en Minas Gerais, hizo su experiencia internacional en Francia. Hoy brilla en el Fluminense.

Periodista: ¿También aprendió a apreciar a las francesas?

Chaves Guedes: Son lindas y, a pesar de lo que se dice, las que conocí olían bien. Cuando pasaban dos o tres días en mi casa, les daba un kit de baño. Fue una época muy buena, pero prefiero el cuerpo y el estilo de las brasileñas.

Periodista: ¿Es justo que un jugador gane más de 400.000 dólares por mes, incluso vistiendo la camiseta número 9 de la selección?

Chaves Guedes: Claro que es justo. Hace muchos años que trabajo duro para ser reconocido y bien pago. Lamentablemente, existe un preconceito con los jugadores. Muchas personas critican, se indignan cuando ven que alguien que no tiene muchos estudios gane tanto. Pero se olvidan de una cosa: **en ese espectáculo millonario que involucra a clubes, televisión, patrocinadores, quien menos gana es el jugador.** Y nosotros somos los artistas. La responsabilidad que cargamos en nuestras espaldas es enorme. El sueldo tiene que ser alto.

Periodista: Muchos lo critican por quejarse en Twitter por problemas en un auto que cuesta 200.000 dólares ¿Eso lo incomodó?

Chaves Guedes: En Brasil está mal visto tener éxito y dinero. No se puede hablar esas cosas naturalmente porque se te vienen encima, como si fuera un pecado. En Estados Unidos, los jugadores de básquet son millonarios, no tienen cualquier auto y las personas piensan: “Tengo que trabajar mucho para llegar a eso”.

Periodista: Dicen que “Fred hace y deshace en Fluminense” ¿Es cierto?

Chaves Guedes: Mentira. Soy un tipo que respeta la jerarquía. Dicen por ahí que tengo un montón de privilegios en el club. Por ejemplo, se quejan que en la concentración tengo un cuarto solo para mí. Me acostumbré a eso en Francia, donde todo el mundo tiene su lugar. Es mucho mejor. No nos tropezamos unos con otros en el baño, no hay que escuchar los ronquidos de un compañero. Cuando regresé a Brasil, le pedí lo mismo al Fluminense. Todo se conversó y se organizó para que así sea. Ese asunto de privilegios no debería causar celos. Si no todo el mundo tendría que cobrar el mismo sueldo. Son cosas que yo mismo conseguí.

Periodista: ¿La camiseta número 9 de la selección ya tiene dueño para la Copa del año que viene?

Chaves Guedes: Me pongo esa camiseta y me siento bien. Estoy preparado. Pero sé que en el fútbol las cosas cambian rápidamente. Sé bien cuáles son mis limitaciones. No soy habilidoso, no tengo velocidad. Los hinchas brasileños reclaman mucho desempeño, el juego bonito, pero no esperen eso de mí. Soy técnico y goleador. Y, mientras convierta goles, voy a continuar sintiendo esa locura de ver la pelota entrando en el arco.

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Caetano Veloso, un rockero maduro

DATA: 2013.09.27

En la plenitud de su vida artística volvió a Buenos Aires. Presentó “Abraço” y mantuvo el discurso estético de los últimos años.

POR [RICARDO SALTON](#)



UN ARTISTA ENORME. Caetano Veloso exhibió una vitalidad pareja con su capacidad de reinventarse. Ofreció temas nuevos con tres músicos jóvenes, formados en el rock de vanguardia.

Los 71 años de edad de este bahiano sólo se descubren hurgando en su biografía. Porque es tal su frescura y su apertura mental y estética, que su juventud se deja ver más allá de un físico que también lo sigue acompañando increíblemente. Y la muestra más evidente de ese “aggiornamiento” constante queda reflejado de manera muy clara en la asociación instrumental que ha establecido en los últimos años y que ya ha dado como resultado tres álbumes.

La trilogía arrancó con “Cê”, siguió con “Zii e Zie” y se cierra por ahora con el más reciente “Abraço”. Y los compañeros de ruta en estos tiempos son el guitarrista Pedro Sá, el baterista Marcello Callado y el bajista y tecladista Ricardo Días Gómez. Jóvenes y “modernos”, estos tres músicos constituyen una especie de “power trío” rockero, con toques que hasta remiten al argentino “Invisible” del Flaco Spinetta y con mucho de la actualidad vanguardista neoyorquina.

Veloso es de los mayores artistas que ha dado la música latinoamericana en las últimas décadas. Y su grandeza se refleja, por un lado, en su enorme talento creativo que le permite hacer constantemente nuevas canciones que conservan el muy alto nivel de interés. Pero, por otro, en esa capacidad de reformularse, de no dormirse en laureles que, a esta altura, podría usufructuar con todo derecho.

Llegó a la Argentina, como tantas veces, a una plaza que lo tiene como un hijo mimado -y que le permitió colmar dos funciones en el Gran Rex con precios nada baratos-, con la intención de mostrar su nuevo disco. Y eso hizo. No solamente porque incluyó prácticamente todo el material de ese álbum sino porque además viró a canciones anteriores, de “Cê” pero también mucho más antiguas, hacia el mensaje sonoro y estético que hoy está queriendo transmitir.

Eso implica una ausencia absoluta de demagogia, frente a un público adicto que, de haber sido encuestado, muy probablemente hubiera elegido otra lista de temas y otro modo de cantarlos, con más

clásicos de su amplio repertorio y con un sonido más acústico como el de los tiempos en que era dirigido musicalmente por el violonchelista Jacques Morelenbaum.

Pero Caetano se puede dar el lujo de desafiar a su propio público a un esfuerzo doble, y salir airoso. Puede cantar con dulzura sobre una guitarra distorsionada y una batería furiosa y no desentonar. Puede ser sobrio en su madurez y permitirse jugar con los botones de su camisa o hasta tirarse al piso sin quedar ridículo. Puede llevar su edad con orgullo y entregar un recital también apto para jóvenes.

De lo nuevo, merece especial mención la interesante y curiosa “Parabéms”, la poéticamente densa “Um Comunista”, la muy emotiva “Estou triste” -en un gran momento acústico con su propia guitarra-, la más vanguardista “Funk Melódico”. Y aunque en sus casi dos horas de duración, el recital tuvo un nivel general muy alto, también merecen una referencia especial sus versiones de temas de diferentes épocas, como “Um índio”, “Reconvexo”, “Lindeza”, “De noite da cama”, “A luz de Tieta”, “Un leonzinho” y “Odeio”, “Homens”; o las superlativas interpretaciones de tres canciones “para la hinchada”: “Alguém cantado”, “Escapulário” y, sobre todo, “Sampa”.

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A puro sapucay

DATA: 2013.11.29

Posadas vivió su 44° Festival Nacional de la Música del Litoral y 6° del Mercosur”. Mucho chamamé y géneros y artistas invitados.

POR [RICARDO SALTÓN](#)



Desde el Litoral. Amplia gama de estilos y profesionales de lujo.

★★★★ Como cualquiera de los muchos festivales nacidos en los '60 como reflejo de Cosquín, el de la música del litoral de Posadas se debate entre sostener su origen o crecer hacia la masividad, entre fomentar los nuevos valores o hacer pie en los consagrados, entre dar crédito a los artistas locales o tener un número significativo de “invitados”. Seguramente es distinto lo que se siente dentro de la propia interna, pero mirado con perspectiva nacional y viendo la intención de hacer trascender este encuentro a todo el país, una mirada más distante nos lleva a decir que el equilibrio logrado en esta última edición ha sido muy bueno.

El escenario, majestuoso en una barranca sobre el río Paraná, con la ciudad paraguaya de Encarnación como fondo, es un marco que sorprende al visitante. Es, sin dudas, un valor agregado de este encuentro que nació en 1963 y que, con algunas interrupciones, acaba de cumplir una muy exitosa 44ª edición. Fueron cuatro jornadas, largas, con muchos artistas por noche y con una paleta muy amplia de estilos, géneros, niveles de profesionalismo y repercusión pública.

Entre lo litoraleño más puro podemos mencionar como destacados a los misioneros Pamela Ayala, Los Núñez –el dúo de guitarra y bandoneón, en lo más alto del podio–, Joselo Schuap, y el dúo Karozo Zuetta-Nerina Bader, o los correntinos Mario Bofill y Los Tupá. Los Mitá pusieron su cuota de humor juvenil apoyado en el chamamé y el chotís tradicionales. El inencasillable Gringo Barreto enfervorizó a la multitud con su set muy efectista. Y fue un lujo la presencia del octogenario Ramón Ayala, no tan interesante como cantor pero un autor de altísimo vuelo.

La presencia del Mercosur fue esta vez relativamente menor. Fue muy buena la actuación de los brasileños Tchê Barbaridade, un muy buen grupo chamamecero/festivo de Porto Alegre. El resto: una presencia paraguaya con el grupo Amalgama y unos cuantos invitados por Schuap para compartir su propuesta de “Cuatro banderas”.

Yendo a lo “foráneo”, Los Huayra trajeron su cuota de noroeste, Hugo Varela puso su humor ya conocido, Jorge Rojas enloqueció a las mujeres en la primera noche y el Chaqueño Palavecino hizo vibrar, literalmente, el anfiteatro en la última con su estilo desbordante. Pero a nuestro juicio, el festival tuvo su pico más alto en la reconcentrada actuación de Pedro Aznar. Actuó solo con sus instrumentos. Pasó por zambas, chacareras, coplas y chamamés. Compartió “El Cosechero” con su autor, Ayala. Y, muy bien recibido por la gente, demostró que también en los encuentros musicales masivos se puede ir por otros carriles.

Disponível em: <http://noticias.perfil.com/2013-11-29-41391-a-puro-sapucay/>. Acesso em 04 de dez. de 2014.

Inmobiliaria Mazza S.A

DATA: 2014.01.08

El resort inaugurado por la modelo y Gravier aspira a ser el más exclusivo. Quejas de vecinos.

POR [DIEGO GUALDA](#)



Habitués. Alejandro Gravier y Valeria Mazza no solo concurren a Punta del Este para descansar sino que ya se consolidaron como desarrolladores.

Para **Valeria Mazza** (41) y su marido **Alejandro Gravier** (51), el paso por Punta del Este nunca es del todo en plan de vacaciones. Porque, más allá de ser habitués indiscutibles del balneario, no solo son uno de los clanes más playeros de la farándula sino que, además, están definitivamente establecidos como desarrolladores inmobiliarios y, ahora también, como **empresarios hoteleros**. Nada, ni siquiera el extraño robo a su mansión de Acassuso durante el año nuevo, una casa plagada de cámaras de seguridad, hizo que la pareja pegara la vuelta.



El Selenza Village + Hotel es un complejo de tres hectáreas en Manantiales.

En Punta del Este, el “chiche nuevo” del matrimonio es el [Selenza Village + Hotel](#) y su correspondiente Club de Mar, un complejo de tres hectáreas ubicado sobre la ruta 10, frente a la costa, en la zona de Manantiales. El desarrollo consiste en un exclusivísimo hotel boutique –solo 32 habitaciones–, una serie

de casas y departamentos (el “[Village](#)”), un spa de mil metros cuadrados de superficie que será alimentado con agua de mar y una playa privada, cuya propuesta gastronómica mezcla lo vernáculo con lo mediterráneo. El “must” es la paella del chef Manuel Moreno.

Los departamentos del Village son 48 –cuatro edificios de doce unidades cada uno– y vienen en todos los talles y para todos los gustos: 2, 3 y 4 dormitorios, dos cocheras y parrilla en cada balcón, para que no falte el asadito veraniego, y pileta privada para las unidades en la planta baja.

El primer bloque de departamentos fue entregado, como rito inaugural de la temporada, a mediados de diciembre. Pese a que el mercado inmobiliario no está fácil, mal no les ha ido con la venta: quedan disponibles solo dos unidades, de dos y de tres dormitorios. Y, a contramano de la tendencia de los últimos dos años vinculada con la invasión de turistas e inversores brasileños, el 70% de los felices propietarios son argentinos. El precio: 690.000 dólares (el precio oscila entre los 2.600 y los 3.200 dólares el metro cuadrado). El segundo bloque de departamentos tendrá su corte de cinta en marzo; el tercero, recién en el 2015, cuando se inaugurará también el sector de amenities del hotel. El cuarto aún no comenzó a construirse.

Las [casas](#) –que aún son solo maquetas y planos, aunque están saliendo ya a la venta– son apenas una docena, todas de 350 metros cuadrados, con tres dormitorios, dependencia de servicio, pileta, cochera subterránea y hasta su propia cava. El valor agregado, tanto para las casas como para los departamentos, es que sus propietarios pueden disfrutar de las vacaciones sin mover un dedo: cuentan con todos los servicios gastronómicos y de “housekeeping” del hotel cinco estrellas que forma parte del complejo.

La disponibilidad del Club de Mar, sin embargo, no está garantizada para los propietarios. **El uso de la playa es una concesión que debe renovarse anualmente con el gobierno municipal.** Esta es su segunda temporada y, según explican fuentes ligadas al proyecto, hay una relación con las autoridades lo suficientemente buena y aceiteada como para asegurar que la concesión sea siempre renovada.

El socio extranjero. Pero el matrimonio Mazza-Gravier no está solo detrás del emprendimiento. Su socio estratégico es el español **Félix Abánades**, presidente de la compañía Quabit. El Selenza de Punta del Este sería el puntapié inicial de un proyecto mucho más ambicioso: una cadena de hoteles, dentro del estilo de hiperlujo y altísima calidad de servicios que están desarrollando en el balneario, con sedes en Argentina, Brasil y México.

Pero además, este no es el único proyecto ni bajo la marca Selenza, ni bajo la batuta de Gravier y su socio español. En enero del 2013 lanzaron el desarrollo [Selenza Laguna del Sauce](#), una serie de 61 chacras de luxe de cinco hectáreas cada una. Afirman los responsables que el proyecto de Laguna del Sauce ha sido diseñado para cuidar al máximo el medio ambiente, creando una reserva natural que preserve tanto las costas de la laguna como la vegetación. Y es bueno que lo aclaren, dado que no sería la primera vez que son cuestionados por sus prácticas ambientales.



El primer bloque de departamentos ya se entregó a un valor de entre 2.600 y 3.200 dólares el metro cuadrado. El resto, se está construyendo.

La construcción del Hotel+Village en Manantiales comenzó en el año 2010, pero recién en diciembre del 2013 **Valeria Mazza en persona** –que es, además, la imagen publicitaria del proyecto– cortó la cinta inaugural y se entregaron los primeros departamentos a los audaces propietarios que apostaron al emprendimiento. Sin embargo, durante el proceso de construcción, tuvieron que enfrentar el berrinche de varios vecinos de la zona de Manantiales.

Hubo acusaciones –y hasta acciones judiciales– que afirmaban que **nunca se habían hecho los correspondientes estudios de impacto ambiental** para la construcción de edificios razonablemente altos en una zona que se caracteriza por un cierto aire pueblerino, donde nada excede las dos plantas de altura. Selenza está ubicado sobre un terreno alto, que tuvo que ser nivelado y librado de vida vegetal para comenzar la construcción, lo cual, en su momento, molestó a los vecinos más tradicionales. Sin embargo, en el municipio, todos los papeles estarían en regla por lo que, pese a las protestas, nada detuvo el avance.

Sin embargo, aquella protesta de vecinos ecologistas no fue el único dolor de cabeza que el matrimonio Gravier sufrió en torno a sus negocios inmobiliarios. En septiembre del 2013, las oficinas porteñas de Vamagra Group S.A. (la empresa de Gravier y Mazza, el acrónimo no se caracteriza por la creatividad, precisamente) fueron allanadas por la justicia en el contexto de una investigación por una **presunta estafa**.

Según las versiones que circularon hace ya más de cuatro meses, Vamagra habría vendido unos terrenos a unos desarrolladores inmobiliarios que, a su vez, los lotearon para construir departamentos. Estos desarrolladores –cuyo nombre nunca trascendió– habrían vendido un departamento por adelantado, bajo la figura de fideicomiso inmobiliario, e incumplido los términos del contrato, por lo que el comprador habría demandado ya no solo a los que se quedaron con su dinero, sino también a los propietarios originales de las tierras, la dupla Mazza-Gravier, aun cuando ya hacía tiempo que se habían desligado de esos lotes. Las pericias confirmaron la versión de Vamagra: que hacía demasiado tiempo que no tenían nada que ver. **Hoy, sin embargo y pese a las polémicas, los negocios parecen ir viento en popa.**

Disponível em: <http://noticias.perfil.com/2014-01-08-42665-inmobiliaria-mazza-s-a/>. Acesso em 04 de dez. de 2014.

“Avenida Brasil”, a novela maior do mundo

DATA: 2014.02.21

Telenovela. Lunes a viernes a las 16.30, por Telefe. Elenco: Débora Falabella, Cauã Reymond, Murilo Benicio, Adriana Esteves, entre otros. Dirección: Ricardo Waddington.

POR [LENI GONZÁLEZ](#)

★★★★★ Quien se anime, que se someta a esta prueba: la de ver por internet el primer capítulo de “Avenida Brasil”, la tira brasileña que desde diciembre emite Telefe por la tarde, ganando esa franja y todas las franjas de la televisión de aire local. Se escuchan apuestas pero si hay sangre en las venas, la historia de Rita y Carminha entrará, sin duda, como piña al medio del estómago. A partir de ahí, solo queda esperar que la venganza tome su forma.

Porque “Avenida Brasil” es una historia de venganza, un melodrama clásico que tensa la cuerda más sensible, la del que regresa a cobrarse el despojo. Por supuesto, hay cátedras –“El Conde de Montecristo”, de Alejandro Dumas– y grandes versiones televisivas –la serie “Revenge”, de Sony– pero siempre habrá una próxima vez. Como la de Rita y Carminha (Débora Falabella y Adriana Esteves). Y no Rita y Jorgito (Cauã Reymond), la pareja amorosa que, esperamos, termine feliz.



Pasión y venganza. Debora Falabella y Cauã Reymond, amor con barreras.

Porque en el duelo de esas dos mujeres, la heroína y la villana, está el hueso de este dramón que paralizaba cada noche del 2012 a casi 40 millones de brasileños. Para Esteves, su malvada fue consagratoria. Sin su espina, no hay estímulo para la batalla final. Es una mala patológica, que no descansa jamás, obsesiva como la madrastra de Blancanieves, que lucha contra el dolor de su propio pasado pero sin permitirse nunca un asomo de lástima o empatía.

Paralelo a la trama central, se desarrollan otras historias muy jugosas, construidas por el guionista João Emanuel Carneiro (“El color del pecado”, “La favorita”) con la misma definición que los personajes protagónicos.

No hay rellenos ni casualidades caprichosas, cada uno tiene su motor y todos estos destinos terminarán de alguna manera conectados: Monalisa (Heloísa Périssé), la peluquera dueña del mejor método para alisar el cabello, enamorada del futbolista Tifón (Murilo Benício) y otra desbarrancada por Carminha; o Carlitos (Alexandre Borges), un empresario seductor y bígamo que se enreda también con Alexia (Carolina Ferraz), una mujer rica e independiente cuyo proyecto era conseguir esperma para la maternidad en solitario.

Gran parte del éxito de la tira se debe a que refleja el ascenso de la nueva clase media que creció gracias a los planes de inclusión del ex presidente Lula. Rita (o Nina bajo su otra identidad) recorre el suburbio barrial, el basural más miserable, la clase acomodada en la Argentina (cuando es adoptada por un bodeguero en Mendoza, papel que interpreta Jean Pierre Noher) y los nuevos ricos en Río de Janeiro.

El viaje por los estratos sociales, acompañados por la superproducción habitual y la calidad de imagen de las tiras de Rede Globo, dialoga con esos cambios. En ese paisaje, el hallazgo universal de “Avenida Brasil” fue reinstalar la difícil, casi pesimista, tarea de vencer a los malos.

Disponível em: <http://noticias.perfil.com/2014-02-21-44539-avenida-brasil-a-novela-maior-do-mundo/>. Acesso em 04 de dez. de 2014.

Bahiano: “La tevé pública tiene aparthidarios como yo”

DATA: 2014.03.21

Prepara nuevo CD y conduce un programa televisivo para adolescentes. Los jóvenes que se expresan y cambiar de paisaje.

POR [SISSI CIOESCU](#)



Comunicador. En "Una tarde cualquiera" modera un panel de jóvenes: "La mayoría sabe lo que quiere", afirma.

Dice que “la democracia es un quilombo, pero porque es así en esencia: confluyen diferentes ideologías. Al haber tanta idea candente, hay que tener cintura y sentido común para aceptarlo. Lo tóxico está en la lucha que se establece echándole la culpa al otro: a la gente o al gobierno. Las divisiones son tóxicas. No genera nada bueno poner a la gente en bandos. Argentina es una sola”.

Fernando Javier Luis Hortal –el Bahiano– se hizo popular como líder de la banda de reggae Los Pericos, precursora del reggae local. La dejó en el 2004 y se lanzó como solista y conductor de tevé. No le fue ni le va nada mal. Se lo ve en forma, con un collar de cuentas que compró en Sudáfrica cuando visitó la primera escuela del Soweto, a pocos kilómetros de Johannesburgo, luego del apartheid. “Era un colegio de música; los chicos nos recibieron cantando Shosholozza”, cuenta visiblemente emocionado.

Noticias: Estudió en la Escuela Argentina Modelo. ¿Era buen alumno?

Bahiano: Sí. Pero terminé en el IADES, en Montevideo y Lavalle. Ahí íbamos a parar casi todos los que echaban. Lo que pasó fue que cuando era chico tuve una enfermedad pulmonar aguda. Siempre estaba enfermo, internado, con cuidados intensivos... hasta que me curé con natación. Hacía repartos para la panadería de mis padres, nací y me crié en barrio Norte.

Noticias: Terminó el secundario ¿y luego?

Bahiano: Me anoté para hacer el curso de ingreso y meterme en Arquitectura. Fue justo en la época de la Guerra de Malvinas y aunque soy clase `62 y me salvé de la colimba por número bajo, se corría la voz de que nos iban a llamar a todos. Teníamos una sensación rara porque estaban convocando a varias clases para el combate. Ese despegue del secundario fue complicado. En ese tiempo estaba muy cercano a Gastón y Leo Satragno, los hijos de Pinky y Raúl Lavié, y hacíamos música. Nos juntábamos en su casa, empecé con ellos.

Noticias: ¿Quién le puso el sobrenombre?

Bahiano: Hice muchísimos viajes a Brasil porque me encanta su cultura, la siento próxima, tengo ancestros brasileños. Me quedé muy enganchado con Salvador de Bahía, con el Pelourinho... Les contaba a mis amigos sobre mi fascinación por ese lugar y ellos los que me pusieron el apodo. Lo acepté, me gustó. Se institucionalizó cuando salió el primer disco de Los Pericos.

Noticias: ¿Siente que trabajar en la tevé pública lo instala como pro-K?

Bahiano: Es algo que pensé. Yo venía trabajando en el canal estatal con documentales de música. Ahora es distinto. Pero la tele pública es de todos. Tiene diversidad y gente apartidaria como yo. No recibí ninguna limitación ni presión. Me tratan bien.

Noticias: Cuida su vida privada pero es un personaje público. ¿Está casado, tiene hijos?

Bahiano: Tengo una hija de 17 años, Candela, que vive con su mamá. De mi actual gestión (risas) que ya lleva 14 años, tengo a Tadeo (11) y Santino (6). La madre, mi mujer, se llama Gabo – ¡y no voy a decir su edad porque ella es atemporal!–. Vivimos pasando Escobar, en Loma Verde. Decidí irme para que mis hijos crecieran en otro paisaje.

Noticias: ¿Desde hace cuánto está pelado?

Bahiano: Me afeité en 1993, en Kigston, Jamaica, después de haber participado en el Festival Sunsplash, uno de los festivales de reggae más famosos del mundo. Lo hice porque sentí que no tenía que andar cumpliendo con el estereotipo de los dreadlocks. Había que cuidar demasiado ese peinado...

Noticias: ¿De dónde proviene su físico de deportista?

Bahiano: Practiqué Triatlon mucho tiempo. Jugué rugby en San Carlos y después en Deportiva Francesa. Este año volví a entrenar.

Noticias: ¿Cómo fue el Bahiano adolescente?

Bahiano: Mi adolescencia fue en dictadura; la pasé en los bares y en algún calabozo por averiguación de antecedentes. Con la democracia lo voté a Alfonsín. Hoy, los chicos con opinión, se plantan y la sostienen. En mi época no tenía esa posibilidad, sentíamos miedo. A los 18 tenía un escudito de Marx, pero velado; experimenté con la militancia comunista. Que la política, después, me haya defraudado, es otra cosa.

Disponível em: <http://noticias.perfil.com/2014-03-21-45653-bahiano-la-teve-publica-tiene-apartidarios-como-yo/>. Acesso em 04 de dez. de 2014.

¿Cuáles son las normas de la FIFA para Brasil 2014?

DATA: 2014.04.11

Un conjunto de reglamentos establece los detalles para procurar un torneo impecable. Goles y tecnología.

POR [HELENA BORGES](#)



En la cuestión sustentable, las ciudades sede deben presentar los registros de calidad del aire de los cinco años anteriores a la Copa.

La expresión entró al vocabulario nacional durante las manifestaciones de protestas realizadas en junio y julio, cuando se exigía de todo: educación, salud, transportes, todo dentro de la norma de la FIFA. Entonces, ¿qué es esta medida que se convirtió en sinónimo de alta calidad? [La respuesta se puede leer en el sitio web de la Federación Internacional de Fútbol, pero requiere de mucha paciencia.](#) Allí están enumerados los 52 reglamentos para la competencia perfecta, un conjunto de normas que comenzó en la década del '90, que pasa por constantes actualizaciones y consideradas uno de los pilares del altísimo nivel de profesionalismo (y ganancias) de los campeonatos que las siguen al pie de la letra, como el europeo.

Evidentemente, los criterios que son considerados como ideales a veces chocan con las realidades locales, como la reciente caída de una viga en la construcción del Itaquerão, en San Pablo, dejando dos muertos, el tipo de fatalidad que abre los ojos de los técnicos de la FIFA a la posible necesidad de adoptar reglas nuevas y más rigurosas. En cada Copa del Mundo, un grupo de profesionales altamente capacitado cuida de cada detalle: desde personas encargadas de relacionarse con los legisladores del país sede hasta personas responsables de fiscalizar el ángulo de inclinación de las tribunas en los estadios (34 grados exactos, para que todos puedan ver).



Seguridad. Los controles que exige la FIFA no alcanzan a prevenir accidentes como el del estadio de Itaquerao.

La existencia de la norma de la FIFA es consecuencia directa del comienzo de las transmisiones vía satélite, que transformaron al fútbol en un espectáculo global, mucho más rentable, pero también más expuesto a las críticas. Allí comenzaron las exigencias en términos de organización y desempeño en el campo de juego, alcanzando a los estadios y, luego, a su entorno. La mayoría de los reglamentos aborda el tema de los estadios. En Brasil, arquitectos e ingenieros elaboran informes mensuales sobre las obras, que, incluso, siguieron en tiempo real a través de cámaras. **El césped es un elemento primordial**. “Primero, porque es el escenario del partido. Y también porque los ojos del hincha estarán fijos en él durante los 90 minutos que dura el partido”, explica la ingeniera agrónoma Maristela Kuhn, de 45 años, de los cuales pasó 22 años de ellos estudiando campos deportivos.

Maristela fue contratada hace tres años para **garantizar el cumplimiento de la norma de la FIFA en el campo de los doce estadios de la Copa**. El equipo de Maristela encomendó a laboratorios europeos una evaluación de luz y sombra en cada punto de los futuros campos de juego, y de esos informes surgieron las decisiones sobre las especies de plantas más adecuadas al clima de cada región y los tipos de arena, ya que el césped se cultiva sobre arena y roca (incluso se especifican las dimensiones del grano). En los estadios con puntos de sombra, la FIFA recomienda el uso de un equipo importado (precio: 120.000 reales) con luces fortísimas para estimular la fotosíntesis artificialmente.

Para la construcción o reforma de los doce estadios de la Copa de 2014, Arena, la empresa encargada de fiscalizar las obras, contrató 33 personas que viajan constantemente hace tres años por todo Brasil. “Desde 2010, mi cama es el asiento 14B de algún avión”, bromea el director Carlos De La Corte.

Él y otros empleados de la empresa comenzaron su capacitación en la Copa de Sudáfrica, en 2010. “Participamos activamente, como observadores, y la experiencia fue fundamental para nuestro trabajo actual”, dice De La Corte. También el CEO del Comité Organizador Local (COL), Ricardo Trade, comenzó en su cargo en la Copa de Brasil en una oficina sudafricana, en Pretoria. “Pude seguir de cerca

los desafíos de aquel país en el sector de infraestructura, en cierta forma muy parecidos con los nuestros”, afirma.

Tecno. Las reglas son perfeccionadas entre Copa y Copa. “Aquí, en Brasil, la FIFA nos dio la experiencia de competencias anteriores y nosotros intentamos agregarles una visión brasilera”, explica Trade.

La mayoría de los cambios conllevan algún avance tecnológico, como el caso del monitoreo de la línea del gol con cámaras ubicadas en varios puntos, que será usada por primera vez en 2014. Detalle: la línea debe tener 12cm exactos de ancho; 1cm de más o de menos podría perjudicar la lectura. Un software registra las imágenes que confirman si la pelota cruzó la línea o no. Si la cruza, el árbitro será avisado por vibración y señal visual en su reloj. El método es la respuesta a un error increíble, repetido varias veces en videos: un gol legítimo no cobrado del inglés Frank Lampard en el partido contra Alemania en la Copa de 2010. En otro punto neurálgico, las lecciones aprendidas en Sudáfrica sirvieron para moderar el apetito tecnológico de la norma de la FIFA: en lugar de mejorar la pelota ultraveloz “Jabulani”, desaprobada por casi todos los jugadores, Adidas desarrolló la Brazuca, con gajos más grandes y más porosidad para aumentar el roce y la estabilidad.

Lo más difícil en la implementación de los criterios de la FIFA es encontrar personas especializadas para cambiar el trabajo. “Nuestro mayor desafío es formar profesionales a la altura del modelo exigido, por encima de lo que se acostumbra practicar acá”, dice Maristela, la maestra en césped. Para amenizar esa deficiencia, la federación duplicó el cuidado con la capacitación de los **15.000 voluntarios**, ya seleccionados y en pleno entrenamiento en las áreas a las que fueron designados. “Aprovechamos la experiencia de Copas anteriores. Quien ya lidió con voluntarios siempre refuerza la importancia de mantenerlos motivados y de exigir un buen dominio del idioma inglés”, dice el actual gerente, Rodrigo Hermida, que ocupó el mismo cargo en los Juegos Panamericanos en Río de Janeiro, en 2007.

Él señala dos particularidades en la capacitación en Brasil. Una es reforzar el respeto al uniforme: “**No se puede personalizar**”, explica. Otra es la medida de las demostraciones de afecto. “**Las entidades europeas tienen que enfatizar el caluroso recibimiento del público. Aquí sucede lo contrario: tenemos que contener la manía de abrazar a todos**”, dice Hermida.

Las exigencias de la FIFA también incluyen los alrededores de los **estadios**. Cada uno de ellos tendría cerca una **estación de subte, paradas de colectivos, unhelipuerto** y una amplia cobertura de **cámaras de seguridad**. Por ejemplo, en la cuestión sustentable, las ciudades sede deben presentar los registros de calidad del aire de los cinco años anteriores a la Copa, ya que algunas jamás lo registraron. También hay objetivos para los aeropuertos y hoteles. En la práctica, algunos de estos puntos, que requieren inversiones y decisiones políticas, terminan en el olvido. Incluso así, el control es constante: cada seis semanas, el COL se reúne con representantes de las ciudades sede para analizar los preparativos. Con todo eso, la FIFA espera que, una vez cumplida por lo menos la mayor parte de sus normas, los brasileños puedan olvidar la otra expresión que oscurece el éxito en 2014: “**Imaginate si en la Copa...**”

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Ponzinibbio, el gran luchador argentino

DATA: 2014.04.11

Logró a través de un reality-show en Brasil entrar en la liga UFC. Un pibe del conurbano platense que se come el mundo.

POR [DIEGO GUALDA](#)



VALOR LOCAL. A fuerza de entrenamiento y nobleza en la lucha, se ganó el favor del complejo público brasileiro.

Las luchas de artes marciales combinadas (o artes marciales mixtas, MMA, por su sigla en inglés) son un fenómeno que insiste en afianzarse en el paladar del televidente argentino adepto a los deportes de acción. No sin esfuerzo, los distintos organizadores de campeonatos han logrado lentamente despegarse de la imagen original del “vale todo” para mostrar al **MMA como una actividad seria**, reglamentada y de una variedad técnica que –en sus mejores exponentes– resulta atractiva para los que gustan de sentarse delante del televisor a disfrutar de una buena pelea.

[Ultimate Fighting Championship](#) (UFC, **la liga de mayor crecimiento**), que tiene una presencia histórica fuerte en la televisión por cable y en las redes sociales, logró en septiembre de este año su primer espacio en la televisión abierta local, con un ciclo que va por América TV los sábados a las 23.

Y, como en casi todo, siempre hay un argentino metido en el medio. Entre los casi cuatrocientos luchadores de UFC, **el peso welter Santiago Ponzinibbio** (27) llegó a las grandes peleas internacionales tras un camino inusual, casi una aventura: irse a probar suerte a Brasil –venía de una crianza humilde en el conurbano platense–, vivir en una carpa al borde de la indigencia, vender comida en la playa para sobrevivir y terminar participando de un reality show para luchadores cuyo premio era, justamente, un contrato para la liga profesional. **Digno de una película conmovedora.**

Su debut tuvo a la vez el sabor amargo de la primera derrota, pero también una suerte de victoria inesperada: la transmisión en vivo de la pelea hizo 5 puntos de rating, un fenómeno tan inusual para la televisión de este tipo de combates como para la señal y la franja horaria.

Noticias: ¿Cómo llegaste a UFC?

Santiago Ponzinibbio: Yo ya practicaba artes marciales mixtas en La Plata, donde vivía antes de venirme a Brasil. Mis primeras peleas fueron allá, pero todo cambió cuando unos amigos me enseñaron algunas posiciones de Jujitsu y me encantó. El tema era que Argentina estaba lejos de ser un lugar en el que las artes marciales mixtas fueran un deporte popular. Ahora está creciendo cada vez más, pero hace seis años, cuando empecé, no era tan así. Luego, un amigo me ofreció compartir unas vacaciones en Florianópolis y me fui sin pensarlo mucho, con la plata justa. Sabía que iba a aprovechar para entrenar y perfeccionarme porque en Brasil las artes marciales mixtas son un deporte muy practicado. Pero los días fueron pasando, las vacaciones se fueron extendiendo y me terminé quedando. Mi primer contacto fue un entrenador brasileño, con el que nos pusimos de acuerdo y cada uno enseñó lo que sabía: él clases de sumisiones y yo kickboxing.

Noticias: ¿Pero de qué vivías?

Ponzinibbio: El problema fue cuando se me terminaron los ahorros que había llevado, me las tuve que empezar a rebuscar. Viví cuatro meses en carpa y trabajé de lo que podía: vendía sándwiches de milanesa de pollo y hacía masajes en la playa, fui artesano, barman, vendía cervezas durante el carnaval, un poco de todo. Mientras tanto daba clases, y de a poco pude empezar a pelear. Hasta que me enteré de que se iba a realizar un reality show con peleadores de mi peso y que el premio del programa era la firma de un contrato con UFC. Viajé y me presenté en el casting. Para ese momento ya me había radicado en Brasil, demostrando que hacía tiempo que estaba ahí y estaba trabajando. Pero seguía siendo argentino, y los productores no querían anotarme para hacer el casting.

Noticias: ¿Te discriminaron?

Ponzinibbio: Les expliqué que yo amaba Brasil, que estaba de novio con una chica brasileña, que estaba trabajando y que llevaba viviendo cuatro años en Florianópolis. Se hicieron rogar, fui el último en hacer el casting, el participante número 500. Fui pasando por distintas etapas hasta que demostré que reunía las condiciones para entrar en la casa. Y una vez que entré empezó todo, conviví con muchos brasileños, entrené con ellos y peleé contra ellos. Entré en la casa diciendo “soy argentino, pero soy argentino Gente Boa” (buena gente), así que me quedó el apodo y hoy en día en Brasil, por la calle, me dicen “argentino gente boa”. Llegué hasta la semifinal, gané, pero en esa pelea me quebré el radio en 10 lugares y no llegué a recuperarme para la final y tuve que abandonar el certamen. De hecho, el que terminó ganando el reality fue al que yo le gané en la semifinal. Pero UFC confió en mí y firmé contrato, ya que fui el ganador moral y legítimo porque nunca había perdido ni una pelea.



Noticias: ¿Cómo fue, a nivel personal, la experiencia del reality show en Brasil?

Ponzinibbio: Es una experiencia muy positiva para cualquier atleta con aspiraciones de entrar en la UFC, y por eso también representa un gran desafío. Es algo nuevo y distinto porque estás encerrado, no tenés contacto con tus amigos ni con tus familiares, al principio no hablás con nadie y estás aislado. Yo al tener a mi familia lejos y hablar poco con ellos antes de entrar a la casa, era un poco más fácil que para el resto creo, pero seguía siendo complicado. El encierro te cansa mucho, tenés que pelear con compañeros con los que convivís, te ves todos los días, y con el pasar del tiempo vas generando una amistad. Es difícil porque entrenábamos juntos y al fin y al cabo peleas con tus compañeros de equipo, ellos conocen tanto tu enfrenamiento, como tus fortalezas y debilidades, y eso quieras o no le da una cierta intimidad a la pelea.

Noticias: ¿Y cómo es ahora, la vida de luchador profesional?

Ponzinibbio: Pertenecer a la liga es un gran honor y creo que es un resultado directo de mi esfuerzo, de mis entrenamientos y mi fuerza de voluntad. Ahora comienza todo en realidad. Cumplí una primera etapa al lograr entrar, pero ahora es mi momento de demostrar qué tipo de luchador soy. Sé que los resultados van a definir mi camino, pero por el momento voy a ir pelea a pelea.

Noticias: ¿Te ves con el título de campeón?

Ponzinibbio: Ser campeón en mi categoría es algo que quiero conseguir, claro. Pero es un objetivo a largo plazo, por el momento prefiero concentrarme en el presente.

Noticias: ¿Qué esperás para tu futuro? ¿Cómo te ves dentro de diez años?

Ponzinibbio: Por el momento prefiero concentrarme en el presente, me costó mucho llegar hasta acá, tuve que dejar muchas cosas de lado, y quiero disfrutar esta etapa que me toca vivir, con cada una de las cosas que trae consigo el haber entrado en la liga, sin pensar mucho en el futuro ni adelantarme. De todos modos, en futuro más distante, me veo quizás entrenando chicos, enseñándoles todo lo bueno que tienen las artes marciales mixtas, o tal vez me encuentre comentando peleas en la televisión, la verdad es que no lo pensé mucho. Pero seguramente mi futuro siga ligado a las artes marciales porque hay muchas cosas para hacer y creo que en la Argentina todavía le queda mucho camino por recorrer ¡Y quiero ser parte de eso! Pero el futuro va a venir solo, hoy me dedico a pensar como un atleta.

Disponível em: <http://noticias.perfil.com/2014-04-11-46875-ponzinibbio-el-gran-luchador-argentino-2/>. Acesso em 04 de dez. de 2014.

Desencanto brazuca: “¡Que Brasil no gane!”

DATA: 2014.06.09

Desde el país vecino, una periodista argentina cuenta, en directo, los sentimientos encontrados ante la perspectiva de quedarse con la copa.

POR [ROXANA TABAKMAN](#)



GOL POLÍTICO. El gobierno de Dilma Rousseff alberga la esperanza de que una victoria en la Copa del Mundo mejore los ánimos populares y apunte la imagen de su gestión.

“¡Dios me libre de que Brasil gane!”, me dijo, caipiriña en mano, mi amiga Marcia. “Con dolor en el alma, yo hincho en contra de Brasil”, confesó Luciano, el profesor de gimnasia. “Cruzo los dedos por ustedes, los argentinos. Porque si Brasil gana, hay que irse del país”, dictaminó tajante una vecina en un dialogo inaudito en el ascensor. ¿Que les pasa a los brasileños?

El corazón partido a la hora de elegir camiseta es propio de inmigrantes y sus hijos. En las maternidades brasileñas se bromea que las parejas extranjeras son las únicas en las que los dos sufren por igual. Las madres por las contracciones y el padre porque algún gracioso siempre le regala al recién nacido una camiseta de Brasil. Pero parece que este gobierno consiguió lo que nadie: que muchos brasileños enfrenten a su propia alma y digan: ¡Ojala que Brasil no gane!.



No son todos, ni siquiera la mayoría, pero son muchos. De los lectores del periodista Ricardo Setti, bloguero de la revista *Veja* que entre marzo y abril de este año impulsó una encuesta sobre el apoyo a la selección brasileña, la mayoría dijo que iría a vestir la camiseta del contrario. De los 11.000 votos, apenas un 22% declaraban que iban a hinchar por Brasil. El 32% no apoyaría su país, el 13,5 % no estaría ni a favor ni en contra y el 34% dijo directamente que iba a hinchar en contra. Curiosamente, en una encuesta posterior sobre a quién le darían su apoyo, Argentina, terminó en el segundo lugar en las preferencias –con 937 votos–, después de Alemania.

En las redes. Los brasileños que dos semanas antes de la primera patada a la Brazuca dicen que van a hinchar en contra de Brasil comparten terapéuticamente su dolor en Facebook (donde está la página *Torcer contra o Brasil na copa*), conversando en los blogs, y lanzando sus consignas revolucionarias en ciento cuarenta caracteres. El sentimiento hasta tiene un himno, creado por uno de los jóvenes talentos de la música popular, Edu Krieger. Lo tituló “Desculpe Neymar” y con voz pausada explica por qué no va a apoyar a la selección nacional.

El clima que se vive es mucho más que apenas de falta de entusiasmo. ¿Por qué las calles todavía no están pintadas? ¿Por qué faltan las banderas? El tema aparece en las radios, en las conversaciones, en los blogs personales. “Hinchar en contra de nuestra selección es la mayor prueba de civismo que un brasileño puede mostrar en un país donde el amor a la nación solo ocurre cada cuatro años”, se lee en uno de ellos.

Los personajes públicos que temen que la euforia de la conquista opaque los graves problemas que enfrenta el país y abone el terreno a la reelección de políticos inescrupulosos son diversos. Desde el Pastor Renato Vargens, que publicó en su blog “Seis motivos por los que voy a hinchar para que Brasil pierda el Mundial”, hasta Fernando Gabeira, –un periodista brillante que abandonó asqueado la militancia política– que escribió esperanzado: “No importa cuántos goles nos haga el atacante, la gloria del fútbol no oscurece más nuestras miserias políticas y sociales”.

Este movimiento sin líder a favor del país, y en contra de Brasil en la cancha, abarca sobre todo a los que creen que alzar la Copa sería un regalo inmerecido para el partido gobernante. Los empresarios coinciden: si el mundo estuviera regido apenas por la lógica, quien no vota por Dilma debería hinchar en contra de la selección porque la derrota aumenta las chances de un nuevo presidente. “Si Brasil pierde, puede haber un impacto positivo en las acciones”, vaticinan. Pero ellos mismos saben que para contrariar el propio corazón debe buscarse un objetivo mayor que la derrota del Partido de los Trabajadores.



ESTADIOS. La fortuna invertida por el gobierno en estadios e infraestructura, entre lo más cuestionado por la gente.

Todo por dinero. Ante el Mundial de Fútbol más caro de la historia, los brasileños sienten que solo se acuerdan de ellos a la hora de pagar la fiesta. Y tienen expectativas de aprovechar la indignación de un fracaso en el estadio para cambiar el paisaje habitual de corrupción, violencia, impunidad, promesas no cumplidas y servicios públicos de pésima calidad o insuficientes. Como escribió el escritor angolano Valter Hugo Mae sobre San Pablo: “Todas las personas renacen al bajar de un transporte público. La oportunidad de volver a ser feliz está en la base de cada instante”. Sospecho que esta foto de rebeldía futbolística sea como aquellas imágenes que se transmiten por los celulares y que duran apenas unos segundos. En esta recta final, el cuadro se va a ir repintando, y por varios motivos.

Para los “contras” no es fácil mantenerse en esta posición. Muchos irán abandonándola a medida que transcurran los días por la dificultad de resistirse a la unanimidad, por la imposibilidad de enfrentar con ideas racionales el corazón palpitante, o por influencia de los millones que se gastan en publicidad para alentar el amor al equipo local. En la última semana, el gobierno comenzó a llenar los espacios con distintos spots en los que muestra al pueblo alegre por albergar la “Copa das copas”. Muchos tonos de piel, igualados por los colores patrióticos y la sonrisa amplia. Eugenio Bucci, un prestigioso periodista y profesor universitario, ironiza: “Convengamos que es extraño. Antes el gobierno quería hacer el mundial en Brasil porque eso traería felicidad general a la nación. Ahora necesita gastar dinero público para estimular a la Nación a ser feliz. A veces, dependiendo del clima político, hasta la alegría es autoritaria”.

Los medios también optaron por una manera peculiar de “hacer patria” mostrando más entusiasmo. Como advierte sabiamente Luciano Martins en el Observatorio da Imprensa, “ciertamente, uno de los efectos del gran evento está en la producción de cierta amnesia que borra de la memoria tantos escándalos... Pero es tempo de fútbol y, como se sabe, cuando la pelota empieza a rodar, el periodismo se pasa a la tribuna, y la mitológica objetividad se va a las duchas”.

Siempre son unos pocos los que con periodicidad marcada por la FIFA intentan sin éxito arruinar la fiesta recordando que los mundiales son instrumentos de manipulación ideológica. Pero esta vez los que rechazan la política del pan y circo parecen ser más. Probablemente, esto sea así apenas por un tiempo y serán pocos los que mantengan sus ideas firmes hasta el último partido. O, como me dijo un brasileño que, como la mayoría, ya tiene lavado y planchado su calzoncillo de la suerte: “Al final, el Mundial va a terminar, el PT se va a ir, pero el título se va a quedar”.

La autora es periodista argentina, residente en Brasil.

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Guía para hinchas express: Río de Janeiro en dos días

DATA: 2014.06.12

Lo mejor, más divertido y menos conocido de la ciudad para un itinerario rápido.

POR [ANA SCHLIMOVICH](#)



MAR Y PLACERES. Ana Schlimovich, cronista de viajes y autora del blog Me Río de Janerio relata detalles de la ciudad.

Miradores naturales, ferias nordestinas, bares con música en vivo, comidas regionales en Santa Teresa y atardeceres en la Lagoa. Río tiene muchos rincones para descubrir, aunque sea en el breve tiempo libre que deje una escapada mundialista.

En dos días se puede hacer de todo, basta organizarse y tener información sobre lugares menos populares para evitar las filas infinitas que seguro tendrán el Pan de Azúcar y el Cristo Redentor. Quienes gusten de miradores podrán tener una vista espectacular y gratuita, con un único requisito: hacer un trekking de 40 minutos hasta la cima del Morro Dois Irmãos, desde donde se ve toda la Floresta da Tijuca, las playas de Barra, Leblon, Ipanema y hasta Niterói –la ciudad vecina, donde está el MAC, Museo diseñado por Oscar Niemeyer–.

En el post “Vista gratis” del Blog Me Río de Janeiro, cuento el paso a paso de esta caminata. Desde el barrio de Santa Teresa, uno de los más señoriales y antiguos de la ciudad, al lado de Lapa –el barrio nocturno de Río– también se tienen unas vistas increíbles de la Bahía de Guanabara.

Allí se puede aprovechar para conocer el Parque das Ruínas, el Museo Chácara do Céu y comer un caldinho de feijão en el mítico Bar do Mineiro. De jueves a domingo, entre las 17 y las 22, pregunte por el Acarajé da Nega Teresa, el puestito callejero está sobre la Rua Almirante Alexandrino 1458 – frente al correo– y tendrá una buena oportunidad de probar comida bahiana en Río. Para bajar de Santa se pueden utilizar las escaleras azulejadas del artista chileno Selarón, que descienden hasta Lapa, donde hay un bar al lado del otro, la mayoría con música en vivo a partir de las 20.

Un clásico que nunca falla es Rio Scenarium, con buena música y antigüedades locales expuestas en todos los salones. Para probar una buena cachaça, la bebida nacional, el Bar Mangue Seco las tiene todas, en la Rua do Lavradio 23.

En invierno el sol se va rápido, así que lo mejor es ir a la playa temprano. En Copacabana hay sol hasta las 14, el rincón de Leme, en el extremo izquierdo, es el más tranquilo y familiar. Por la tarde conviene ir a las playas de Arpoador, Ipanema y Leblon, y para ver el atardecer hay un ritual tradicional: acomodarse sobre la piedra de Arpoador, observar la fabulosa postal de Río, con el Morro Dois Irmãos de fondo, y aplaudir. Suena cursi, pero cuando se está allí uno aplaude con ganas porque el espectáculo es formidable. Otro lugar para conocer a la hora en que se esconde el sol es la Lagoa Rodrigo de Freitas, hay un bar llamado Palaphita Kitch, con sillones especiales para disfrutar del paisaje con un buen trago y música chill out. Ojo que es caro. Un paseo bien diferente –y carioca– consiste en tomar el Metrô hasta la estación Catete y visitar el Palacio que fue la Casa de Gobierno hasta que la capital del país fue transferida a Brasilia, en 1960. Ahora es el Museo de la República, los miércoles tiene entrada gratis y detrás hay unos jardines majestuosos que llegan hasta el Aterro do Flamengo, otro gran parque, diseñado por el paisajista Roberto Burle Marx.

Lo mejor es recorrerlo en bicicleta –los fines de semana se alquilan allí mismo–, conocer el Museo de Arte Moderno, tomar un agua de coco en la playa de Flamengo, con vistas al Pan de Azúcar y luego caminar por la Rua Paissandú, cercada de palmeras imperiales, hasta la Plaza São Salvador, donde siempre hay música y gente tomando cerveza gelada. La placita está rodeada de bares y restaurantes, y los domingos de mañana hay una feria y sesiones de samba y chorinho.

Para seguir en el clima mundialista del fútbol y conocer una favela al mismo tiempo, se puede subir gratis en teleférico hasta la cima de la Favela Santa Marta, al lado del barrio Botafogo, donde hay una escuelita de fútbol de la comunidad y unas vistas únicas de la ciudad. En la entrada de la favela hay un puesto de informaciones turísticas con guías locales que pueden enriquecer bastante la visita.

La Feira de São Cristovão es como ir al nordeste de Brasil sin salir de Río. Abre los fines de semana y allí se va a bailar forró, tomar todo tipo de tragos por muy pocos reales y conocer una faceta muy divertida de la sociedad brasileña. En el blog Me Río de Janeiro hay un video que muestra lo que se vive dentro de este recinto que por fuera parece un estadio de fútbol.

Y para quien no quiera nada de esto, y simplemente tenga ganas de descansar al sol, recomiendo alquilar un auto y salir temprano hacia las playas de Joatinga, Prainha y Grumarí; la primera en Alto da Boa Vista, y las otras dos pasando Barra da Tijuca.

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El Homo Fútbolis

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Desde Brasil, el columnista exclusivo de NOTICIAS analiza en qué nos convierten los mundiales. Patriotismo, estupidez y pasión. El poder de la irracionalidad.

POR [EDGARDO MARTOLIO \(*\)](#)



HOMO FÚTBOLIS. En qué nos convierte el mundial. Foto: Juan Ferrari. Fotomontaje: Claudio Pignataro.

Cada cuatro años nos creemos un poco más patriotas que de costumbre. Es que llegan los mundiales. Juega Argentina. Y, como no tenemos nada de nada, combatimos la mentira de la inflación con las verdades de Sabella, Bielsa o Basile, según sea el año, siempre múltiplo par. Como en el cotidiano hay que dividirse para escuchar las contradicciones de Víctor Hugo o Lanata, es mejor oír el himno nacional previo a cada partido porque, al menos, lo escribieron y compusieron señores que, por poco conocidos, veneramos. En vez de repasar la lista de países con los que ya no cerramos negocios, vemos cuáles naciones nos toca enfrentar en el grupo de la Primera Fase. Hasta aprendemos un poco de geografía. Todo sea por la patria que nada nos da y a la que tanto le debemos.

Es un ciclo cuatrienal, como los años bisiestos, pero aquí no se cambia el calendario, aquí se modifica el humor nacional y general. Conseguimos olvidar por un momento la involución moral de Boudou o Hebe de Bonafini para seguir la evolución muscular de Gago, ver si califica o no en la lista de 23 que se transforma en algo así como los Diez Mandamientos: tanto que merece un acto público y político, de lamentable marketing partidista. Cambiamos figuritas en el álbum patrio: despegamos las repetidísimas

de Capitanich y Moyano para colocar en sus lugares al yerno de Maradona, al Kun Agüero, y al eterno Mascherano; sobre la ya arrugada ‘figu’ de José Pedraza pegamos la de Ángel Di María y cambiamos dos por una (Lilita y De la Sota por el tatuado Lavezzi que empieza a resultarnos divertido).

El pronóstico de un patriota en época de Copa es arrancar goleando 4 a 0 a Bosnia y Herzegovina, clasificar invictos para Octavos y derrotar a Brasil en la Final por dos o tres a cero. Solo eso nos purifica de un día a día tan cargado de malas noticias y de aumentos que hace de la vida de Rial un entretenido reality-show y convierte a Tinelli en enviado azulgrana del Papa Francisco. Humanamente es terrible ese auto-lavaje cerebral que nos hacemos, pero argentinamente hablando es formidable, porque si no se es un poco estúpido es imposible ser feliz en esta tierra generosa, “país de buena gente y de fútbol para todos”. Por un mes hay que mudar el chip y olvidarse del cambio blue para discutir los cambios de Sabella: ¿Federico Fernández por Demichelis? ¿Basanta por Campagnaro?...

El planeta entero palpita las Copas de la FIFA como ningún otro espectáculo; ni siquiera los fantásticos y más democráticos Juegos Olímpicos consiguen desplazar a los Mundiales de su alta popularidad. Usain Bolt no supera la fama de Messi ni Michael Phelps eclipsa la de Cristiano Ronaldo. El fútbol tiene algo especial que lo corona en cualquier reino. Todas las naciones, especialmente las treinta y dos clasificadas, viven la Copa entre copas que apagan sinsabores o festejan victorias. Sí. Pero algunos más extremamente que otros. Y la Argentina, dígame sin eufemismos, los vive más locamente que nadie. Casi insanamente. O sí, enfermizamente, asumámoslo.

“¡Vamos Argentina todavía! ¡Vamos que el Papa es nuestro y Messi también: chupate esa Brasil!... ¡Somos los campeones! ¿Cómo me dijiste que se llama nuestro número tres? ¿Neandertal?”

¡Argentinos hasta la muerte!

() El autor es director de Perfil Brasil y columnista durante el mundial para NOTICIAS. Acaba de presentar su nuevo libro, “Glorias robadas” (Ed. Figurati), en el que investiga la vinculación entre la política y la dictaduras en los distintos mundiales. También publicó “Archivo (sin) Final”, publicado en mayo por Ediciones del Empedrado, con historias y anécdotas de los mundiales desde 1930 a la actualidad.*

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El mundial Brasi 2014, en otra dimensión

DATA: 2014.06.13

Un análisis de la situación política del país frente al comienzo del mundial de fútbol.



EFECTO MESSI. El Gobierno confía en que el Mundial tapará los problemas.

Por [James Neilson](#)

Lo mismo que los vendedores de televisores led h́ipersofisticados, camisetas y gorritos patrióticos u otros productos que, con la ayuda de un poco de imaginación, podrían tener algo que ver con el fútbol, Cristina y sus soldados han aguardado con impaciencia indisimulada el inicio del Mundial.

Esperan que el torneo les dé por lo menos un mes libre de los molestos problemas cotidianos que tantos dolores de cabeza les están provocando, que por un rato la gente piense más en las hazañas de Lionel Messi y compañía que en asuntos como el drama rocambolesco protagonizado por Amado Boudou, el hombre que, dicen los decididos a lincharlo, cumplió el sueño del pibe al arreglárselas para apropiarse de la maquinita de imprimir dinero, y que las amas de casa se preocupen más por las deficiencias defensivas de la selección nacional que por los precios que encuentran en los supermercados.

Puesto que todos los gobiernos del planeta tratan de aprovechar los triunfos deportivos de sus compatriotas, sería mezquino criticar a Cristina por intentar compartir una eventual victoria argentina en Brasil, lo que haría atribuyéndola a las bondades de su “modelo”, pero parecería que lo que los kirchneristas tienen en mente es usar el mes de vacaciones virtuales que la FIFA le ha otorgado para aplicar algunas medidas económicas antipáticas y, con suerte, tapar algunos de los muchos escándalos que están brotando por doquier. No le será fácil.

Por intenso que sea el fervor futbolero alentado por el gobierno, una multitud de comerciantes de todo tipo y, desde luego, por la pasión que tantos sienten por lo que para ellos es el juego más hermoso, es poco probable que la mayoría se permita olvidar por completo lo que está sucediendo en lo que, bien que mal, es el mundo real.

A muchos les gusta trasladarse esporádicamente a otra dimensión en que hasta las lágrimas motivadas por la derrota del club de sus amores resultan placenteras, pero con pocas excepciones saben que solo se trata de una forma de escapismo, que una vez celebrado un triunfo épico o lamentado, como es debido, un revés claramente injusto, regresarán al país de antes en que, por desgracia, los desafíos son un tanto mayores que los enfrentados por Messi, el Kun Agüero y otros héroes del campo de juego.

Mal que les pese a quienes fantasean con un efecto Mundial duradero, la euforia ocasionada por un gran triunfo deportivo suele agotarse muy pronto e incluso podría ser contraproducente. ¿Por qué –se

preguntarán los quejosos de siempre— no puede funcionar el país en su conjunto con la eficacia de sus futbolistas?

Los comerciantes aparte, los más resueltos a sacar provecho de los Mundiales, los Juegos Olímpicos y otros acontecimientos que atraparán a miles de millones de televidentes diseminados por el planeta son los políticos, sobre todo los brasileños. Estos creían que organizar un espectáculo masivo, y sumamente costoso, serviría para cubrir de prestigio a su país y por lo tanto a ellos mismos.

A veces aciertan quienes piensan así. Parecería que los Juegos Olímpicos de hace dos años en Londres sí produjeron los beneficios esperados. Pero por lo común los resultados son magros; después de gastar muchísima plata mejorando estadios, aeropuertos, ramas ferroviarias y así por el estilo, los gobiernos responsables se encuentran con deudas abultadas y una manada de elefantes blancos, obras faraónicas que no sirven para nada.

A esta altura, lo entenderá muy bien la presidenta brasileña Dilma Rousseff, la gran anfitriona del Mundial y, espera, de los aún más costosos Juegos Olímpicos previstos para 2016 en Río de Janeiro, una ciudad a un tiempo fascinante y plagada de problemas sociales difícilmente superables, razón por la que algunas favelas están bajo ocupación militar permanente para impedir que las dominen las poderosas bandas de narcotraficantes. Cuando Brasil consiguió convencer a los burócratas del deporte profesional de que estaba en condiciones de hacer lo necesario para cumplir con sus exigencias desmedidas, sus líderes políticos lo festejaron.

Suponían que, la televisión y el turismo mediante, el resto del mundo quedaría fascinado no solo por las bellezas naturales de su país sino también por el progreso material y social que había registrado. Eran los días en que economistas y futurólogos de otras latitudes aseguraban que Brasil, ya una potencia regional, estaba por modificar radicalmente el mapa geopolítico, desplazando a los decadentes países europeos y erigiéndose como rival de Estados Unidos. Así las cosas, invertir más de diez mil millones de dólares en un proyecto destinado a reportarle prestigio les pareció razonable.

Para sorpresa de la elite, muchos brasileños discreparían. En su opinión, la extravagante y costosísima versión local de fútbol para todos no tiene sentido. Le encanta el fútbol, eso sí, pero preferirían que el Gobierno se concentrara en asuntos que a su juicio son más importantes: educación, vivienda, salud, el transporte público, servicios sociales. Durante meses, las grandes ciudades brasileñas se han visto convulsionadas por manifestaciones multitudinarias en contra del Mundial.

En vísperas del puntapié inicial, San Pablo era un campo de batalla en que combatían trabajadores del metro en huelga contra policías que les disparaban balas de goma y hasta bombas de estruendo. Dilma reza para que haya una tregua hasta mediados del mes que viene, que los brasileños finalmente se dejen hechizar por la diosa del fútbol para participar anímicamente en lo que dice es “una celebración de la vida”.

Puede que así suceda, pero aun cuando el Mundial no se vea afeado por más protestas violentas, sería poco probable que ayudara a mejorar la imagen internacional de su país. Han sido tantos los traspiés organizativos que, lejos de impresionar a las hordas de visitantes con los logros del gobierno centroderechista de la sucesora de Lula, lo que verán solo confirmará que Brasil sigue siendo un país subdesarrollado, de infraestructura deficiente, con una cantidad enorme de pobres e indigentes.

Muchas obras de transporte que el gobierno “trabalhista” de Dilma juró estarían listas a tiempo no han sido terminadas, algo que, en un país tan grande y tan heterogéneo como Brasil, pondrá en apuros a aquellos turistas que no están acostumbrados a viajar miles de kilómetros entre un partido y otro.

La FIFA, como el Comité Olímpico, insiste en que los países anfitriones ofrezcan a los visitantes servicios básicos parecidos a los disponibles en los lugares más avanzados del mundo ya desarrollado. Es por este motivo que los candidatos más ambiciosos se comprometen a modernizar sus países respectivos de la noche a la mañana, construyendo nuevos estadios o mejorando los ya existentes, además de actualizar los sistemas de transporte, los hoteles y las redes de comunicaciones electrónicas.

Pudo hacerlo China, país en que el régimen suele pasar por alto las protestas de los desalojados, y podría lograrlo Qatar, una monarquía absoluta petrolera en que obreros importados dóciles hacen todo del trabajo, pero Brasil es una democracia cuyos ciudadanos quieren hacer valer sus derechos, de ahí la indignación que tantos sienten frente a la voluntad de un gobierno supuestamente popular de despilfarrar una auténtica fortuna para organizar una competencia que, por emocionante que sea, pronto pertenecerá a la historia.

El deporte ha sido comercializado porque, merced al público que lo sigue, es una fuente de ingresos fabulosos no solo para un puñado de atletas que ganan casi tanto como los especuladores financieros o cantantes populares más exitosos, sino también para los dueños de los clubes, un ejército de burócratas y algunos grupos mediáticos. Y ha sido politizado porque es del interés de quienes dependen de su propia capacidad para impresionar a los demás vincularse con una actividad que, para centenares, tal vez miles, de millones de personas, es mucho más que entretenimiento.

Comprometerse con las vicisitudes de un club o una selección es formar parte de un grupo, o sea, integrarse al equivalente, por lo común inocuo, de una pandilla, tribu o nación, dotándose así de una identidad. Aunque a veces los hinchas reunidos en una barra brava provocan desmanes, la alternativa así supuesta es mucho menos peligrosa que la brindada por movimientos políticos o sectas religiosas que se articulan en torno a los mismos instintos.

En la dimensión deportiva, es lícito adoptar actitudes nacionalistas, para no decir netamente fascistas, que, en la “vida real”, motivarían alarma. Es el único ámbito en que los habitantes de países civilizados pueden desahogarse dando rienda suelta al chauvinismo primitivo que suelen mantener reprimido. Si el deporte ayuda a conservar la paz entre los países más avanzados, como nos aseguran los voceros de las asociaciones internacionales, es porque es un simulacro de guerra.

La reemplaza por enfrentamientos rituales que sirven para desviar corrientes emotivas que, de otro modo, podrían expresarse de manera incomparablemente más violenta, como en efecto ocurría durante siglos en Europa y sigue ocurriendo en aquellas regiones en que los campeonatos deportivos son considerados propios de una cultura radicalmente ajena contra la que es necesario combatir.

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Diccionario de portugués exprés para hinchas

DATA: 2014.06.16

Qué debe saber el argentino que llega a Brasil. Una guía de términos futboleros y cotidianos para vivir el mundial sin sobresaltos.

POR [ROXANA TABAKMAN](#)



Lo primero que debe saberse es que "placar" no es un armario, sino la tabla de resultados. A los brasileños les gusta cambiar todo: llaman "nota" al billete, y "bilhete" a una nota.

Armar un barraco: no es acampar, sino crear confusión.

Borracharia: no venden alcohol, solo ruedas.

Brazuca: nombre de la pelota oficial de la FIFA. Significa brasileño, aunque el sufijo uca es despectivo. En todos los diccionarios y el Vocabulario Oficial de la Academia Brasileira de Letras, esta registrado con s. Pero en Google, aparece siempre con z. O sea, se escribe como lo quiere el pueblo.

Cadastro: deporte nacional que consiste en solicitar, para cualquier cosa, los datos personales.

Corpinho: no es ropa interior (que se dice soutien) sino el diminutivo de cuerpo. Criado mudo: mesa de luz. Nostalgia de épocas esclavistas.

Dar un jeito (fon. Sheito): se la conoce como la ley de intentar todo dos veces. Casi nada se resuelve la primera vez, pero vale la pena intentar con simpatía pidiendo "dar un jeito".

Devagar: significa lento. Puede ser reemplazada o acompañado de "calma meu bem", "relaxa", "fique tranquilo". Apenas se pone el pie en Brasil, y especialmente en el aeropuerto de llegada, hay que acostumbrarse a perder tiempo.

Doutor: expresión de respeto que usan para referirse a cualquier persona de una clase socio-económica superior. La universidad, como símbolo de nobleza.

Embaraçar (pronuncia embarazar): hacer nudos en el cabello. El preservativo no protege.

Escova: palabra útil para las damas (machistas abstenerse). Pedirla en la peluquería si lo que quieren es hacerse brushing.

Feisibuqui (pronunciación): En portugués nada termina en consonante. Ante la duda, agregar una i al final. Watsapi, blacauchi (black out, corte de luz), Internechi.

Fio dental: hilo dental. O bikini que desaparece entre los glúteos.

Fuleco: la mascota del mundial. Es un bicho bolita con caparazón azul y una pelota de fútbol. El nombre “Fuleco” intenta ser políticamente correcto: viene de Fútbol y Ecología. Son pocos los que se preguntan por qué son representados por una especie amenazada de extinción para la que el Estado no tiene acciones de conservación. Casi ningún brasileño sabe que el verbo “fulecar” es perder todo el dinero que se lleva en el juego.

Garoto: los argentinos creen que son apenas bombones de chocolate, pero es una marca con varios productos. Significa chico. No dejarse confundir. “Garoto/a de programa” es un profesional del sexo.

Gata: mujer linda. “Gatinha” se usa para las nenas.

Gente: puede significar gente, yo, o nosotros. Hay que adivinar.

Gringo: define a cualquier extranjero así como “alemao”, a cualquier blanco y rubio, y “portugués” equivale en el humor a nuestro gallego. Los argentinos somos “Los hermanos”.

Gol de placa: un gol muy bueno, como para hacerle una chapa (placa) conmemorativa.

Judiar: hacer daño. Curiosamente hasta los judíos la usan.

Laranja: es la fruta naranja, cuya cáscara en Brasil no es naranja sino verde. O la persona que, con o sin conocimiento, suplanta a otros en negocios fraudulentos, testaferro.

Legal: cualquier cosa buena, aunque sea ilegal.

Negocio: se usa de la misma manera que en Argentina se dice cosa. También se puede usar con el mismo significado que en castellano. Ejemplo habitual: buen negocio: comprar un argentino por lo que vale y venderlo por lo que dice que vale.

Ortobom: la marca de colchones más famosa. Slogan: un tercio de su vida, la pasa sobre él.

Pau: puede ser palo o pene, pero “pau duro” (pronunciación, ya que se escribe pão duro) no es eso. Define una persona tacaña.

Penetra: alguien que entra en una fiesta sin invitación. Colado.

Quilombo: se pueden visitar, pero no es lo que parece. Es el lugar donde vivían los esclavos que se habían escapado de sus dueños, y que ahora habitan sus descendientes.

Ruiva: no es rubia sino pelirroja.

Sistema: como en cualquier lugar del mundo, el culpable de todo lo que anda mal.

Tomara que caia: literalmente, ojala que se caiga. La palabra no define el objeto sino las expectativas del observador. Significa top o vestido sin breteles.

TV de cachorro: spiedo abierto, que se coloca en la calle al frente de algunas casas de comida.

Vaso: florero.

Vassoura: lógico que no es basura! Es escoba.

Disponível em: <http://noticias.perfil.com/2014-06-16-49423-diccionario-de-portugues-expres-para-hinchas/>. Acesso em 04 de dez. de 2014.

Argentinos patoteros en Brasil, como en casa

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La hinchada criolla es de las más numerosas, pero de las menos queridas. Soberbia, intensidad y poca plata.

POR [EDGARDO MARTOLIO \(*\)](#)



HINCHAS PATOTEROS. Si bien no son barra bravas, muchos fans argentinos se descontrolan cuando cruzan la frontera y dejan salir su pasión futbolera.

No hicimos los cinco goles de Holanda, ni los cuatro de Alemania. No derrotamos al campeón del mundo ni al equipo de Cristiano Ronaldo. Tampoco ganamos un clásico como ganó Italia. Pero llenamos el mítico Maracaná, ensuciamos las playas de Río de Janeiro y cantamos “**Y ya lo ve, y ya lo ve, somos locales otra vez**”. Recién subimos el primer escalón pero ya miramos desde arriba. Más argentino que eso solo la bahía de Samborombón. Seguimos sin aprender nada, mientras Japón, que continúa perdiendo en la cancha, nos enseña a convivir en sociedad, aun en el fútbol.

En la Arena Pernambuco, en Recife, cuando terminó el partido entre Costa de Marfil (2×1) Japón, **los japoneses**, en vez de buscar culpables propios o ajenos, **buscaron todos los desperdicios que**

ensuciaban el piso en su sector, no necesariamente los dejados por ellos mismos, sino todos los que había, y limpiaron el área de tal modo que los encargados de esa misión, llamados ‘garis’, no podían entenderlo cuando llegaron allí con escobas y bolsas de basura.

Cada hinchada acompaña a su selección con características propias. Los norteamericanos, que no pretenden ganar la Copa de Brasil son, sin embargo, quienes desembarcaron en mayor número: el doble que nosotros, los argentinos, segundos en este ranking; enseguida chilenos y colombianos comparten el tercer lugar apenas arriba de alemanes e ingleses, los dos europeos más presentes. **No obstante, mayor cantidad no significa necesariamente más “apoyo”.**

Algunas parcialidades llegan solo para mostrarse, son las hinchadas selfies entre las que se anota Francia; otras vienen para enseñar su cultura, como sucede con la de Costa de Marfil; están las que actúan como verdaderas embajadoras de su patria, en general las orientales; en fin, hay un **variado muestrario que representa al planeta y su diversidad humana.**

Así, algunas son más queridas que otras. The New York Times sobre el inicio de la Copa realizó una encuesta internacional, incluyendo las preguntas “a cuál país usted más apoya” y “a cuál país más detesta”. El menos querido es Estados Unidos, pero ya se sabe que es por ‘desméritos’ políticos, por su postura capitalista, invasora, colonizadora, etc., y no por su gente en particular. La segunda nación menos amada es la Argentina y no por los motivos apuntados contra los americanos. El mundo no nos quiere por cómo somos, **aunque nosotros creamos que el sol sale todos los días para iluminar nuestra grandeza.**

Los que más quieren vernos perder, según esa encuesta realizada con casi 20.000 ciudadanos de 19 países, son brasileños, chilenos y colombianos, es decir quienes mejor nos conocen, nuestros vecinos... Los argentinos que votaron, por su parte, lo hicieron contra los ingleses en primer lugar y brasileños después. Se entiende: **las Malvinas y el pentacampeonato duelen de modo parecido en nuestra curiosa idiosincrasia.**

En el álbum de figuritas de esta Copa 2014, hay de todo. Los argentinos jugamos solo en primera ronda y ya somos la figurita difícil, no por carencia, sino por comportamiento. La hinchada de Corea del Sur, en cambio, es una figurita fácil aunque se encuentren muchísimos menos coreanos que argentinos en las calles; son fáciles porque no causan problemas, siguen las indicaciones, jamás se enojan, se respetan entre ellos y mucho más a los foráneos, piden permiso, hacen las colas, pagan todo lo que tiene precio, llegan en hora, no empujan, no arrojan desperdicios, no insultan, se sientan en su correspondiente lugar, se ponen de pie apenas cuando todos lo hacen, van al toilette a la hora señalada, se disculpan siempre, piensan tres veces antes de reclamar, beben moderadamente si acaso beben, esperan el subte siguiente si este se encuentra lleno... Sí, son nuestros opuestos aunque obviamente no tienen nuestra visibilidad. Como decían los viejos periodistas: **lo que está bien no es noticia.**

La presencia de Messi, así como en su momento fue la de Maradona, junto a la historia vencedora del fútbol nacional, una vez más hace que **nuestra hinchada, en esta vigésima Copa, sea una auténtica protagonista por sí sola.** En verdad, esa tradición futbolera hizo que la hinchada nacional siempre apareciese entre las más ‘expuestas’, pero este año más que nunca por la proximidad geográfica con el organizador.

Cuando se jugó el primer mundial de Brasil, en 1950, la Argentina no participó; apenas viajó Fioravanti, un relator como hoy ya no existen, para transmitir los partidos. En 1962, en Chile, jugamos, sí, pero no

era fácil cruzar la cordillera en aquel invierno y llegar a Rancagua donde quedamos eliminados. **Y en 1978 hicimos el barullo que los militares nos dejaron hacer pero, por ser en casa, no vale.**

Solo el primer Mundial, el de 1930, nos tuvo al igual que hoy, como grandes protagonistas en las tribunas, porque al ser en Montevideo y tener un equipo competitivo muchos porteños cruzaban el charco ida y vuelta, en barco y en el día, para ver cada partido (todos fueron diurnos). En las Copas jugadas en el resto del mundo, entre distancias y crisis, apenas hicimos un poco de ruido en España 1982 e Italia 1990 donde tós que no conocíamos nos dejaban dormir en la habitación de huéspedes. Y un poco en Sudáfrica 2010. **Pero ahora, en Brasil, somos LA hinchada: en realidad “la barra quilomera...”**

No somos los únicos en aparecer en los diarios locales, pero somos los más resaltados y los menos elogiados. Veamos: en el entretiempo de Holanda (5×1) España ya se había acabado el stock de cerveza del estadio, fue el único lugar donde eso sucedió, hasta porque es difícil comprar bebidas por las largas colas que existen, fruto de la pésima organización general.

La enorme cantidad de colombianos que invadió Belo Horizonte, Minas Gerais, para su primer partido, cuando golpearon a Grecia en el estadio Mineirão, o el fantástico desembarque de chilenos en Cuiabá, Mato Grosso, en el triunfo trasandino sobre Australia en la Arena Pantanal, no generaron ni el 5% de las noticias que provocó la invasión de nuestros compatriotas en Río de Janeiro. Solo Argentina siempre es ‘noticia’. **Nos cuestionan formas, como la ocupación de playas para dormir, hasta comportamientos poco agradables**, típicos de quien se siente dueño de una situación que le es prestada y no consigue reconocerlo, **“porque juntos somos más”**.

(El autor es director de Perfil Brasil y columnista durante el mundial para NOTICIAS. Acaba de presentar su nuevo libro, “Glorias robadas” (Ed. Figurati), en el que investiga la vinculación entre la política y la dictaduras en los distintos mundiales. También publicó “Archivo (sin) Final”, publicado en mayo por Ediciones del Empedrado, con historias y anécdotas de los mundiales desde 1930 a la actualidad. Lea la nota completa en la última edición impresa de Revista NOTICIAS.*

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Lionel Messi, el salvador de la patria

DATA: 2014.06.27

Se espera que en la cancha sea un dios. Lo presionan negocios millonarios, su familia y la ilusión argentina. Intimidad de un ídolo que pretende ser un hombre común.

POR [EDGARDO MARTOLIO \(*\)](#)



MANSO Y TRANQUILO. Aceptar su sencillez y su modestia es todo un reto para el arquetipo de argentino ganador.

Messi es Argentina y Argentina es Messi. La necesidad es mutua y el amor también. Uno alimenta al otro. Messi no precisa que su avión se precipite en Medellín o Porto Alegre para transformarse en leyenda nacional. **Ya es Gardel. La tragedia Argentina lo convirtió en tal.** Cada vez que cae el peso crece más la imagen del nuevo 10. Cuando se reducen las reservas de moneda extranjera aumentan sus goles. Siempre que empeoran los bonos soberanos mejoran sus regates. **Messi juega para el país tanto como para la selección. Es el salvador de la patria.**

Messi es una estrella solitaria en la noche argentina. **Nos orienta en los laberintos de Sabella y nos distrae de las confusiones de Cristina;** esconde las torpezas de la defensa y disimula las decisiones ministeriales; nos hace creer que todos los rivales son fáciles y nos aleja de los fondos buitres. **Por un momento Messi permite que todos los argentinos nos olvidemos del juez Griesa y del lateral Zabaleta;** del encarecimiento de las importaciones y de la ineficacia goleadora de Higuaín; del alza inflacionaria y del bajón del ‘Kun’ Agüero.

Messi, todopoderoso, convocó más de 76 mil espectadores, record de este Mundial, en el Maracaná contra Bosnia. Y llenó de compatriotas las playas cariocas. Coloreó de blanquiceleste Belo Horizonte y transformó al Mineirão en otro Monumental ante Irán. Convirtió a Porto Alegre en una ciudad tomada y al Beira Rio en una extensión nacional frente a Nigeria.

Y no defraudó en ninguno de los tres partidos; justificó los 4.822 kilómetros que exige ese periplo: metió el gol del triunfo en Rio de Janeiro, hizo el único tanto –también de la victoria– en Minas Gerais y convirtió dos veces para ganarle a Nigeria en Rio Grande do Sul, tornándose goleador momentáneo de la Copa y clasificando a la selección en primer lugar de su Grupo –para encarar la llave más fácil de Octavos y Cuartos de Final–. ‘Lio’ cumple, ‘Leo’ no decepciona. Messi da más de lo que pide y casi nada pide. Apenas el amor de la gente que, por fin, parece ser incondicional. Si así no lo fuere que Dios y la patria nos lo demanden.

Messi, después de Nigeria, comienza a meterle miedo –real– a los brasileños. Y no importa lo que suceda el martes primero de julio, en San Pablo, frente a la Suiza del picante Shaqiri o después, el sábado cinco

en Brasilia, probablemente ante la Francia del eficaz Benzemá y en la penúltima etapa, el miércoles nueve, seguramente contra la Holanda del imparable Robben.

Mucho menos importa lo que ocurra el domingo trece, en la Final del Maracaná, frente al Brasil de su compañero de club Neymar; o ante Alemania que querrá eliminarnos como en los dos últimos Mundiales. Nada de eso interesa. Messi ya hizo más que todo el resto junto, ya encaminó a la selección, ya la rescató de sus momentos de mayor desconcierto y de la angustia inicial.

Messi no precisa ser el Maradona de 1986 porque, de algún modo, ya lo es, aunque la historia –para igualarlo– le pedirá la faja de campeón y la medalla de oro sobre el pecho. Que la historia pida, la realidad dirá. Como mal recuerda la propia historia, que con el pasar del tiempo se novela a si misma, Maradona no ganó aquel título solo... Lo conquistó con Ruggieri, con Burruchaga, con Valdano. Solo nadie gana en el fútbol. Pelé ganó con Zagallo, Gilmar y Garrincha, después con Tostão, Jairzinho y Carlos Alberto... El problema es que Messi, hasta ahora y diferente de Maradona en aquél Mundial, está sólo o casi solo.

() El autor es director de Perfil Brasil y columnista durante el mundial para NOTICIAS. Acaba de presentar su nuevo libro, “Glorias robadas” (Ed. Figurati), en el que investiga la vinculación entre la política y la dictaduras en los distintos mundiales. También publicó “Archivo (sin) Final”, publicado en mayo por Ediciones del Empedrado, con historias y anécdotas de los mundiales desde 1930 a la actualidad. Lea la nota completa en la última edición impresa de Revista NOTICIAS.*

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Perfil compró diez revistas

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Pertenecían a la tradicional editorial Abril y facturan más de US\$ 50 millones.



La noticia conmocionó el mercado periodístico brasileño durante la última semana del Mundial.

Editorial Perfil adquirió en una sola operación diez títulos de revistas que hasta ahora eran propiedad del grupo Abril de aquel país. Se trata de medios de circulación semanal y mensual cuya facturación asciende a más de 50 millones de dólares anuales.

Es probablemente la mayor adquisición de medios que realiza una empresa argentina en el exterior.

El acuerdo fue suscripto el pasado 11 de julio en San Pablo entre Abril y Editora Caras de Brasil, de la cual Perfil Internacional es accionista (en sociedad con la tradicional familia Civita) y responsable a cargo de la operación periodística y comercial.

Por los acuerdos de confidencialidad que rigen en Brasil, no se hicieron públicas las cifras de la operación, aunque el valor de compra se encuentra dentro de los parámetros que resultan del multiplicador de EBITDA habitual para la industria editorial brasileña. Sí se informó que los montos del pago se irán saldando, en gran parte, con el resultado generado por las propias publicaciones.

Los diez títulos. Las revistas involucradas en el acuerdo son las semanales Minha Novela, Viva Mais, Sou mais Eu y Recreio; y las mensuales Manequim, Minha Casa, Máxima, Aventuras na História, Bons Fluidos y Vida Simples. Seis de ella superan los 100.000 ejemplares de venta: tres de las revista semanales venden más de 114.000 ejemplares, y también tres de las mensuales: en el caso de Manequim (una revista de modas con 55 años de existencia) vende casi 200.000 ejemplares.

Son medios de géneros periodísticos muy distintos, como decoración, vida sana, psicología, historia, modas, infantil o de novelas, esta última dedicada exclusivamente a los actores y personajes de las famosas ficciones brasileñas.

Jorge Fontevecchia, fundador de Editorial Perfil y de NOTICIAS, resaltó la velocidad con que se concretó la operación: “Fueron apenas unas semanas de conversaciones. Creo que es un acuerdo que surge a partir de una relación de más de 20 años entre Abril y Perfil, de confianza mutua entre empresas que se consideran hermanas”. Cabe recordar que el año pasado falleció Roberto Civita, el legendario editor y fundador de Veja, la célebre newsmagazine de Brasil, a quien Fontevecchia consideraba su padre periodístico (fue quien lo instó hace 25 años a editar una revista como NOTICIAS en la Argentina). Sus herederos siguen hoy al frente de la que es la mayor editorial de revistas.

Fontevecchia también remarcó las posibilidades de sinergia entre los medios de Perfil en ambos países y el aporte de la experiencia argentina en venta de productos en kioscos. Lo que complementaría la demostrada capacidad brasileña en la comercialización de suscripciones.

Por su parte, el presidente de Abril Midia, Fabio Barbosa, explicó el significado de la venta para su editorial: “Con esta transferencia, Abril concentra sus esfuerzos en las otras revistas; y Caras tendrá la chance de expandir su porfolio en Brasil, que era su gran objetivo”.

Ex NOTICIAS. Un ex editor ejecutivo de NOTICIAS estará a cargo de la nueva operación. Se trata de Pablo de la Fuente, hasta ahora al frente de Caras en Río de Janeiro. Pablo se mudará a partir de agosto a San Pablo, en donde funcionarán las nuevas redacciones.

La adquisición de estos títulos por parte de Perfil incluye al staff completo de los mismos, más de 50 personas, entre periodistas y diseñadores. La mudanza de cada revista y su personal se hará por etapas. Las primeras se transferirán a partir del próximo 4 de agosto. Las restantes se efectuarán paulatinamente hasta diciembre.

La jefatura general de redacción de Caras Brasil seguirá a cargo de otro argentino: Claudio Gurmino, también ex editor ejecutivo de NOTICIAS y ex jefe de redacción del diario Perfil.

El CEO de Caras Brasil, Edgardo Martolio, artífice de esta compra, resaltó finalmente la importancia del anuncio: “Estamos convencidos de que este acuerdo fortalecerá los negocios de Caras Brasil para convertirnos en la segunda mayor editorial de aquí, tanto en cantidad de títulos como en facturación”.

Disponível em: <http://noticias.perfil.com/2014-07-19-50001-perfil-compro-diez-revistas/>. Acesso em 04 de dez. de 2014

THE ECONOMIST (PARTE I)

Social networking in Latin America

Follow the leader

DATA: 2013.08.10

How presidents tweet

LATIN AMERICANS, it seems, have swiftly become addicted to social networking, with users spending ten hours a month (twice as much as the average in the rest of the world) on services such as Facebook, LinkedIn and, especially, Twitter, according to a study by ComScore, a consultancy, published in May. It found that five countries in the region rank in the global top ten for “engagement” (ie, hours spent per month) with social networks.

So it is not surprising that Latin American presidents have taken to tweeting with gusto. Seven of the 25 most-followed world leaders hail from the region, according to Twiplomacy, a website. Among the most active is Argentina’s Cristina Fernández. She seems to view Twitter’s 140-character limit as rather like the other checks on her power: an annoyance to be sidestepped rather than a hard rule. She frequently tweets out verbose diatribes split across dozens of messages; she once tweeted 34 times in 32 minutes. Although she has over 2m followers, she herself follows only 54, with not a single non-Latin American leader among them.

The most “conversational” Latin American leader is Ecuador’s Rafael Correa: 83% of his tweets are replies to other users. But then Mr Correa is a man whose sensitivity to criticism led him to take a criminal libel case against a newspaper and to place legislative curbs on the media. Mr Correa is popular: he has over 1m followers on Twitter, though Ecuador’s population is only 14.5m.

Mexico’s Enrique Peña Nieto strikes a more cosmopolitan stance, with Barack Obama, David Cameron and Spain’s Mariano Rajoy among the 160 users he follows. His aides insist he writes his own tweets. Colombia’s Juan Manuel Santos and Chile’s Sebastián Piñera, who also purport to manage their own accounts, are more ambitious, following some 6,000 and 21,700 users respectively—many of whom are ordinary Colombians and Chileans.

Brazil’s Dilma Rousseff is followed by almost 1.9m people even though she stopped tweeting in 2010. Hugo Chávez was second only to Mr Obama as the most-followed leader before his death earlier this year. He has been replaced as the Twitteratus maximus of Latin America by the Argentine Pope Francis, who has 4m followers of his Spanish- and Portuguese-language accounts.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21583263-how-presidents-tweet-follow-leader>. Acesso em: 15 de ago. 2014.

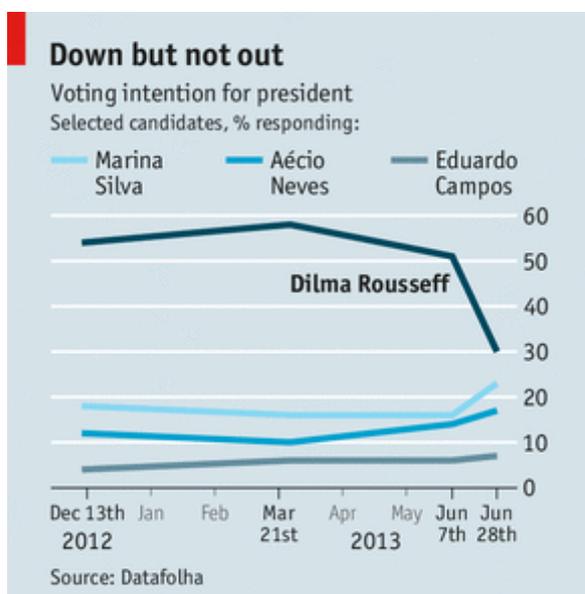
Brazil's opposition

Own goals

DATA: 2013.08.10

Consolation for a weakened president

UNTIL a couple of months ago polls suggested that Dilma Rousseff was one of the democratic world's most popular leaders and was sailing towards a second term in a presidential election due next October. Then Brazil was suddenly engulfed by protests. They have died away—but Ms Rousseff's popularity has suffered damage. Confidence in the presidency fell from 63% last year to just 42% in a poll published this month by Ibope.



The polls have a silver lining for Ms Rousseff and her Workers' Party (PT). Despite her problems, most of her opponents have failed to make much progress. The protests were in part a cry of anger against the whole political class. Support for Aécio Neves, the likely candidate of the Party of Brazilian Social Democracy (PSDB), the main opposition, has only nudged up, according to Datafolha, another pollster

(see chart). Mr Neves had two successful terms as governor of Minas Gerais, Brazil's second-most-populous state. But since moving to the Senate in 2011, he has made little impact on the national scene.

Mr Neves has recently been preoccupied with internal wrangling. Party chiefs are attempting to anoint him as their candidate. But he faces a challenge from José Serra, the losing PSDB candidate in 2002 and 2010. Aged 71, Mr Serra's ambition is undimmed, despite his party's reluctance to back him. He wants a primary, on pain of a reported threat to switch to another party, which would weaken Mr Neves.

Another potential threat to the PSDB is an investigation into alleged corruption in the state government in São Paulo, which the party has run since 1995. Anti-trust regulators are probing claims that companies building and maintaining train and metro lines formed a cartel and defrauded the state of hundreds of millions of reais. Federal prosecutors have launched a parallel investigation to discover if state officials received kickbacks from the scheme. Any evidence of wrongdoing would complicate the efforts of Geraldo Alckmin, the increasingly unpopular governor, to hang on to the state next year, and might divert party efforts from the national campaign.

The other contender failing to take off is Eduardo Campos, the governor of Pernambuco. Mr Campos is formally an ally of Ms Rousseff's but encouraged talk of a presidential bid. However, PT leaders have worked to deny his mid-sized Brazilian Socialist Party the allies it needs for a national campaign.

The main beneficiary of the protests is Marina Silva, a former PT minister and environmentalist. Ibope found that Ms Rousseff would beat her only narrowly in a run-off ballot. Ms Silva is setting up a new party called the Sustainability Network, which she presents as being outside traditional politics. But that in itself will limit her entitlement to free television and radio time in the campaign, since two-thirds of this is based on past election results.

Apart from a stagnant economy, the biggest threat to Ms Rousseff is that worried allies desert her ramshackle 17-party coalition. She has had to come up with scarce funds for several of their pet projects. The power of incumbency is now her main advantage. "The president's task has become much more difficult since the protests, but she remains the favourite," says Murillo de Aragão, a political analyst in Brasília. Ms Rousseff can be thankful her opponents' difficulties seem even more daunting than her own.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21583262-consolation-weakened-president-own-goals>. Acesso em: 15 de ago. 2014.

Latin America's largest economies

Different kettles of fish

DATA: 2013.08.24

Although neither is in good odour with the markets, Brazil and Mexico are on different growth trajectories



ON THE face of it, the pundits appear to have got their projections for Latin America's two biggest economies upside down this year. Mexico, which started with the most promise, unexpectedly suffered a 0.7% slump in the second quarter compared with the first three months, according to data released on August 20th, due to a slump in construction, mining and exports. Brazil, which has been the subject of much hand-wringing since China's demand for commodities collapsed, is expected to show decent growth when second-quarter figures are published on August 30th.

Adding to the bafflement, manufacturing, which has long been considered weak in Brazil, has been doing better there than in Mexico, where it is usually the most efficient part of the economy thanks to close integration with the United States. Neil Shearing of London-based Capital Economics says industrial output rose by 1.1% in Brazil in the second quarter over the previous three months. In Mexico, adding in construction, it sank by 1.1%.

Yet you only need to look at the Brazilian currency, which has slumped from 1.53 reals to the dollar in mid-2011 to 2.42 reals on August 21st, to realise that the gloom about Brazil persists. It has been the second worst-performing emerging-market currency this year.



Notwithstanding a relatively healthy first half, analysts' growth projections for Brazil this year and next are plummeting (see chart). The Mexican government has lowered its growth forecast for 2013 to 1.8% from 3.1%, but the economy is expected to accelerate in the second half if the American recovery gathers pace.

Amid fears in global financial markets about a withdrawal of central-bank stimulus that has pushed money into red-hot emerging markets in recent years, Brazil's most immediate concern is its current-account deficit. During the first half of 2013 it hit \$43.5 billion, or almost 4% of GDP. This is mostly financed by foreign direct investment. As for the fiscal deficit, that is mostly financed by borrowing in local currency, which means Brazil is not at risk of the sort of foreign-debt crisis that plagued it in the past. But a falling currency will hurt companies with dollar-denominated debts. It also raises inflation, which is floating too close for comfort to the upper end of the central bank's 2.5-6.5% tolerance band. Inflation and indebtedness are eating into domestic consumption, which had remained strong even during the past two years of low growth. Retail sales in the first six months were just 3% above the same period last year, the weakest growth in a decade.

A rise in inflation will force the Central Bank to keep raising interest rates. After cutting them sharply from mid-2011, it overshot and had to start tightening in April even though growth was sluggish. Analysts expect another 0.5% increase on August 28th, bringing the policy rate to 9%, and more by the end of the year, depending on where the currency settles.

The jobs market is precarious, too. In recent years, employers have gritted their teeth, raised wages and kept workers on, which has helped stop households from feeling the full impact of Brazil's declining international competitiveness. But that is unsustainable, and with confidence in an imminent recovery fading, companies are likely to start letting people go.

As for investment, the promise that the government would auction concessions for infrastructure projects, including airports, ports, railways and roads to improve Brazil's ragged infrastructure sustained the belief for the past two years that growth was "just around the corner", says Constantin Jancsó of HSBC Brasil. That faith is fading. Hardly an auction has been held. On August 12th a separate plan to link Brazil's two largest cities, São Paulo and Rio de Janeiro, via high-speed rail was postponed for the third time when it became clear there would be just one bidder.

The good news in the longer term is that a falling real may help to shift Brazil's economy away from import-driven consumption and towards investment. But in the meantime there is a risk that joblessness and inflation could revive the anger that led to demonstrations against political corruption and poor public services in June.

Mexico, too, faces the prospect of street protests as the government of Enrique Peña Nieto attempts for the first time in half a century to allow private investment in the oil industry. A weak economy will not help his popularity. He is likely to argue, though, that such bold reforms are the best way to attract investment and wean Mexico off its historical dependence on exports to the United States. In Brazil Dilma Rousseff, the president, faces an election next year with her popularity dented by the protests. That is only likely to make her more cautious about launching the radical reforms Brazil needs.

Correction: Brazil's current-account deficit is mostly financed by foreign direct investment, not by borrowing in local currency as we originally wrote. This was corrected on September 9th 2013.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21584011-although-neither-good-odour-markets-brazil-and-mexico-are-different-growth>. Acesso em: 15 de ago. 2014.

Health care in Brazil

Flying in doctors

DATA: 2013.08.31

The government imports foreigners to reach the parts locals don't want to

THE parlous state of public health care tops opinion polls of Brazilian voters' concerns. Street protests in June were sparked by a rise in bus fares, but the low quality of hospitals and clinics was among the demonstrators' main complaints. The constitution guarantees the right to free, state-provided health care. But two-fifths of Brazilians are not covered by local primary care, relying instead on chaotic hospital emergency rooms. A quarter go private. The proportion of total health spending that is public is lower than in the United States, which does not aspire to universal public provision.

President Dilma Rousseff's answer is Mais Médicos ("More Doctors"), a crash programme to recruit thousands of foreign doctors to work in poor and remote areas shunned by locals. On August 23rd the first of them arrived. About 200, mostly from Argentina, Portugal and Spain, have been offered three-year contracts in family medicine. They will earn 10,000 reais (\$4,250) a month, plus board and lodging. Some Cubans have also turned up, the first of 4,000 doctors the government hopes to hire from the island by December.

Brazil has proportionately fewer doctors than many richer countries (see chart). And most are in big cities, often in private practice; too few are general practitioners. It is shorter still of nurses: one for every two doctors, while in efficient health-care systems the ratio is three to one. Those nurses are used poorly, too — largely because of lobbying by doctors. In 2002 their professional associations managed to halt training for nurses in diagnosing and treating common childhood illnesses. In 2009 they got a law passed forbidding anyone but doctors to prescribe any type of drug.

The original plan had been to use federal cash to lure Brazilian doctors to poor municipalities. But despite the unusually high salaries on offer, only 938 signed up for the 15,460 jobs offered. Most of the 3,511 municipalities that wanted doctors were disappointed.

Many countries struggle to lure doctors to poor or remote areas where they will have little chance to train further and specialise, or to practise privately on the side. Brazil finds it particularly hard: offering to pay off student loans, a common carrot in the United States, does not apply, since the public universities that train most of the doctors charge no fees. Most medical students are from better-off families and have few links to deprived communities.



For Cuba, the deal represents a handy source of hard currency. It overproduces doctors and nurses, and has long sent them abroad, for humanitarian or propaganda reasons. Increasingly, it is charging for them. Venezuela provides Cuba with a massive subsidy under the guise of paying for the services of 30,000 doctors and other professional staff. Brazil insists no subsidy is involved. But the size of the planned contract, worth around \$150m a year, makes it valuable for Cuba, whose government keeps about two-thirds of the salaries of its doctors working abroad.

The new arrivals have been exempted from the usual test required of foreign-trained doctors, but they are unable to work except in their assigned clinics. Even so, Brazil's medical associations want to block the import of foreign doctors. They argue that the Cubans' lower pay and inability to choose where to work are "analogous to slave labour". That is overblown. Yet Brazil's strict labour courts may decide that the inter-governmental deal under which they were hired counts as "outsourcing", which they frown on.

The doctors' leaders also say that since the foreigners' degrees will not have been revalidated, they will be practising illegally. The education ministry suspects that the revalidation test has been made needlessly difficult in order to keep foreigners out. Less than 10% pass it (though Cubans do somewhat better than average). The ministry recently tried to give the test to final-year Brazilian medical students. But too few turned up on the day to provide a decent sample.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21584349-government-imports-foreigners-reach-parts-locals-dont-want-flying-doctors>. Acesso em: 15 de ago. 2014.

Brazil's foreign policy

Freelance diplomacy

DATA: 2013.08.31

A dissident escapes—and so does a minister

ITAMARATY, as Brazil's foreign ministry is known, prides itself on having Latin America's most professional diplomats. But nobody in Brazil's government comes out well from an extraordinary incident involving a Bolivian opposition politician that has cost the foreign minister, Antonio Patriota, his job.

Roger Pinto, an opposition senator, sought refuge in Brazil's embassy in La Paz in May 2012 after he had accused ministers in Bolivia's socialist government of involvement in drug-trafficking. He was in turn deluged with corruption charges, and claimed he was being politically persecuted. Brazil swiftly agreed to grant him asylum. But Evo Morales, Bolivia's president, refused to grant Mr Pinto safe-conduct to leave the country. Brazil's president, Dilma Rousseff, is reported to have ordered that no attempt be made to extract Mr Pinto without the consent of Mr Morales, an ally of the ruling Workers' Party (PT).

But on August 23rd Brazil's chargé d'affaires in La Paz, Eduardo Saboia, took matters into his own hands. Escorted by five Brazilian marines, he and Mr Pinto were driven to Brazil, a 22-hour journey. Mr Saboia said he feared for Mr Pinto's mental health after 455 days of confinement in the embassy. Brazil's opposition hailed him as a hero. Some in the PT muttered about extraditing Mr Pinto, even though he was granted asylum.

Ms Rousseff, too, was not amused. She ordered Mr Patriota, who claimed to have had no prior knowledge of Mr Saboia's escapade, to swap jobs with Luiz Alberto Figueiredo, Brazil's ambassador

to the United Nations. Her lack of chemistry with Mr Patriota is well-known; but she likes Mr Figueiredo, who was in charge of last year's Rio+20 environmental summit.

The change will have little effect on Brazil's foreign policy, in which Ms Rousseff is less interested than her predecessor, Luiz Inácio Lula da Silva. The decisive voice in relations with Latin America was not Mr Patriota's but that of Marco Aurélio Garcia, a PT official who has acted as presidential foreign-policy adviser to both Lula and Ms Rousseff.

This two-headed command is the nub of the problem. Many of Itamaraty's diplomats quietly chafe at a foreign policy that under Mr Garcia's sway has given priority to the PT's friendships with the likes of Mr Morales and Venezuela's Nicolas Maduro, rather than to what they see as Brazil's long-term interest in supporting pluralist democracies in the region. Mr Saboia, who is now under investigation, chafed not so quietly.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21584350-dissident-escapesand-so-does-minister-freelance-diplomacy>. Acesso em: 15 de ago. 2014.

NSA spying in Latin America

Snoops and snubs

DATA: 2013.09.07

Is Barack reading Dilma's e-mails?

LATIN AMERICANS were already fuming after leaks in May from Edward Snowden, a former contractor for the United States' National Security Agency (NSA), suggested that spies had monitored their phone and internet activity for a decade. On September 1st TV Globo, a Brazilian network, claimed the snooping had gone right to the top. It showed what it said was a slide from an NSA presentation displaying text messages sent by Mexico's president, Enrique Peña Nieto, during his election campaign last year. The same presentation detailed the tracking of the e-mails, calls and text messages of advisers to Dilma Rousseff, Brazil's president.



Mexico summoned the United States' ambassador for an explanation. It may not pursue the matter much further: it generally keeps mum on the anti-narcotics intelligence it shares with the *yanquis*, and may also be wary of picking a fight with its neighbour and biggest trading partner. Brazil likewise demanded answers, and threatened to call off a state visit to Washington next month. Such a snub is unlikely, but the row will overshadow what was meant to be a celebration of growing trade ties. It may also damage the chances of Chicago-based Boeing winning a \$4 billion contract to supply Brazil with 36 fighter jets.

Brazil is now considering shutting down firms that co-operate with NSA eavesdropping. An encrypted e-mail system being developed for sale to businesses by Correios, the national postal service, may be made freely available as an alternative to Gmail and the like. "This indiscriminate spying has nothing to do with national security," said Paulo Bernardo, the communications minister. "It's industrial espionage."

From the print edition: The Americas

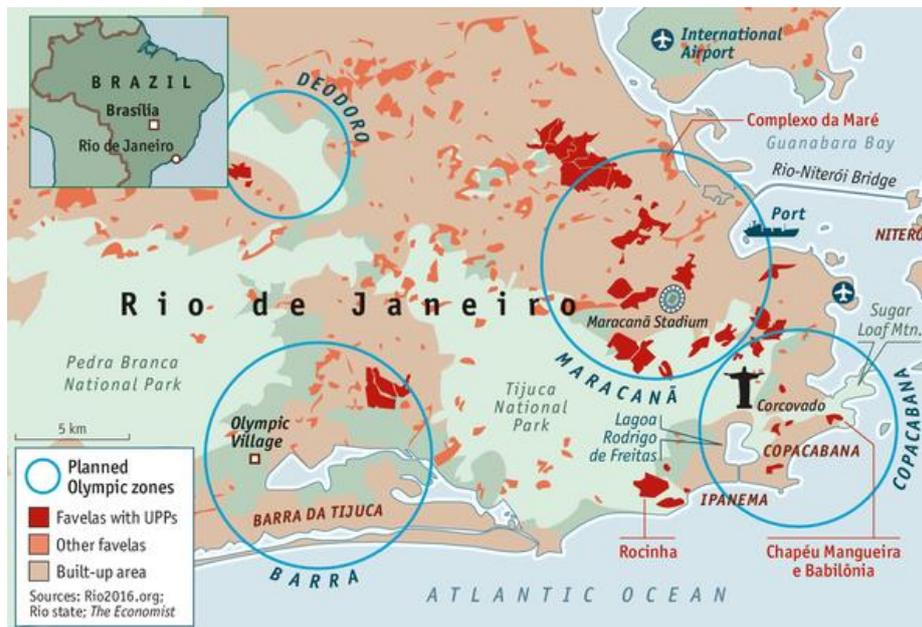
Disponível em: <http://www.economist.com/news/americas/21584989-barack-reading-dilmas-e-mails-snoops-and-snubs>. Acesso em: 15 de ago. 2014.

Policing and politics in Brazil

From hero to villain in Rio

DATA: 2013.09.14

A sensible security programme in Brazil's Olympic city is no longer enough to satisfy voters, as its governor has found



SÉRGIO CABRAL became governor of the state of Rio de Janeiro in 2007 during one of its periodic security crises, with criminals attacking police stations, burning buses and hijacking cars. But rather than send trigger-happy police into the favelas (self-built slums) controlled by drug gangs in retaliation, he prepared the state's first sensible security policy in decades, focused on community policing. Mr Cabral's election coincided with an economic recovery in Brazil's former capital after decades of decline. The award of the 2016 Olympics seemed to set the seal on Rio's revival and its governor's success.

The state is safer than for many years. But Mr Cabral is now Brazil's least popular governor. After being re-elected in 2010 with 66% of the vote, his approval rating has slumped to 12%. Protesters calling for his resignation were camped outside his home for weeks. He had intended to step down in April to campaign for Congress; now he may leave in December rather than continue to taint his deputy and would-be successor, Luiz Pezão.

The street protests against poor public services and corruption that swept Brazil in June hurt the public standing of all the country's politicians. Mr Cabral suffered more than most, says Ricardo Sennes of Prospectiva, a political consultancy, partly because Rio's voters are becoming less willing to overlook scandal in the search for safety. Mr Cabral is close to Fernando Cavendish, a businessman whose construction firm was accused of paying kickbacks last year. In July it was revealed that Mr Cabral uses a state-owned helicopter to commute ten kilometres (six miles) to work and to weekends at his beach house, costing taxpayers 3.8m reais (\$1.7m) a year.

But the main reason for Mr Cabral's dimming popularity is that the euphoria that accompanied the new security policy is giving way to a more realistic assessment. The security strategy involves taking back territory rather than confronting gangs head-on. First, special forces dislodge gang leaders and search for drugs and weapons. Then a permanent police station, called a "Pacifying Police Unit" (UPP in the Portuguese acronym), is set up, staffed by officers trained in community policing who patrol around the

clock. Since 2008, 34 UPPs have been put in place (see map). Six more are planned before Rio hosts the final of the football World Cup next July.

Rio has recently seen reminders of the bad old policing. In June, after an officer was shot dead when a protest march degenerated into looting, special forces entered Complexo da Maré, a vast favela on the road to Rio's international airport. In the ensuing gun battle nine people were killed, at least two of them bystanders. Police say their response was proportionate; residents, that it was indiscriminate revenge for the death of one of their own.

The disappearance in July of a labourer after he was taken for questioning to the UPP in Rocinha, Rio's biggest favela, highlighted a worrying rise in cases of people going missing in pacified areas. That may merely reflect better statistics: in the past many disappearances went unreported for fear of reprisals from the gangsters responsible. But the state now pays the police bonuses for killing fewer people (some previous governors rewarded police kills), leading to fears that some officers may have switched from recording "deaths while resisting arrest", as the police traditionally disguised their murders, to simply disposing of the evidence. Some of Rocinha's officers have been suspended and its commander replaced.

An oft-heard complaint is that UPPs benefit well-off areas most. By 2016, when Rio hosts the Olympic games, their coverage will still be largely restricted to favelas that surround richer beach districts and the sporting venues, or line strategic roads. The city had to start somewhere, counters Colonel Frederico Caldas, the officer in charge of the UPP programme. Rushing would have stretched police too thin and risked failures, bringing the whole endeavour into disrepute.

Rio's poorer districts are starting to realise that they may have to wait a decade or more before getting a UPP. Meanwhile, they fear an influx of displaced criminals. Baixada Fluminense, a sprawl of poor suburbs where the state's biggest gang, the Comando Vermelho, is active, has seen an upsurge in murders and carjackings.

The police try to stop criminals migrating, says Colonel Caldas: for the weeks before the taking of a favela they monitor access routes and those of nearby areas occupied by the same gang. The pacification of Rocinha in 2011, for example, led to the arrest of its druglord as he tried to flee. The only study on crime migration suggests this is limited: a count of arrests in Niterói, a city across the bay, in 2012 found that only 5% were of outsiders.

Not all favelas find life after pacification equally profitable. In the four years since Chapéu Mangueira and Babilônia, twin favelas close to Copacabana beach, got their UPP, new apartments have been built and streets paved, named and numbered. Postmen and taxis are now willing to enter. Hostels with panoramic views do good business; Bar do David, a restaurant, has made it into the city's guidebooks. But communities in less favoured areas cannot replace drug money with tourism. Crackdowns on petty offences such as driving a mototaxi without a licence cut post-pacification earnings, too.

The biggest complaint of residents in pacified favelas is that though the violence has receded and gun-toting gangsters can no longer saunter through the streets, they still lack decent schools, housing and health care, as well as jobs. "The main lesson is to have patience," says Lieutenant Paula Apulchro, who commands the Chapéu Mangueira and Babilônia UPP, where public services have noticeably improved. "It's only after the UPP that those other good things can come." Elections in Rio used to be all about making the streets a bit safer. Mr Cabral's achievement is that his successor will have to offer more.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21586322-sensible-security-programme-brazils-olympic-city-no-longer-enough-satisfy-voters>. Acesso em: 15 de ago. 2014.

Brazil's conversion

Trees of knowledge

DATA: 2013.09.14

How Brazil is using education, technology and politics to save its rainforest



MAURO LUCIO IS living the dream. Having started work as a cowboy at 16, he is now 48 and raises cattle on 50 square kilometres of Paragominas municipality in Pará state. The animals on his ranch are healthy, the grass thick and the fences solid. Along the avenues on his estate, wooden posts name the many different varieties of trees he has planted between the fields. His wife serves delicious food while his three daughters play happily on the verandah of the handsome wooden ranch house.

The only thing that is not ideal about Mr Lucio's estate is its history. Until around ten years ago it was part of the rainforest. The biggest trees, up to 100 feet tall, were sold for timber, the rest burnt. In this way Brazil has lost around 19% of its Amazonian forest. And Brazil makes up around 63% of the Amazon region.

Half of the world's plant and animal species are believed to live in rainforest, so destroying it is a sure way of wiping out large swathes of biodiversity. Species are put at risk not just when forest is burned but also when clearing cuts up the remaining forest into smaller and smaller fragments. A study conducted over three decades by Thomas Lovejoy, an American scientist, shows that creatures die when the forest becomes more and more fragmented, partly because it dries up and partly because some species are deprived of the range they need to survive.

Until recently it would have been normal practice in the area for Mr Lucio to occupy his ranch for a few years, then, when productivity dropped—as it tends to on the rather thin rainforest soil—burn down some more and move on. But Mr Lucio has no plans to do that, nor, if they are to be believed, do any of the other ranchers in Paragominas. Burning down the rainforest, in addition to having been outlawed, has also become socially unacceptable. Mr Lucio is focusing on raising his income not by colonising more land but by increasing his farm's productivity.

Space-age solution

When Luiz Inácio Lula da Silva became president in 2003, his government, under pressure from public opinion and foreigners, turned against deforestation. From 2003 his environment minister, Marina Silva, started giving greater protection to land in the Amazon and beefed up the federal environmental police, the Ibama. Centres of illegal logging, such as Paragominas, were put on a blacklist.

Ms Silva was greatly helped by a combination of remote sensing and a Brazilian NGO, Imazon. Brazil's space agency published figures on deforestation, but only on an annual basis, nearly a year in retrospect and without a map, so nobody knew exactly where the trees were coming down. Beto Verissimo, who founded Imazon to use science for the benefit of the rainforest, realised that NASA's Modis satellite collected data that could be published monthly and would also show where the damage was being done. In 2007 Imazon started processing NASA's data and publishing them within a few weeks of being collected.

Partly because of rising prosperity and partly because of international attention, Brazilians were getting more interested in the fate of the Amazon. Newspapers started putting Imazon's data on their front pages. State governors had to respond to them on national news programmes. Month after month, Mato Grosso and Pará were found to have the highest rates of deforestation.

In 2008 the government ratcheted up the pressure, publishing a list of the 36 municipalities with the worst records. Seventeen, including Paragominas, were in Pará state. Being blacklisted did not just bring public humiliation to the citizens of Paragominas, it also hit their wallets. Businesses in municipalities on the list were not eligible for cheap credit from state-owned banks.

Adnan Demachki, Paragominas's mayor, saw that Greenpeace's boycott of soya produced from Amazonian estates was hitting the soya farmers of Mato Grosso and realised that something similar was about to happen to the beef producers of Pará. He went round making speeches to local groups to persuade them that deforestation had to stop.

The federal public prosecutor in Pará, Daniel Avelino, followed the supply chain back from the supermarkets through the beef companies to the ranchers to find out which animals had been produced on illegally deforested land, and threatened the supermarkets with prosecution. "They reacted fast," says Mr Avelino. "It was about their brand, their visibility to the public." Brazil's supermarket association—which includes Walmart and Carrefour—said its members would stop buying beef from recently deforested land.

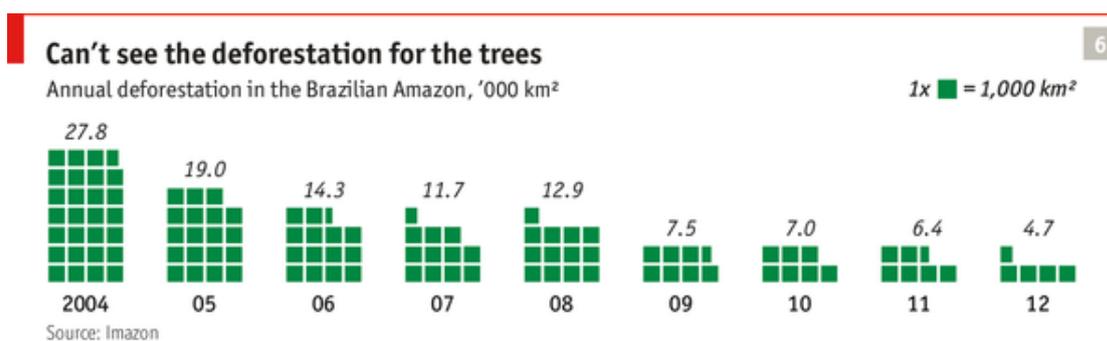
This made Mr Avelino exceedingly unpopular. He received death threats and still travels with an armed guard. But he was not alone in applying economic pressure. The International Finance Corporation, the private-finance arm of the World Bank, withdrew a loan it had promised to Bertin, a big beef producer, to expand its facilities in the Amazon.

Mr Demachki persuaded local trade associations to commit to stopping deforestation. In April 2008 he fined three farmers who were still at it. In October 2008 he was re-elected with 88% of the vote. But not everybody liked what was happening, and things came to a head that November night when the environmental-police station went up in flames.

Since then deforestation in the municipality has pretty much stopped and Paragominas has become a model town. It has a Green Lake, a Green Stadium and a Green Park in the centre of town. A museum built from illegally felled, confiscated wood shows, with admirable neutrality, how Paragominas performed its U-turn on deforestation. Since the 1960s two-fifths of the municipality has been cleared of forest. The plan is for about 15% of the cleared area to go back to forest, and half of the rest to be left to cattle-ranching and half to arable farming.

In 2011 Simão Jatene, Pará's newly elected governor, decided to replicate Paragominas's achievements around the state. Central to this effort is the Cadastro Ambiental Rural (CAR), the rural environmental registry. Uncertainty about land tenure is a big administrative stumbling block in Brazil. Some farmers do not have title to the land they farm; some give money to people in whose name land is registered, known as *laranjas*—oranges—so that the real owners are not held to account for deforesting it. "If you have a speed trap but the cars have no numbers, that's useless," says Mr Avelino. Rather than try to delve into the history of every piece of land, the state governments in Mato Grosso and Pará are trying to get farmers to apply for a CAR certificate so the government knows who is using the land and how much forest it is supposed to have. Banks now require loan applicants to produce a CAR; beef companies will buy only from farms with a CAR. In Pará the number of properties with a CAR has gone up from 600 in 2009 to 80,000 now.

Deforestation in Pará has more or less come to a halt. In the Brazilian Amazon as a whole, it has fallen from 28,000 sq km in 2004 to under 5,000 sq km last year (see chart 6). Although small farmers continue to clear land in areas where the authority of the state is weak, the big beef and soya companies that used to do it themselves or buy produce from those that did no longer want anything to do with it.



Brazil's success—so far—demonstrates how many elements have to come together to make such policies work. You need clear direction not just at the top but all the way through government. Ms Silva's determination was crucial, but if her views had not had the support of Mr Jatene, Mr Avelino and Mr Demachki, she would not have got far. You need administrators with enough imagination to find novel solutions: the CAR was a way around an apparently insuperable land-tenure problem. You need a functioning police force: if the Ibama had not been effective, the politicians' and prosecutor's intentions would have been impossible to implement. You need businessmen whose conscience or share

price induces them to change their supply chains. You need NGOs, such as Greenpeace and Imazon, to badger business and government to do things differently. You need independent media to pick the story up and run with it. And, crucially, you need a public that cares: if voters and consumers were indifferent, none of this would happen.



Help from foreigners, especially Americans, has been important too—though, given Brazilian sensitivity to interference by gringos, some of them keep quiet about it. Imazon’s Mr Verissimo was inspired by Chris Uhl, an American field ecologist working in Pará in the 1980s who is now a professor at Penn State. Imazon was founded with grants from USAID and the MacArthur Foundation. The Ford Foundation funded a sustainable forestry project in Paragominas. NASA provides the satellite data that Imazon publishes. Google has built a platform to allow Imazon to process the data more quickly and cheaply, and Imazon is now training people from other rainforest countries to use it. Mr Lovejoy’s forest-fragments project has been running for 30 years, bringing in a stream of foreign researchers, employing Brazilian scientists and pointing out the consequences of slicing the forest up into little bits. Greenpeace’s international campaign against Brazilian soya, beef and leather put pressure on global businesses such as Walmart, Carrefour and Nike, and that put pressure on Brazilian companies. So although globalisation exacerbated deforestation by boosting demand for Brazilian produce, it is also part of the solution.

Keep at it

But the problem is still not solved once and for all. Deforestation rates may rebound. If locals can prosper without chopping trees down, there is a good chance that the rest of the forest will survive. If they can’t, it won’t.

Migration should help. These days it flows away from the Amazon rather than towards it. Brazil is urbanising fast, and the attractions of scrubbing a living from raising cows on deforested land are diminishing.

Still, there are plenty of people left in the countryside, and stopping deforestation means destroying jobs. In Paragominas only 14 of the city's 240 sawmills are still working, and the charcoal industry has closed down. Yet after a brief downturn, the city is doing pretty well. One reason is in evidence in the town hall, where about 50 ranch hands in cowboy hats and baseball caps listen raptly to a presentation on human-bovine interaction. "Control by understanding animal behaviour," says a slide, "not by aggression." "Suffering in the cow represents loss of quality in the meat," says another.

The course is part of a Green Ranching Project, run by Mr Lucio in his capacity as head of the local branch of the farmers' union. Better animal welfare is a by-product: the initiative's main aim is to increase output so that farmers can prosper without deforesting more land. Mr Lucio's farm shows it can be done. Average production for the region, he says, is 90kg of beef per hectare per year; his average is 500kg and his profit margin 40%. Other than happy cows, his secrets are dietary supplements in their feed, fertiliser for the grass, allowing pastures to regenerate after 48 days of grazing and planting copses in his fields to shelter his cattle from the heat.

The combination of better education and chemicals means that farmers like Mr Lucio can prosper without destroying the forest. This is progress from which all species can benefit.

[From the print edition: Special report](#)

Disponível em: <http://www.economist.com/news/special-report/21585096-how-brazil-using-education-technology-and-politics-save-its-rainforest-trees>. Acesso em: 15 de ago. 2014.

The world's biggest firms

Back on top

DATA: 2013.09.21

American private enterprise dominates the corporate premier league again, thanks to waning valuations of state-backed firms



BACK in September 2009 it seemed that America Inc was being crushed. Of the world's ten largest quoted firms by market value, only three were American—Exxon Mobil, Microsoft and Walmart. The list was dominated by state-controlled giants such as PetroChina, China Mobile and ICBC, a Chinese bank. Petrobras, an oil-and-gas firm run by the Brazilian government, had just made it into the ninth slot. It all fitted an easy story. America was in decline after the subprime crisis. The private firm was being displaced by state capitalism. There was an inexorable shift in power to the emerging world.



That year turned out to be a low point for the American firm: its resurgence has been remarkable. Today nine of the ten most valuable companies are American. The country has not been as dominant for a decade. Look at the top 50 firms and America's share is much lower. But it is still over 50%, and has recently begun to rise (see chart 1). With its economy energised, not least by cheap shale gas, and its stockmarket rampant there is optimism in the air. The big beasts are stirring.

On September 2nd Verizon, a telecoms firm based in New York, said it would take full control of its wireless arm, buying out its British partner, the once all-conquering Vodafone. At \$130 billion this deal

is the third-largest ever and an advertisement for the depth and sophistication of Western capital markets—Verizon has managed to issue a colossal \$49-billion-worth of bonds and the next stage is a fiddly cross-border transfer of Verizon shares to Vodafone shareholders. The following day Microsoft said it was buying Nokia’s troubled handset arm. In its pomp thirteen years ago Nokia was the world’s 16th-biggest firm. Now America dominates the wireless industry.

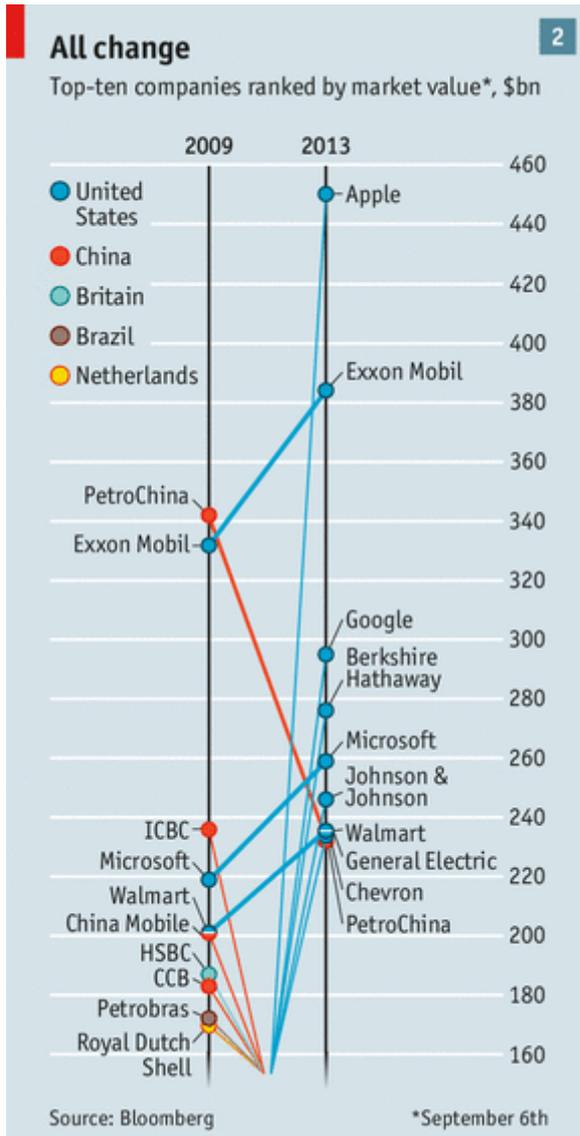
Churning and earning

Countries do not need giant companies to be successful: Germany’s strength is its medium-sized firms; Canada is comfortable living colossus-free. And dominance in the league tables can evaporate quickly. In May 1987, before Japan’s banks keeled over, the country accounted for eight of the top ten companies. Tokyo Electric Power, once the planet’s third-biggest firm, is now worth a tenth of its peak value back then, and mainly famous for the disaster at its Fukushima nuclear plant.



In 2000, even as the dot-com bubble began to burst, Cisco and Oracle (two technology giants) were in the top ten. Between 2005 and 2007 Citigroup, AIG and Bank of America moved in and out of the top ten—all three had to be bailed out by taxpayers before the decade was done. As the next decade began, talk of a commodities “supercycle” driven by Chinese demand saw BHP Billiton, an Australian mining firm, join the top ten. Now it has slumped back to 27th place.

Despite a certain fickleness, though, the ranking is a snapshot of something that matters. Plenty of businesspeople believe that being among the biggest firms in a given industry matters if a company is to compete in the globalised economy. And although corporate America’s achievement is due, in part, to fashion among investors—the stockmarket and dollar have risen strongly this year—three deeper forces are also at work.



The first is America's mix of resilience and dynamism. True, there is an old guard. Exxon, an energy producer, General Electric (GE), an industrial conglomerate, and Johnson & Johnson, a health-care outfit, were all in, or very close to, the top ten a decade ago—and between them boast four centuries of history. But the old financial establishment has bombed; America's most valuable lender is Wells Fargo, once dismissed as a bumpkin's bank by Wall Street types. Coca-Cola and Pfizer have slipped from the first tier, but by improving its once-dreadful exploration record Chevron has become the world's second-most-valuable oil firm. Intel and IBM, tech stalwarts that both graced the top ten in the past decade, have ceded their spots to Google and Apple (see chart 2)—though IBM may well come back. Microsoft is the lone tech survivor. There seems to be more churn among America's biggest companies than in the rest of the world.

The second deeper force at work is Europe's poor performance. Switzerland and Britain still have a disproportionate share of firms in the top 50, including Nestlé, Roche, HSBC and BP. But the rest of the continent boasts only four top-50 firms. A long preference for bank financing over stockmarkets is part of the story, and the difficulty of consolidation through cross-border takeovers probably has not helped.

Nor has the euro crisis. It clobbered Santander, a bank, and Telefónica, a telecoms company—Spanish firms with large Latin American operations that, five years ago, were rushing up the rankings.

The third force at work is the rise and fall of state-controlled firms, particularly Chinese ones. China Mobile listed in 1997 and in the next decade many other huge Chinese firms went public, including the country's big banks. The frenzy peaked in 2007 when PetroChina, an oil firm that was already listed in Hong Kong and America, sold shares on the Shanghai market. It briefly became the only firm in history to have been worth over \$1 trillion. If you take the highest-ever value for each of 2009's top-ten state firms and add them together you get \$3.7 trillion.

That global total has now fallen to \$1.5 trillion. PetroChina is today worth just \$233 billion. This epic loss clearly reflects frothy initial valuations, the decline in commodity prices and the recent sell-off in emerging markets. But it may also show that investors are growing wary of state-backed firms for more fundamental reasons.

Gazprom, a Russian energy firm run by the Kremlin, has fallen to a value just three times its annual profits, compared with 11 times for Exxon. One of China's big three lenders, Bank of China, now trades below its book value, and the other two are not far off. China Mobile has been de-rated compared with its Asian peers, according to James Ratzer, of New Street Research, an analysis firm. Vale, a big Brazilian miner over which state-backed institutions hold sway, is cheaper than global rivals such as BHP Billiton and Rio Tinto.

This may be because the downsides to cosy relationships with government have become clearer. On September 2nd Jiang Jiemin, PetroChina's former chairman, was put under investigation for "suspected serious disciplinary violations", an official term that often denotes accusations of graft. Fund managers worry that China Mobile may be forced to invest in unprofitable networks for the greater national good, according to Mr Ratzer. Many investors fear that the government-induced lending boom of the past five years has left China's banks packed with bad debts. They still salivate over Chinese public offerings—just not those of sluggish state-backed monoliths. If, as expected, Alibaba, a big privately controlled internet company, soon floats it will do so on a sky-high multiple of its profits.

It is a similar story elsewhere. The \$40 billion a year which the Peterson Institute for International Economics, a think-tank, believes that Gazprom loses to graft and inefficiency may account for its collapsing share price. Minority shareholders in Brazil argue that state meddling has hurt profits by requiring Petrobras to use local suppliers, regulating retail prices and dictating the role it plays in exploiting the country's giant offshore oilfields.

American boosters may take cheer from their home teams' ascendancy. They should remember that at this level victory comes from away goals. Successful American companies have become more global. Six of those in the top ten—including Google—sell more abroad than at home, and in almost all cases the proportion of foreign sales is rising steadily. Jeff Immelt, GE's boss, is prone to speculating that his successor may not be American. Among Chevron's biggest bets is an Australian gasfield called Gorgon—not shale gas at home.



Nor is America's new-found dominance assured. Measured using a larger sample of the top 50 firms its share is lower and the recovery less pronounced. Two state firms, ICBC and China Mobile, sit just outside the top ten. Of the firms ranked 11th to 30th fewer than half are American. Perhaps most significantly, American firms no longer dominate by profits (see chart 3). Even if their share prices have been lacklustre or worse, most giant emerging-market firms have steadily increased their earnings—China Mobile's annual net income has almost doubled in five years to a massive \$20 billion.

Written in water

Today's investors value America's big firms more, with respect to their incomes, than they do firms elsewhere, perhaps reflecting a belief in their ability and willingness to allocate resources efficiently and to govern themselves in a shareholder-friendly way. By improving the way they are run, other firms with large profits could boost their valuations and creep up the league table. This is true of some private-sector firms, like Volkswagen and Samsung, that have a reputation for opacity and mediocre ratings as a result. And it applies in spades to big state firms.

There are some hints of change. Petrobras has allowed minority investors to appoint a director to its board. Maria das Graças Foster, its newish boss, has indicated it will be more careful with its investments. Russia's government has talked about making state firms pay higher dividends, in part to force greater discipline upon them. China's reformers signal that they would like to confront its mighty industrial lobby. A 2012 semi-official report called "China 2030", written in conjunction with the World Bank, says that allowing state firms to act in a more commercial manner is a key objective. The hybrid model which makes firms answerable to both investors and politicians may never be satisfactory, but it can be improved.

Many non-American firms have the profits needed to rise up the league table of the world's most valuable companies. If they harness this raw financial muscle to a broader global outlook and better management and governance they will kindle, or rekindle, investors' confidence. And America will have a fight on its hands.

[From the print edition: Briefing](#)

Disponível em: <http://www.economist.com/news/briefing/21586558-american-private-enterprise-dominates-corporate-premier-league-again-thanks-waning>. Acesso em: 15 de ago. 2014.

Brazil and the United States

More in sorrow than anger

DATA: 2013.09.21

The cancellation of Dilma Rousseff's state visit to Washington has a short-term cost for the United States and a longer-term one for Brazil



FIRST came a report on September 1st that the United States' National Security Agency (NSA) had been monitoring the phone calls and e-mails of Brazil's president, Dilma Rousseff, and other senior officials. Then came evidence that the NSA appeared to be spying on Petrobras, Brazil's national oil company. An angry Ms Rousseff demanded explanations, an apology and a guarantee that these "illegal practices" would cease, as a condition for going ahead with a long-planned state visit to Washington next month. Although Barack Obama said he understood the concerns raised by Brazil, more explicit contrition was apparently not forthcoming in a 20-minute phone call on September 16th. The two leaders announced the "postponement" of the visit.

But with no date rescheduled, that looked more like cancellation. Thus the first international result of a stream of revelations from Edward Snowden, a fugitive NSA contractor, about the agency's industrial-scale snooping (relayed in this case via a Brazilian television programme), has been a further deterioration in the often-awkward relations between the two largest countries in the Americas.

Few in Brazil were surprised by Ms Rousseff's decision. In the circumstances "being seen in an evening gown with President Obama" risked seeming "submissive and weak", according to Oliver Stuenkel, an international-relations specialist at the Getúlio Vargas Foundation, a university. Two things magnified the risk: the possibility of further revelations from Mr Snowden's trove of documents, and a presidential election in a year's time at which Ms Rousseff, who is less popular than she was, will seek a second term. Furthermore, Brazil had no big issues to negotiate during the visit and some in Latin America will applaud Ms Rousseff for standing up to the United States.

The short-term cost of the spying row looks greater for Mr Obama. Brazil is mulling a bid from Boeing to provide its air force with 36 Super Hornet jet fighters. Officials might now prefer rival bidders from France or Sweden. Then there is the interest of American energy companies in bidding for a slice of a giant deep-sea oilfield at an auction next month. Brazil's energy regulator says the integrity of the auction has not been compromised by the snooping on Petrobras. But nationalist members of Brazil's congress may not agree.

The revelations have also triggered a debate in Brazil about the way the internet operates. What really worries the government is that the "huge vulnerabilities in its protection systems online were left exposed", according to Rubens Barbosa, a former Brazilian ambassador to Washington. Brazil "has one of the most vulnerable and unprotected internet infrastructures in the world", according to a recent paper by IPEA, a government-linked think-tank.

Officials are now talking about laying fibre-optic cables to Latin American countries and Europe so that Brazil's international online traffic bypasses the United States. They also plan to tackle the country's shortage of internet exchange points, which makes eavesdropping easier. They have ordered Brazil's post office to launch a free encrypted e-mail service to try to compete with Gmail and others. Petrobras said it would spend 21 billion reais (\$9.5 billion) over five years to improve its data security.

Ms Rousseff has urged the Congress to approve a long-proposed regulatory code for the internet. Telecoms companies resist this, because it enshrines network neutrality, which would prevent them from charging more for premium content. Its supporters say the code would make it easier to punish, if not prevent, online spying. The president also wants the bill to include a requirement that Brazilians' electronic data be stored in Brazil and not abroad.

One risk for Brazil from the spying row is that it prompts protectionism: in the 1980s a military government barred the import of computers in a failed attempt to foster a local industry. The difference, according to Matias Spektor, a Brazilian professor of international relations at King's College in London, is that the proposed code is the subject of a fierce democratic debate. An internet providers' lobby, which includes Microsoft and Google, says the code would further raise the high costs of using the internet in Brazil.

American officials say in private that only the naive were astonished to hear that the NSA monitors other governments. Some in Washington will see the cancellation of the first state visit by a Brazilian president since 1995 as a disproportionate reaction. It may confirm their view that Brazil is a perennially difficult partner.

Ironically, Ms Rousseff has taken some pains to improve the relationship with the United States, damaged by the efforts of Luiz Inácio Lula da Silva, her predecessor, to negotiate with Iran over its nuclear programme. Mr Spektor thinks that no Brazilian president could have gone ahead with the visit in the circumstances. Nevertheless, he sees in the spying affair "a very unhelpful confirmation of very deep-rooted fears that the United States is out to stop Brazil from rising".

Those fears, which American officials say are groundless, are much more intense in Brasília than in the country at large. Policy has become more nationalist under the left-wing Workers' Party, in power since 2002. One result is that Brazil's relations with the United States are more distant than those of many other emerging powers, such as India, South Africa or Turkey. That is odd, since the two countries are important trading and investment partners.

Mr Barbosa insists that the affair will not prevent both sides continuing with business as usual. But it is unlikely that the newly arrived American ambassador in Brasília will be invited to present her credentials to Ms Rousseff soon. However justified, the cancellation of the president's visit represents an opportunity forgone.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21586559-cancellation-dilma-rousseffs-state-visit-washington-has-short-term-cost>. Acesso em: 15 de ago. 2014.

Letters

On our capital-freeze index, Utah, Chinese banks, Montessori schools, biofuels, Brazilian foreign relations, the Holocaust, knitting, class

DATA: 2013.09.21

Colombia's economy

SIR – Your capital-freeze index purportedly shows Colombia as the second-most-vulnerable emerging economy to a sudden stop in capital inflows (“[Stop signs](#)”, September 7th). It is unclear how that result was obtained given Colombia's lower placings in the components that made up the index. Moreover, you neglected the most important vulnerabilities that the “sudden stop” literature emphasises about the risk of a capital freeze: the source of financing for the current account, the degree of exchange-rate flexibility and the extent of currency mismatches.

Colombia stands favourably in all of those variables relative to our peers. Our economy has a manageable current account fully financed by foreign direct investment instead of short-term portfolio flows; our exchange rate is flexible enough to accommodate external shocks; and the extent of currency mismatches in the private and public sectors is well below the average of other emerging economies.

Proof of our economy's resilience is demonstrated by the way in which it withstood the 2009 financial crisis. It expanded by 1.7% in a year when Latin America was contracting at a rate of about 2 percentage points.

Mauricio Cárdenas

Colombia's minister of finance

Bogotá

Editor's note: We made an error in the capital freeze index that ran in the September 7th edition. A [corrected index](#) appears in this week's finance section.

Dirty air in Utah

SIR – Utah is a great state (“[Busy bees](#)”, August 31st) though our economic growth comes partly at the expense of residents' health. During the winter months people living along the Wasatch Front (Ogden to Provo) often suffer the worst air quality in the United States. Our gorgeous mountain views disappear for weeks on end; children and the elderly are advised to stay indoors as pollution levels soar. The inversion trapping the air in our valley is natural, but the cosy deals that heavy industries, such as mining, maintain with our governor and our legislature do not help.

Our economy will slide if our state leaders do not enforce better emission-control regulations on industry. If they continue to do nothing our health-care costs will rise, and the talent drawn to our state may seek cleaner skies for their families elsewhere.

Ingrid Griffiee

Utah Moms For Clean Air

Salt Lake City

A hard sell

*SIR – You rightly pointed out that China should separate its big banks from the state (“[Too big to hail](#)”, August 31st). However, smaller, privately owned banks often engage in aggressive lending practices that pose systemic risks. All these banks routinely issue wealth-management products that are more like opaque shadow-banking investments and not unlike collateralised debt obligations in America.

Many are keen to market dubious schemes euphemised as trusts. Once I was shown a “trust loan” to a shipping company that paid back “interest” in flights on a private jet. Another bank tried to lure me into lending to the government of Ordos, one of China's “ghost towns”.

Moreover, my family operates a typical manufacturing business in Guangdong province. Our experience is that credit is not available from the smaller banks. Better regulations must be introduced before smaller banks are allowed to play a bigger role in privatising China's banking system.

Hang Liu

Hong Kong

The Montessori way

SIR – I was disappointed to see *The Economist* publish an article with misleading information about the Montessori education method ([Schumpeter](#), September 7th). Maria Montessori was an expert in child development and an academic at the University of Rome. She based her method on scientific observations of how children learn best.

The Montessori classroom is the most structured learning environment possible. This very structure is carefully taught to the students, so that they know their boundaries and privileges. With this knowledge they are free to choose their work, as long as they are choosing and choosing appropriately. If they are not, the teacher then steps in to guide their progress. This freedom of choice is often misunderstood. It is not to allow children to do nothing or be disruptive. The theory is based on the sensitive periods for learning that both Montessori and Jean Piaget described.

In a Montessori classroom, the children know that mistakes are not bad; that is the way we learn. The success these students experience in learning gives them the confidence to question and explore ideas that others, educated to get the right answer, may not have the courage to do in their work. This may explain why so many children who had the Montessori experience are innovators.

There are excellent Montessori programmes all over the world that attest to the success of the method. How sad that there are still so many who have heard comments or developed perceptions that are entirely inaccurate.

Joyce Pickering

President

American Montessori Society

New York

Changing biofuels policy

SIR – Although some advanced biofuels can help reduce the amount of food burned as fuel, their sustainability is far from guaranteed (“[What happened to biofuels?](#)”, September 7th). A new target risks creating a perverse market for biofuels from waste, which could see “waste” being produced specifically to be used as biofuel.

Europe’s biofuels policy is woefully misguided. Europeans burn enough food in their cars to feed 100m people. New research by the Joint Research Centre, the European Union’s research lab, finds that if biofuels received no EU support the price of food stuffs, such as vegetable oil, would be 50% lower in Europe by 2020.

Europe’s politicians must seize this opportunity to end this travesty by capping the proportion of food-based biofuels at no more than 5%.

Lucy Hurn

ActionAid UK

London

Brazil's external relations

*SIR – It is only partly right that the mistakes made in Brazil's foreign policy since the Workers' Party took power have been caused by divisions at the top ("[Freelance diplomacy](#)", August 31st). The missing explanation is the lack of well-defined principles to guide Brazil's relations. This is a problem for its political elites and its diplomats.

Despite its rhetoric supporting human rights, democracy, development and peace, Brazil's foreign policy is built on a deep insecurity regarding the hegemonic role of the United States in the region, something that has become aggravated in recent decades. This mindset dominates public thinking on Brazil's role in the region and in the world, no matter if you are on the left or the right, an academic, a politician, a businessperson or a diplomat. Brazil's foreign-policy decisions have national sovereignty at their core.

Carlos Pio

Professor of international political economy

Universidade de Brasília

The first accounts

SIR – The study of the Holocaust in America actually began before the founding of Yad Vashem in Jerusalem and the Holocaust museum in Washington ("[Bearing witness ever more](#)", August 24th). Yiddish memoirs of Holocaust experiences appeared immediately after the war, perhaps because there was a strong Yiddish-speaking presence in New York, with many publishers promoting the use of the Yiddish language. Raul Hilberg began his lonely but seminal studies of the mechanics of the Holocaust well before 1961, the year he published "The Destruction of the European Jews", which started the scholarly study of the subject.

In 1973 Hampshire College, in Amherst, Massachusetts, offered the first course on the Holocaust, featuring English translations of Yiddish memoirs and visits by survivors. All this came before modern Israeli and Jewish commemorations commercialised Holocaust remembrance, even if they widened its scope in the post-war world.

Nansi Glick

New Salem, Massachusetts

Getting the needle

SIR – The headline to your article on brain training for older people astonished me ("[Put away the knitting](#)", September 7th). The dexterity required and exercised by knitting certainly exceeds that of the type of video-game mentioned in your article.

I invite the headline-writer to knit a moderately complex pattern while at the same time shaping a piece of clothing and incorporating button holes.

Barbara Kieffer

Sacramento, California

Advantage point

SIR – To call Britain a “largely classless society” sounds a bit farfetched to any Scandinavian living here (“[Nice change](#)”, September 7th). Seen from the perspective of egalitarian societies like Sweden, Denmark or the Netherlands, Britain has not yet had full land, political and economic reforms.

As a result, anachronistic, feudal-like social relations exist in many contexts, perhaps invisible to Brits because it is what they are used to, but eyesores to visiting democrats.

Bent Flyvbjerg

From a medieval high table in Oxford

* Letter appears online only

[From the print edition: Letters](#)

Disponível em: <http://www.economist.com/news/letters/21586511-our-capital-freeze-index-utah-chinese-banks-montessori-schools-biofuels-brazilian-foreign>. Acesso em: 15 de ago. 2014.

A rough ride for Rousseff

But much could still change in the year to the next election

DATA: 2013.09.28



BEFORE THE PROTESTS in June Dilma Rousseff of the Workers' Party (PT) seemed a shoo-in for a second presidential term after the elections in October 2014. Back in March this year 65% of voters approved of her government, a better mid-term showing than for either Fernando Henrique Cardoso, the architect of the inflation-busting Real Plan in the 1990s, or Luiz Inácio Lula da Silva, the former trade-unionist who succeeded him as president. But Ms Rousseff's post-protest fall has been equally striking. By June her government's approval rating had fallen to 30%, though it rebounded to 38% in September.

The sagging polls suggest that Ms Rousseff's support lacked deep roots. Propelled into the presidency by Lula, her mentor, the dour former bureaucrat has never formed a personal connection with the electorate. But mid-term unpopularity need not mean disaster at the polls. Lula's own support suffered a big blow in 2005 after revelations that his party had been buying votes in Congress. Once the ugly stories dried up, he bounced back and was re-elected the following year.

Ms Rousseff's biggest advantage is a weak and splintered opposition. Aécio Neves, the preferred candidate of many in Mr Cardoso's Party of Brazilian Social Democracy (PSDB), can point to two successful terms as governor of Minas Gerais, the country's second most populous state, but the current anti-politics mood has not helped his standing. José Serra, also of the PSDB, who lost against Lula in 2002 and Ms Rousseff in 2010, wants to challenge Mr Neves for the party's nomination. He is unlikely to succeed, but the attempt may weaken Mr Neves. Eduardo Campos, the business-friendly governor of the north-eastern state of Pernambuco, looks increasingly likely to run, but his chances are hard to gauge since he is not well known in other regions; and some in his party, which currently supports Ms Rousseff, would prefer not to gamble on a rupture.

The fourth of the possible challengers is the only one who seems capable of responding to the mood of the streets, but she is not ready to seize the moment. Marina Silva, who resigned as Lula's environment minister in 2008 and left the PT over the issue of dam-building in the Amazon, garnered nearly 20% of the vote as the Green Party's presidential candidate in 2010. The child of poor rubber-tappers who learnt to read only as a teenager and put herself through university by working as a maid, she is admired like few other politicians. Her sincerity appeals to an electorate that is sick of politics as usual. The latest polls give her 22%. If she did that well in the election, she would force Ms Rousseff to a run-off. But without backing from a big, established party, she will find it hard to get airtime on television and to run an effective campaign.

More worrying for Ms Rousseff than the opposition is friendly fire. Most of the parties in her unwieldy coalition just want to stay in power. Since taking office she has managed them badly, displaying a mixture of arrogance, inexperience and a perhaps understandable distaste for the unsavoury bargains required to govern Brazil. If her candidacy looks like sinking, those allies will jump ship without hesitation.

Nor is her own party's loyalty guaranteed. It accepted her because she was Lula's choice—and because all the obvious candidates were struck by scandal. Many in the party would like to see Lula return. He would probably garner more votes than Ms Rousseff. But since stepping down he has said many times that he does not want to run again. Only a total collapse in Ms Rousseff's popularity would change his mind. That still looks unlikely—but it is no longer unimaginable.

[From the print edition: Special report](#)

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Grounded

Having come tantalisingly close to taking off, Brazil has stalled. Helen Joyce explains what it must do to get airborne again

DATA: 2013.09.28

IN JUNE THIS year Brazil was struck by an outbreak of mass protests as sudden as a tropical storm. Brutal policing of demonstrations against a rise in bus fares elicited a wave of solidarity and brought more than a million marchers to the streets on subsequent nights. It also gave vent to previously unsuspected public fury over rising inflation, high taxes, poor public services and political corruption. Even football, a Brazilian passion, became a target of the protesters' ire. Many carried placards contrasting their government's lavish spending on stadiums for next year's World Cup with the dire state of the rest of the country's infrastructure.

The change in political weather came after almost two decades of brightening skies. Since 1994, when hyperinflation was tamed with a new currency, the real, successive governments have pursued generally sound economic policies and adopted anti-poverty programmes. The economy grew rapidly and inequality declined. The global commodity boom helped by sucking in Brazilian iron ore and agricultural produce, and in 2007 Brazil struck vast deposits of deep-sea oil. Being chosen to host both the 2014 World Cup and the 2016 Olympics seemed due recognition that its days as a chronic underachiever were behind it.

But Brazil's economy did not play ball. Having grown by 7.5% in 2010, the fastest rate for a quarter-century, it slowed to 2.7% in 2011 and a mere 0.9% in 2012. This year will see a tepid recovery at best. Inflation is sticking at around 6%. Pessimists recall that the one period of impressive growth within living memory, in the 1970s, ended in chaos and hyperinflation. In recent years Brazil has been seen as one of the leading emerging-market economies that would help drive global growth in the next half-century. But many now wonder whether it has managed nothing more than a *vôo de galinha* (chicken flight), a brief, unsustainable growth spurt followed by a rapid return to earth.

During Brazil's "economic miracle" of the 1970s it was the rich who captured most of the gains. At the time Edmar Bacha, an economist, invented a new label for it, "Belíndia"—a combination of a small, rich country, like Belgium, and a large, poor one, like India. Public education, health care and roads were provided for the Belgian part. Those living in India did without and expected nothing better.

Brazil is still one of the world's most unequal countries. Its murder rate rivals Mexico's. Public health care is a lottery. Fewer than half its pupils leave school fully literate. But it is no longer Belíndia. In the past quarter-century a better labour market and a basic social safety net have cut poverty by two-thirds. In the past decade the income of the poorest 10% of Brazilians has almost doubled in real terms, whereas that of the richest 10% has grown by less than a fifth. Brazil's Gini coefficient, a measure that expresses

income inequality, is at a 50-year low. But “there is a sense in which Brazil is still Belíndia,” says Marcelo Neri, the president of IPEA, a government-funded think-tank: “A rich country that’s growing like Belgium—that is, slowly—and a poor one that’s growing fast, like India.”

More than half Brazil’s population of 200m now belongs to a new lower-middle class, living in households with a monthly income per person between 291 and 1,019 reais (\$127-446). Most of these gains in income have come from earnings, though government transfers have made an important contribution, especially in the poor north-east. Tens of millions of Brazilians now live in more solid houses equipped with cookers, fridges and washing machines. Many own cars. Children of illiterate domestic servants have jobs in the formal economy and study for degrees at night.

But when the new middle classes step outside their doors, traces of 1970s Belíndia are still all around. The number of cars in circulation has more than doubled in a decade, but most roads are still unpaved and few new ones have been built. Public transport consists mainly of packed, decrepit buses. Air traffic has also more than doubled in the past ten years, but airports have barely been touched. Children attend school in two, sometimes three shifts a day. Two-fifths of Brazilians are not covered by local primary health care. When life was a struggle for survival, the economy and jobs were the main concerns. Now that people are a little better off, the parlous state of infrastructure and public services is at the front of their minds.

The government has tried but largely failed to respond to growing demand for public goods. Many of the big infrastructure projects included in its Growth Acceleration Programme announced in 2007 are running years behind schedule and way above budget. Dilma Rousseff, the president, appears at last to have accepted that Brazil will need private-sector involvement to get the roads, railways, ports and airports it needs, but her conversion has been late and grudging. Concessions to run three airports were auctioned at the beginning of 2012, but auctions for more airports, as well as ports, roads and railways, were delayed while the government quibbled over the terms.

The dangers of complacency

Many Brazilian politicians seem to believe that the protests were simply growing pains, but they are being unduly complacent. They should have realised that the new middle classes would want decent public services, commutes without epic traffic jams and elected representatives who were visibly working towards these ends. Several parties have proposed electoral reforms to make politicians more responsive to voters, but they all want different things, so reaching consensus will be difficult.

A less favourable economic climate is now making it even harder to meet the voters’ increasingly vocal demands. The slowdown in growth has caused a downturn in investment, which last year was just 18.4% of GDP, not enough to lead a recovery or to build the infrastructure Brazil needs. Ms Rousseff has been hectoring businessmen to invest more, ignoring the fact that it is mainly government obstructionism and heavy-handedness that hold them back. And commodity prices seem unlikely to bail out Brazil’s economy with another growth spurt.



The country has also blown its chance to cash in on its demographic bonus. Its birth rate has declined steeply over the past few decades but it still has a young population, with many people currently of working age, and a relatively small number of dependants at either end of the age scale. Unfortunately most of this bonus is going on a crazily generous pension system. That will soon put an even bigger strain on public finances as large numbers of workers start to retire.

Despite all these caveats, this special report will argue that, given the will, there is scope for the social and economic advances of the past two decades to continue. Brazil's agribusiness has made huge productivity gains and offers opportunities for further growth. Innovative consumer firms are catering to the new middle classes and are starting to expand abroad. Brazil's politicians have been put on notice that today's young adults, better educated than the previous generation, will be less willing to accept corrupt, venal politics and more insistent on getting decent public services in return for the high taxes they pay.

The way to fund such services is not to increase public spending, which at 38.5% of GDP is already far higher than in comparable countries, but to get growth going again. To achieve that, the government will have to resume the reforms it dropped during the good times: trimming pension benefits, cutting red tape, lowering and simplifying taxes and updating labour laws. Successful infrastructure auctions, too, would help get investment back on track, and abandoning anti-profit rhetoric would improve

business sentiment. But the most urgent problem that Brazil needs to tackle is a sharp loss of competitiveness.

[From the print edition: Special report](#)

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Has Brazil blown it?

DATA: 2013.09.28

A stagnant economy, a bloated state and mass protests mean Dilma Rousseff must change course



FOUR years ago this newspaper put on its cover a picture of the statue of Christ the Redeemer ascending like a rocket from Rio de Janeiro's Corcovado mountain, under the rubric "[Brazil takes off](#)". The economy, having stabilised under Fernando Henrique Cardoso in the mid-1990s, accelerated under Luiz Inácio Lula da Silva in the early 2000s. It barely stumbled after the Lehman collapse in 2008 and in 2010 grew by 7.5%, its strongest performance in a quarter-century. To add to the magic, Brazil was awarded both next year's football World Cup and the summer 2016 Olympics. On the strength of all that, Lula persuaded voters in the same year to choose as president his technocratic protégée, Dilma Rousseff.

Since then the country has come back down to earth with a bump. In 2012 the economy grew by 0.9%. Hundreds of thousands took to the streets in June in the biggest protests for a generation, complaining of high living costs, poor public services and the greed and corruption of politicians. Many have now

lost faith in the idea that their country was headed for orbit and diagnosed just another *voo de galinha* (chicken flight), as they dubbed previous short-lived economic spurts.

There are excuses for the deceleration. All emerging economies have slowed. Some of the impulses behind Brazil's previous boom—the pay-off from ending runaway inflation and opening up to trade, commodity price rises, big increases in credit and consumption—have played themselves out. And many of Lula's policies, notably the *Bolsa Família* that helped lift 25m people out of poverty, were admirable.

The world's most burdensome tax code

But Brazil has done far too little to reform its government in the boom years. It is not alone in this: India had a similar chance, and missed it. But Brazil's public sector imposes a particularly heavy burden on its private sector, as our [special report](#) explains. Companies face the world's most burdensome tax code, payroll taxes add 58% to salaries and the government has got its spending priorities upside down.

Compare pensions and infrastructure. The former are absurdly generous. The average Brazilian can look forward to a pension of 70% of final pay at 54. Despite being a young country, Brazil spends as big a share of national income on pensions as southern Europe, where the proportion of old people is three times as big. By contrast, despite the country's continental dimensions and lousy transport links, its spending on infrastructure is as skimpy as a string bikini. It spends just 1.5% of GDP on infrastructure, compared with a global average of 3.8%, even though its stock of infrastructure is valued at just 16% of GDP, compared with 71% in other big economies. Rotten infrastructure loads unnecessary costs on businesses. In Mato Grosso a soyabean farmer spends 25% of the value of his product getting it to a port; the proportion in Iowa is 9%.

These problems have accumulated over generations. But Ms Rousseff has been unwilling or unable to tackle them, and has created new problems by interfering far more than the pragmatic Lula. She has scared investors away from infrastructure projects and undermined Brazil's hard-won reputation for macroeconomic rectitude by publicly chivvying the Central Bank chief into slashing interest rates. As a result, rates are now having to rise more than they otherwise might to curb persistent inflation. Rather than admit to missing its fiscal targets, the government has resorted to creative accounting. Gross public debt has climbed to 60-70% of GDP, depending on the definition—and the markets do not trust Ms Rousseff.

Fortunately, Brazil has great strengths. Thanks to its efficient and entrepreneurial farmers, it is the world's third-biggest food exporter. Even if the government has made the process slower and costlier than it needed to be, Brazil will be a big oil exporter by 2020. It has several manufacturing jewels, and is developing a world-class research base in biotechnology, genetic sciences and deep-sea oil and gas technology. The consumer brands that have grown along with the country's expanding middle class are ready to go abroad. Despite the recent protests, it does not have the social or ethnic divisions that blight other emerging economies, such as India or Turkey.

An own goal for Dilma Fernández?

But if Brazil is to recover its vim, it needs to rediscover an appetite for reform. With taxes already taking 36% of GDP—the biggest proportion in the emerging world alongside Cristina Fernández’s chaotic Argentina—the government cannot look to taxpayers for the extra money it must spend on health care, schools and transport to satisfy the protesters. Instead, it needs to reshape public spending, especially pensions.

Second, it must make Brazilian business more competitive and encourage it to invest. The way to do that is not, as the government believes, to protect firms, but to expose them to more foreign competition while moving far more swiftly to eliminate the self-inflicted obstacles they face at home. Brazil’s import tariffs remain high and its customs procedures are a catalogue of bloody-minded obstructionism. More dynamic Latin American economies have forged networks of bilateral trade deals. Brazil has hidden behind Mercosur, a regional block that has dwindled into a leftist talking-shop, and the moribund Doha round of world-trade talks. It needs to open up.

Third, Brazil urgently needs political reform. The proliferation of parties, whose only interest is pork and patronage, builds in huge waste at every level of government. One result is a cabinet with 39 ministries. On paper, the solution is easy: a threshold for seats in Congress and other changes to make legislators more accountable to voters. But getting those who benefit from the current system to agree to change it requires more political skill than Ms Rousseff has shown.

In a year’s time Ms Rousseff faces an election in which she will seek a second four-year term. On her record so far, Brazil’s voters have little reason to give her one. But she has time to make a start on the reforms needed, by trimming red tape, merging ministries and curbing public spending. Brazil is not doomed to flop: if Ms Rousseff puts her hand on the throttle there is still a chance that it could take off again.

[From the print edition: Leaders](#)

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Land of the setting sun

Brazil, the “country of the future”, spends far too much on its past

DATA: 2013.09.28

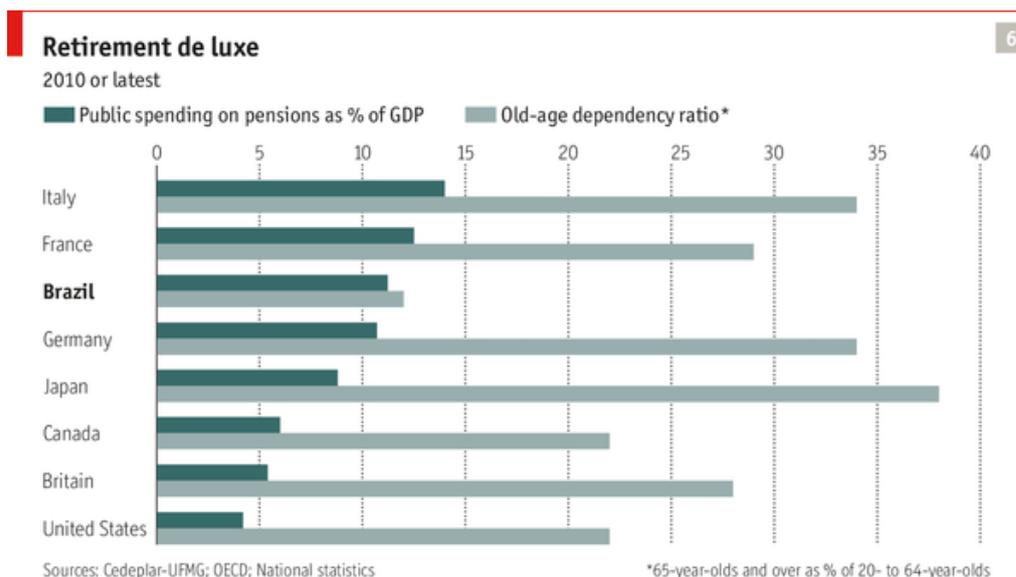
TO SEE WHY Brazil urgently needs to reform its pension system, picture a 73-year-old retired public prosecutor. He is living very comfortably on a generous government pension—around 20,000 reais a month, more than ten times the average wage. With three children from a previous marriage and one from an affair, he is now married to a beautiful 30-year-old with whom he has a fifth child. Life is sweet. After 12 more happy years he dies. Naturally his widow is distraught, but her financial future is assured.

For the rest of her life she draws almost his full pension, increased annually by at least the rate of inflation. When she dies 38 years later, aged 80, that pension has been paying out for more than half a century—much longer than her husband had worked to earn it.



The ages at death in this story are based on current life expectancy in Brazil for a 73-year-old man and a 30-year-old woman. The other details, including the current ages and the value of the pension, are those of a high-profile politician and his wife. Brazil has many other couples like them, though pensions outside the public sector are usually much lower. Survivor benefits give such a boost to the appeal of an elderly romantic partner that Brazilians talk about “the Viagra effect”.

In most countries bereaved spouses or partners can expect only a fraction of the deceased’s public pension, typically half, and it often comes with conditions attached, such as having dependent children or being close to retirement age themselves. In Brazil survivors of any age get almost the full sum for the rest of their lives. Even if the deceased person has not yet retired, the pension starts straight away. As a result, Brazil spends an unmatched 3% of GDP on survivors’ pensions. Rich OECD countries on average spend less than 1%.



The pensioners themselves, too, do remarkably well. Men can retire at 65 and women at 60, on full pay up to a high cap, as long as they have contributed for 15 years. All but recently hired civil servants can retire on full pay with no cap. Men over 65 and women over 60 living in poor households get a pension equal to the minimum wage, currently 678 reais a month, even if they have never contributed. Rural workers, poor or not, enjoy the same privilege five years younger. Terms for early retirement are particularly generous. Greeks, whose pension system almost bankrupted their country, on average work on until they are 61. The average Brazilian draws a pension of 70% of final pay at 54.

Brazil needs to invest more and to stop bribing the middle-aged to leave the workforce

All this means that although Brazil is a young country, it spends on pensions like an old, profligate southern European one. Currently it has only 11 people aged 65 and older for every 100 aged 15-64. The ratio in Greece is 29 to 100. But Brazil already spends 11.3% of GDP on public pensions, not much less than Greece at 11.9%.

In 1970 Brazilian women on average had 5.8 children; today that figure has come down to 1.8. With relatively few dependants at either end of the age scale and a large working-age population, the country is enjoying a “demographic bonus”, a magic moment when it should be able to grow fast, enjoy higher incomes and still have plenty left over to invest. By the time the bulge generation comes to retire, that surplus should have built schools and infrastructure to make the next cohort much more productive. The country should be rich enough to support its larger number of old folk without too much strain.

Where did that bonus go?

Brazil has wasted this one-off opportunity. Neither the general pension scheme for private-sector workers nor the special one for civil servants produces a surplus. Despite sky-high contribution rates—up to 33% of salary, two-thirds paid by the employer and one-third by the worker—both schemes need to be topped up from general taxation to pay current pensions. And in the next few years the demographic bonus will start to taper off.

Brazil's runaway pension spending has its roots in the idealism of the generation that fought against the military regime, says Marcelo Caetano of IPEA. Rather than work out what might be affordable, it tried to turn the social privileges of the few into the rights of all. For example, the 1988 constitution states that health care is the right of every citizen and that it is the duty of the state to provide it without charge. But services such as health and education require planning and organisation, and although they have improved since the return of democracy they still fall far short of that aspiration. Pensions simply need to be paid, and they have driven Brazil's public spending ever since.

Public spending as a share of GDP rose during both Mr Cardoso's and Lula's terms. If Ms Rousseff splurges next year, as both her predecessors did in election years, primary federal spending will have gone up by two percentage points during her term, but almost none of that extra money has been invested.

Mansueto Almeida, an economist at IPEA, calculates that 25% of the increase in primary federal-government spending (that is, not counting debt interest) since 1999 went on programmes that support adults of working age and children, including unemployment benefit, a top-up for low-paid workers and the well-known *Bolsa Família*, which gives cash to very poor families in return for getting their children vaccinated and sending them to school. Pensions ate up an extraordinary 59% of the increase, leaving only 16% to be invested.

Now and then, generally in post-election years, Brazilian governments decide they must rein in public spending. But almost nothing is easy to trim. Civil servants' employment terms do not allow them to be made redundant or have their salaries cut. Pensions cannot be shrunk. So the axe falls on investments. Those under way are paused, those being planned are put off.

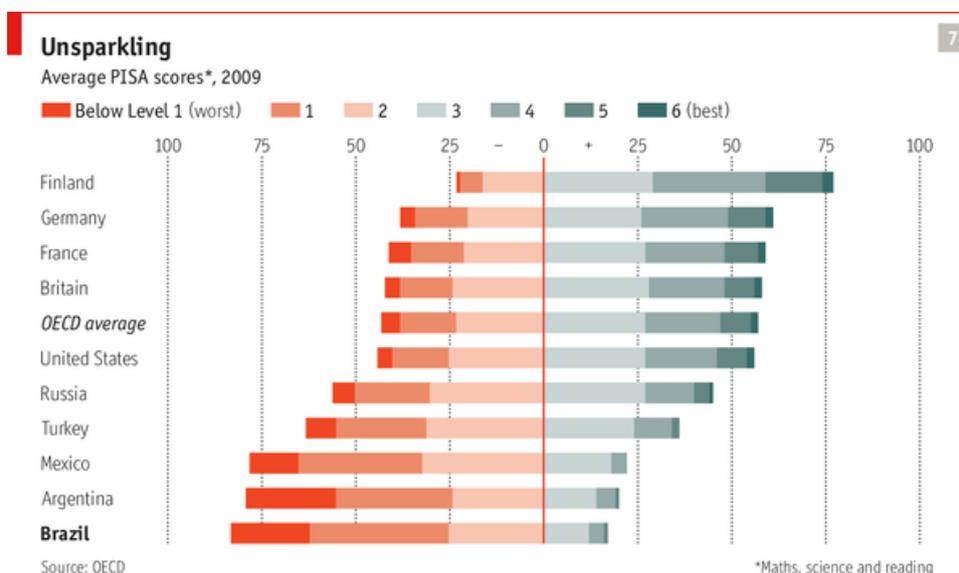
Brazil's gross public debt is nearly 60% of GDP (or nearly 70%, by the IMF's more pessimistic definition), which is a lot for a middle-income country. If even some of the government's ambitious infrastructure plans go ahead, that debt will rise further. Because of the scarcity of long-term credit in Brazil—a legacy of hyperinflation—as well as a politically driven desire to cap headline interest rates, the government has obliged public banks to help it out: they must lend the prospective winners of its auctions around two-thirds of their construction costs. But because pensions eat up so much of the tax revenue, the government has no money to channel to the banks, so the treasury will have to issue bonds. In June S&P, a ratings agency, downgraded the outlook for Brazil's sovereign debt to negative because it thought a big increase in debt was likely in the next two years.

To make matters worse, Brazil is already building up to an almighty pensions crunch. The bulge generation will start to retire soon and unless the rules change radically, by 2050 taxpayers will be propping up the private-sector scheme alone with a hefty 5.6% of GDP. But the necessary reforms are not even under discussion. Last year the government at last got around to ending the pension privileges of civil servants, but only for new entrants. By 2050 that will save a modest 0.5% of GDP. In July the pensions minister abandoned an attempt to trim survivors' benefits, saying there was little chance of getting it through Congress after the protests.

Mortgaging the future

Brazil's government spends 5.6% of GDP on education, more than the OECD average. That should be enough to give it good schools, but it doesn't. Though the great achievement of the 1990s was getting most children into school, and the country does better than it did ten years ago in the OECD's PISA

studies, which test 15-year-olds' literacy, numeracy and scientific understanding, it remains near the bottom of the pack. Half of all 15-year-olds are unable to interpret or draw conclusions from any but the simplest texts. Two-thirds can manage no more than basic arithmetic. In literacy, mathematics and science alike, only 1% rank as high performers; across the OECD, 9% do.



Part of the problem is that the education budget is not well used. OECD governments on average spend 30% more on each university student than on each school pupil. Brazil's spends five times more. Since wealthy students who went to private schools are much more likely to pass university entrance exams, that is shockingly regressive—and wasteful too, since the return to the taxpayer from a decent basic education for many would be much higher than from degrees for the few.

But the most damaging practices have to do with pensions again. Teachers retire five years earlier than other workers, on the same terms. Since most are women, the typical teacher's career looks something like this: graduate at 23; spend a couple of years preparing for the public-sector entrance exam; start teaching at 25; retire at 50 on close to full pay—and receive an index-linked pension until death at 79.

Such early retirement takes experienced professionals out of classrooms that can ill afford to lose them. And it makes it harder to persuade the best young graduates to take up teaching in the first place. Pensions form such a large part of total compensation that they squeeze pay. State-school teachers' salaries are among the lowest for graduate jobs in Brazil, so most high-flyers are not interested. Rio state spends as much on retired teachers as on working ones, says Wilson Risolia, its secretary of education. Since 1999 the state has dedicated every *centavo* of the royalties it receives for the oil off its coast to funding its employees' pensions. It counts itself lucky to be able to draw on this revenue stream. But such windfalls should be used for the good of future generations, not past ones.

Brazil's federal government plans to increase public spending on education to 10% of GDP by 2020, which if it happens will be a world record. Some of the extra cash is meant to be generated by royalties from the country's recently discovered vast reserves of deep-sea oil. But more money will not help unless it is tied to better teacher quality and progress towards well-designed education targets, says Mr Risolia. Rio has set a core curriculum for each subject, boosted in-service teacher training and has started

to hold standardised state-wide tests for all pupils twice a year. Without changes of this sort, more money might even make things worse. “It’s like putting more water into a leaky pipe,” says Mr Risolia. “You just get more leakage—including probably more corruption.”

More broadly, Brazil needs to reshape its public spending, not increase it. It needs to invest more and to stop bribing the middle-aged to leave the workforce, carrying their children’s inheritance with them. “People sometimes say to me that with growth at 5% we wouldn’t need pension reform,” says Fabio Giambiagi, a pensions expert. “But with workers retiring so young, how can we possibly grow at 5%?”

[From the print edition: Special report](#)

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Leave well alone

Brazil’s agriculture has benefited from government neglect. Its car industry has had too much attention

DATA: 2013.09.28



IN 1984 WALTER HORITA, the youngest of three sons of a Japanese immigrant who farmed 500 hectares (1,240 acres) in the southern state of Paraná, headed north in search of land. Mato Grosso do Sul and Mato Grosso, colonised by *gaúchos* from southern states in the previous two decades, were too expensive for him. Eventually he settled on western Bahia (see map below), where he bought 1,210 hectares, paying four sacks of soyabeans per hectare. “There was nothing,” he says. “No roads, no schools, no health care, no electricity, no water supply, no phone.” He got digging. By 1999 the farm was so successful that his brothers in Paraná sold up and joined him. Today the Horita brothers own 150,000 hectares in western Bahia, growing mostly soya, cotton and corn.

The story of how Brazil's vast central and north-eastern crop belt was won starts in 1973, when Brazil's military regime decided to centralise agronomy research and set up the Brazilian agricultural research corporation, Embrapa. It sent 1,200 bright young scientists abroad to study. When they returned and were set to work, they achieved something of a miracle: they made the *cerrado* bloom. Until then, Brazil's savannah with its acid, nutrient-poor soil had been thought impossible to cultivate. It turned out that deep tilling, huge quantities of lime and fertiliser and fast-growing crops bred to suit the local conditions could coax a rich harvest from it.

Go north, young man

The new crops and techniques were adopted by *gaúcho* sons lured to the *cerrado* by the promise of virgin lands. They pushed northwards through Brazil's central states, eventually arriving in the region now nicknamed MaPiToBa: the cultivable parts of Maranhão, Piauí, Tocantins and Bahia. Not only vast farms but prosperous new towns sprang up as a result. When Mr Horita arrived in western Bahia, Luís Eduardo Magalhães (known as LEM) was just a petrol station. In 2000, when it had 18,000 residents, it split away from Barreiras, the region's only sizeable municipality at the time. LEM now has a population of 70,000 and is one of Brazil's fastest-growing towns. The mayor says his biggest problem is finding 2,000 new school places each year. The John Deere concession run from LEM by Chico Oliveira, another *gaúcho* pioneer, is one of the American farm-equipment maker's biggest worldwide.

Around 40% of the 6.6m hectares planted with grains and oilseeds in MaPiToBa is in western Bahia. Much of it is producing soya and either cotton or corn, planted and harvested in the same year. Where rain is too sparse, millet replaces the cotton or corn. Marcos Jank of Agroconsult, a Brazilian consultancy, reckons that another 20m hectares in Brazil could be transformed in the same way without further advances in crops and technology. A further 6m hectares currently under pasture could be turned over to high-productivity crop farming.



The transformation of the *cerrado* is often dismissed as Brazil's belated discovery of a competitive advantage. That leaves out a lot, and not just Embrapa's role and the courage of the *gaúcho* pioneers. Farming in the tropics is in many ways more difficult than in a temperate climate. Without cold winters, pests and crop diseases are harder to control. Intensive soil preparation and large amounts of lime and fertiliser require scale and capital. According to Rodrigo Rodrigues of Agrifirma, a company that buys and farms virgin *cerrado*, preparing land for its first crop—deep-tilling, root-picking, liming and so on—means passing over it 15 times, which costs as much as the land itself. The 1,300 members of AIBA, Bahia's farmers' association, on average farm 1,269 hectares each. The average American farm is 170 hectares.

Other obstacles in the way of Brazil's frontier farmers include murky land titles. Bahia is better in this respect than other bits of MaPiToBa, and an electronic rural-land register will eventually bring a big improvement, but for now every purchase requires expensive due diligence. Brazil's Forest Code requires some land to be set aside on every farm nationwide, no matter how far from the rainforest. Getting the environment agency to agree on set-aside and grant a licence to start clearing can take years. Petty bureaucracy is a problem too. After buying a farm in western Bahia in 2009, Agrifirma built a 23km power line at a cost of 460,000 reais to connect it to the national grid. The power line has been finished since March, but the company is still waiting for permission to hook it up.

Survival of the fittest

On the wall of the Horita brothers' office in Barreiras hangs the framed root of a drought-resistant cotton plant. It is 3.4m long, a reminder of the power of natural selection in a harsh environment. Julio Busato, AIBA's president, says such forces have shaped the region too. One reason its farms are so big is that

only the best made the grade, and they bought out the losers. “You don’t hear those stories so often,” he says, “but lots of people came and lost everything, and now they’re, say, driving a truck.”

It was the opening up of Brazil’s economy that enabled Embrapa’s tropical-farming technology to be taken up so widely, says José Garcia Gasques of the agriculture ministry. Until a couple of decades ago farmers were being supported by means of minimum prices, government-purchase schemes and trade controls, and agricultural output was growing only because extra land was being added. But in 1990 Brazil’s then president, Fernando Collor, slashed tariffs and dismantled many import and export controls. Since then the total area under crop cultivation in Brazil has increased by 38% and production has more than trebled. Total factor productivity has been growing by 4.6% a year. “In these new areas [such as MaPiToBa] they rarely even mention the government,” says Mr Gasques. “There’s no culture of subsidies; it was broken 20 years ago.”

In the past decade, propelled by the commodity boom, Brazil has become one of the world’s largest agricultural producers. It is among the top three for nearly all of the 15 most widely traded crops. And since it uses less of what it grows than other big producers, it makes the biggest contribution of any country to feeding hungry mouths elsewhere.



Even as Brazil’s economy was opening up in the 1990s, industrial sectors with powerful lobbies in Brasília managed to hang on to some of their privileges, a legacy of the generals’ infatuation with government-driven industrialisation. The result is an anomaly: a big agricultural producer that protects its farmers less than its manufacturers. A recent study by the International Chamber of Commerce, a business lobby group, ranked Brazil as the most protectionist of the world’s 20 biggest economies. But according to figures from the OECD, a rich-country club, agriculture is largely left to fend for itself. State support accounts for just 5.7% of farm income in Brazil, compared with 12% in America, 26% across the OECD and 29% in the European Union.

Brazilian carmakers are particularly cosseted. The government first offered infant-industry support for foreign car firms prepared to open local factories in 1952. From 1974 to 1990 car imports were banned almost completely, and subsequently they were subjected to high tariffs which still persist. Brazil went from having no car industry at all to making 3.3m vehicles a year. Yet not even high tariffs could save carmakers when the currency strengthened. In 2005 imports made up just 5% of sales; by 2011 their share had leapt to 22%. The government responded by setting quotas on car imports from Mexico, with

which Brazil supposedly has a free-trade agreement for cars, and to add an extra 30% to the sales tax on cars made anywhere other than Mexico and Brazil's partners in the Mercosur free-trade block. That provoked complaints to the World Trade Organisation.

The government's latest wheeze is to offer tax breaks for local research and development, which came into force in January. Carmakers who sign up to the programme do not have to pay the extra 30% sales tax. The stated aim is to make cars produced at home more competitive by stimulating innovation. In practice, manufacturers without a local presence will face higher taxes if they import more than a few thousand cars a year. Several, including BMW and China's JAC Motors, have decided that building factories in Brazil is a price worth paying for access to the world's fourth-largest car market.

The new policy may indeed increase local production, says Maurício Canêdo Pinheiro, an economist at the Fundação Getulio Vargas. And government support can stimulate innovation, as Embrapa has shown. But Brazil's farmers innovated not only because the government offered help but because they were threatened with competition. Support for innovation tied to market protection is unlikely to work the same magic. Besides, in the 1970s and 1980s Brazilian farms were small and undercapitalised, Mr Pinheiro points out, whereas "global car firms are big enough to innovate without government help."

Unlike their counterparts in the United States and the European Union, farmers are now Brazil's most ardent proponents of free trade. They want an EU-Mercosur deal, which has been mooted for years and is becoming urgent for Brazil, since from next year it will be rich enough to lose its trade preferences. Bahian farmers want to cattle-ranch on *cerrado* that has too little rain for crop-farming, but for that to be profitable they need new markets. "We'd love to sell to Europe," says Mr Busato. "Their meat is so expensive."

Kátia Abreu, the president of Brazil's main farmers' union, says Brazil needs to rethink its entire attitude to trade. "There's no sense in trying to protect your market the old-fashioned way," she says. "A piece of every supply chain, that's what we should be looking for." A cattle-rancher, she turns to a homely analogy: salting and sun-drying meat will work well only if the meat is of good quality in the first place. "All those incentives for industries that can't compete, they're just wasted salt."

[From the print edition: Special report](#)

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Looks good

Brazilian cosmetics and other consumer brands are powering ahead

DATA: 2013.09.28



“CAFUNÉ (N): A STROKE or ruffle of a loved one’s hair”. That Brazilians have coined such a specific word testifies to their physical warmth, sense of touch—and obsession with hair. Brazil, although only the world’s seventh-largest economy, is its second-largest market for hair-care products. The amount Brazilian women spend on primping has been growing strongly for years and now matches British women’s spending per person, though their disposable incomes are far lower. Soon Brazil will overtake Japan to become the second-biggest market for beauty products overall, after the United States.

“The whole world has woken up to the potential of the Brazilian beauty market,” says Hana Ben-Shabat of A.T. Kearney, a firm of analysts. Sales of big global companies such as Unilever and Procter & Gamble are growing fast in Brazil, and luxury brands such as l’Occitane are piling in. But the country has also come up with a home-grown beauty company that dominates its bathroom shelves. Natura has a 13.4% share of the Brazilian cosmetics, perfume and hygiene market, with customers in 60% of all households. It is already the world’s 20th most valuable cosmetics brand, according to Brand Finance, a consultancy, even though nearly 90% of its sales are domestic and hardly any are outside Latin America. Now it is planning to go global.

Natura was green before greenery became chic, and catered for women of African heritage before North American or European firms had noticed their existence. According to Alessandro Carlucci, Natura’s chief executive, it is similar in some ways to The Body Shop, a green cosmetics firm that started life in Britain, though Natura was years ahead. The big difference is that The Body Shop picks and mixes its cosmetics from around the world whereas Natura has a Brazilian “*terroir*”. Its products are 70% plant-based (by dry weight), and about 10% come from the Amazon, where it buys from co-operatives of villagers and indigenous tribes.

Since 1974 Natura’s products have been distributed by self-employed salespeople, a bit like the Avon ladies. The idea was to get to know its customers better and provide a personal service, but there were happy side effects too: fewer employees covered by onerous labour laws; less need for capital during a period of hyperinflation; less reliance on awful roads. It focused on the middle market, which placed it perfectly to benefit from the emergence of a huge new middle class.

The new face of Brazil

The years when Brazil had a policy of keeping out imports gave Natura time to build brand awareness. But it never relaxed because the country was always tricky to do business in, says Mr Carlucci: “If the environment is tougher, it makes you stronger.” And since the opening of the domestic market it has

flourished, as has a clutch of other Brazilian beauty and clothing brands, despite foreign competition. O Boticário (The Apothecary) is a high-street competitor to Natura. Hering is Latin America's second-largest clothing company. Riachuelo will soon sell fast fashion in every Brazilian state. Lojas Renner's department stores sell their own popular clothing lines. Melissa and Havaianas have made it chic to wear cheap shoes for tropical climes.

These firms are just some of the many consumer brands that have ridden Brazil's consumption boom during the past decade. Whereas carmakers spend their time in Brasília lobbying to keep trade barriers and special privileges, these companies have a more liberal agenda which has quite a lot in common with that of June's protesters. Better infrastructure would cut their overheads. Better public services, especially in education, would provide them with more competent staff. Cleaner politics would improve economic decision-making and future growth.

As long as the Brazilian market was expanding vigorously, it made sense to focus on it. But now all these companies face the same immediate challenges: a slow economy, high consumer debt and the impossibility of Brazil repeating its trick of the past decade: the acquisition of 35m new consumers with the emergence of its new middle class.

The home market remains important. Natura, for instance, plans to keep expanding it by wooing consumers above and below the income group of its current customers and by tweaking the sales consultants' role. The drudge work of taking customers' money and delivering goods will increasingly be moved online, leaving sales consultants to sell, pamper and provide the human touch. Lower-income customers are being enticed with a new range in lighter, cheaper packaging that gives up every drop of its contents, prompted by the firm's discovery that cost-conscious consumers were using a spoon to scrape out its containers.

The example of Havaianas shows what consumer brands facing a slowdown in Brazil can do to improve their lot. The company was already supplying almost the entire market for light slip-on shoes in Brazil in the 1980s. It continued to grow strongly first by going upmarket at home and then by moving abroad. O Boticário, whose early attempts to sell its bright lipsticks and eyeshadows to Portuguese women flopped, now has outlets scattered through more than 20 countries. Natura was initially held back by the difficulty of direct selling in a new market, with salespeople having to trudge the streets for an unknown brand. Sales in several other Latin American countries are now doing well, though going farther afield will require a new approach.

In the race to go global, Brazilian consumer brands will benefit from a competitive advantage less often noted than the country's abundance of commodities: its reputation for style. Market researchers say that although few consumers elsewhere know much about the country, they feel positive about it and think Brazilians are beautiful. They also associate Brazil with biodiversity and the rainforest, an obvious advantage for a firm called Natura that uses ingredients from the Amazon. Coming your way: the scents of *pitanga* (a red berry) and *priprioca* (a sweet-smelling grass)—and perhaps a *cafuné*.

[From the print edition: Special report](#)

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Money no object

How many prestigious sports stadiums does Brazil need?

DATA: 2013.09.28



TOURISTS COME TO Manaus in the northern state of Amazonas for rolling rivers, virgin rainforest and *Belle Epoque* buildings from the 19th-century rubber boom when the city was known as the Paris of the Tropics. The most striking monument to that era is the Amazonas Theatre. Decked out with European hardwoods, Carrara marble and Venetian glass, it took 12 years to build and went dozens of times over budget. Now Manaus is to get another pricey landmark—for some, another folly. This time the cost will fall on taxpayers.

Amazônia Arena, a 42,000-seat steel-and-fibreglass affair inspired by local hand-woven baskets, is one of 12 venues in 12 cities Brazil is building or refitting for next year's World Cup. It will cost 600m reais (\$265m), which will make it one of Brazil's most expensive football venues. Its external framework was shipped from Portugal in 800 pieces because Brazilian firms that could have delivered the required quality were booked out until 2016. The deadline for completion is December, but FIFA, the sport's governing body, fears that it will be missed.

Once the tournament is over, Manaus's new landmark is unlikely to see much sport. The city's football team plays in a low division, with matches attended by only a few hundred fans. The teams in three other host cities, Brasília, Cuiabá and Natal, also draw small crowds. The government says the four were chosen to showcase Brazil's diversity. Amazônia Arena's project manager, Miguel Capobiango, gamely talks of covering monthly running costs of 500,000 reais with business meetings, craft fairs and municipal shows. More likely, though, all four will become a permanent drain on public funds—though the other eight have a reasonable prospect of a useful future.

Brazil's taxpayers are outraged that 8 billion reais are being spent on all these sparkling stadiums when their country's infrastructure in general is so decrepit. Most of the transport upgrades planned for the tournament will not now be ready in time or have been axed altogether. June's protests coincided with the Confederations Cup, a trial run for next year's event. Placards demanded public money for new

roads, schools and hospitals, to be built “to FIFA standards”. The mood scarcely improved even when in the final Brazil beat Spain, the current world champion.

A four-hour flight south from Manaus, Rio de Janeiro is preparing not only for seven World Cup games, including the final, but also the 2016 Olympics. Organisational chaos during Pope Francis’s visit to the city in July cast doubt on its capacity to plan large-scale events: his motorcade got stuck in traffic, a blackout halted the metro for hours and Mass for 1.5m had to be moved to Copacabana beach when rain turned the original venue into a mudbath.

Rio’s famous Maracanã football stadium scrambled to reopen before the Confederations Cup after its third renovation in a decade, which brought the total spent on refits to 1.35 billion reais. More may be needed before it hosts the Olympics opening and closing ceremonies. But new high-speed busways and an extension to the city’s metro should be useful, and the run-down port area is being renovated with private money.

Hosting the Olympics, says Maria Silvia Bastos Marques, the boss of the Municipal Olympic Company, has given Rio a fresh “focus, determination and will”. After the federal government moved to Brasília in 1960, incompetent and sometimes corrupt local governments left the once marvellous city looking down-at-heel. In Manaus, Mr Capobianco hopes the World Cup will teach Brazilians something new: that when it wants to, their government can build to a high standard and hard deadline. If only it would do so more often.

[From the print edition: Special report](#)

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Reality dawns

Slower growth and an assertive new middle class will force political change

DATA: 2013.09.28



A DEMOCRACY SHOULD get the politicians it deserves, and Brazilians who voted Paulo Maluf into Congress in 2006 and 2010 can hardly say they did not know what they were letting themselves in for. Allegations of overbilling and kickbacks when he was mayor of São Paulo in the 1990s had been circulating for years, though he was found guilty only last year—by a court in Jersey, in his absence. Mr Maluf is just one of many Brazilian politicians with grubby names: a third of congressmen face criminal allegations, mostly of vote-buying, bribery or embezzlement. Quite a few of those did well at the ballot-box.

But even when Brazilians try to choose wisely, they can be frustrated by their voting system. Members of the lower house of Congress are elected by huge state-wide constituencies. Each state is entitled to three senators and between eight and 70 representatives in the lower house, so with dozens of parties there can be thousands of names on the ballot. Two months after an election only a minority of voters can remember whom they picked. And the system gives poor, ill-educated and sparsely populated states far more than their due weight in Congress, boosting clientelism.

Brazilians also get lumped with representatives they did not even vote for. When a politician steps down in mid-term he is replaced by his choice of alternate rather than via a by-election. Votes cast for a congressional candidate above what he needs to be elected are shared out among his allies. Parties employ “vote-pullers”—high-profile figures who drag non-entities or *corruptos* into office with them. In 2010 Tiririca, a well-known clown with a television show, picked up 1.3m votes in São Paulo state, enough to get him and three other members of his party into Congress.



In 2010 Tiririca, a well-known clown with a television show, picked up 1.3m votes in São Paulo state

No matter what a Brazilian politician does, once he is in he becomes very hard to kick out. Corruption allegations are rarely properly investigated, let alone brought to court. Holders of high office cannot be tried by courts of first instance; congressmen can be tried only by the Supreme Court. And even if a case does come to court, Brazil's legal system offers almost endless opportunities to spin things out. Natan Donadon, a congressman found guilty in 2010 of embezzling public funds, was jailed only in June this year—the first congressman to suffer that fate since 1988. In August Congress decided in a secret vote not to strip him of his seat.

The *ficha limpa* (“clean record”) law, passed in 2010 after earlier protests shamed Congress into action, bars candidates for eight years after a conviction for vote-buying or misuse of public funds, or if they step down to avoid investigation. Next year's federal election will be the first one with that law in force. It should improve matters slightly by keeping known *corruptos* from standing and giving clean candidates a reason to stay that way. But it does not make corruption more likely to be properly investigated, nor does it increase criminal sanctions.

In poor, rural areas powerful clans often have a lock on state and city governments. Dependent on transfers from the federal government and richer states, they have little incentive to govern well. But some of the more developed regions have competent administrations, says Luiz Felipe d'Avila of the Centre for Public Leadership, a think-tank. A fiscal-responsibility law passed in 2000 forced them to clean up their books, limit their debts and stop overspending on staff, and the need to lure taxpaying businesses encouraged healthy competition.

The federal administration, by contrast, often seems to be on another planet. Brasília, the capital built in Brazil's then-deserted central plains in the 1950s, is a long way from anywhere and much richer than most of the rest of the country, with an income per person 2.2 times the national average. *Congresso em Foco*, a magazine and watchdog, calculates that the pay and perks of the 513 members of the lower house of Congress alone will add up to almost 1 billion reais this year. That includes a salary of 365,000 reais, allowances for food, housing, flights and petrol, and 25 advisers of their choice each. Senators get

extra advisers as well as unlimited private health care for themselves and their families for the rest of their lives.

Much of what is done in Brasília seems equally distant from Brazilians' needs and interests. The relationship between the executive and legislative branches is openly mercenary, with the president trading pork-barrel spending for support from her huge, ideologically incoherent coalition. Ministries are also used as currency. Under the PT the transport ministry has gone to the right-wing Party of the Republic, for example; sport belongs to the communists and tourism to the Partido do Movimento Democrático Brasileiro (PMDB), a party of regional bigwigs. In 2011 these and two other ministries lost their bosses to scandals, only for their "owners" to be allowed to name their replacements.

Visiting businessmen and investors complain that officials seem unaware of the mood elsewhere in Brazil. According to a recent Americas Barometer survey, only a third of Brazilians felt that politicians cared about their opinions. That disaffection erupted in June's protests. Many marchers carried placards reading: "They don't represent me."

During the protests Ms Rousseff put forward the idea of setting up a constituent assembly that would suggest ways to make politics more responsive to the people. It was shot down as unconstitutional the following day. She then proposed a plebiscite to produce options for Congress to consider. But how to word it? Most people's eyes glaze over when they hear about closed lists and single transferable votes. And most politicians resist changing the system that got them where they are.

The PT, for example, one of the few parties with strong national leaders, favours a closed-list system in which votes are cast for parties rather than people, because it would make its leaders even stronger. The PMDB wants simple-majority voting, which in such large constituencies would tilt the system even more towards name recognition—and hence its local chieftains.

The Brazil that grows

Brazil seems set to stagger on indefinitely with a system that does a bad job of selecting its representatives. But even without electoral reform, new demands and tightening finances are about to force change on its federal government. Many bits of the country are still so poor and ill-educated that scraps thrown from Brasília can secure votes. Even so, three-quarters of the income gains and three-fifths of the drop in inequality during the past decade have come from paid work, not government handouts. That has created a large and growing constituency for better public services and infrastructure. Satisfying it will require some hard political choices.

Governments in other middle-income countries that face similar demands may be able to raise taxes or borrow more. In Brazil neither is feasible. During the quarter-century since the return of democracy the tax burden has risen from 22% to 36% of GDP, way out of line with the 21% average for upper-middle-income countries. Extracting so much revenue in a country that is not yet rich has already squeezed poor people hard and slowed growth by overburdening businesses. Gross public debt is also high for a developing country. Borrowing a lot more would mean paying even higher interest rates and put the investment-grade status of Brazil's sovereign debt at risk.

If Brazil's economy were doing well, tax revenues could rise without taking a bigger bite out of GDP. The country could outgrow its high and misdirected public spending by limiting any further increase in it to half the rate of economic growth, as economists linked to the opposition PSDB have been suggesting. But Brazil has exhausted all the easy ways to grow. Most of the population has already

moved from the countryside to the cities, and most women who want jobs have joined the workforce in the past few decades.

During Lula's two presidential terms the economy was lifted by the commodity boom and the lingering effects of the economic stabilisation of the 1990s. That made his government complacent. It abandoned the reforms of the tax and pension systems and the labour laws that would have strengthened growth in the longer term. Since Ms Rousseff took office, growth has barely risen above 2.5% a year.

As a result, Brazil's government will soon have to cope with something unfamiliar: budgets that barely grow from year to year. Many Brazilians believe that cutting politicians' perks would release enough cash to build better roads, schools and hospitals. But although such trimming would be a good thing, only a radical reshaping of public spending, and in particular much later retirement and lower pensions, will produce the required savings.

Up till now, politicians have not even tried to make that case to the electorate. Nor are they likely to get round to it soon: with an election coming up next year, they will probably go on another spending binge. Moreover, many Brazilians have yet to make the link between restrictive labour laws and numbing bureaucracy on one hand and the high cost and poor quality of infrastructure and locally made goods on the other.

In the longer term, though, the protests have shown that the politicians cannot duck hard choices indefinitely. Voters everywhere would rather avoid short-term pain, no matter how firmly they are promised it will lead to long-term gain. But for Brazilians the choice is between two current evils: accepting cutbacks in overgenerous handouts or continuing to put up with appalling infrastructure and public services. That may make them more open to reform.

The new middle classes are becoming increasingly vocal, and their demands are being supported by firms in sectors such as agribusiness and consumer products that have flourished without much attention from government. Mr Maluf and his ilk are nothing if not survivors: if the electorate wants better policymaking, they might just try to provide it.

[From the print edition: Special report](#)

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The price is wrong

Why Brazil offers appalling value for money

DATA: 2013.09.28



FROM \$30 CHEESE pizzas in São Paulo to \$250-a-night windowless, smelly hotel rooms in Rio, the lasting memory from a visit to Brazil in recent years has been shock at how expensive it is. When Lula came to office in 2003 a dollar bought 3.5 reals; by mid-2011 it bought just 1.53 reals, barely a third of the 2003 figure in real terms, because inflation in Brazil during the period was much higher than in the United States. Since then the exchange rate has fallen to 2.3 reals to the dollar, but that has undone little more than half the past decade's gains. In any case, the causes of Brazil's competitiveness problem go far deeper than the exchange rate. The strong real actually helped keep prices down by making imports cheaper. It did, however, give foreign visitors a chance to experience something the locals know so well that they have a name for it: the *custo Brasil* (Brazil cost).

Compared with other middle-income countries, Brazil is astonishingly poor value for money. Large domestic appliances and cars cost at least 50% more than in most other countries. For everyday items such as toothbrushes and children's toys the difference is often a lot more. Among the 48 countries tracked by the Big Mac index, *The Economist's* lighthearted currency-comparison tool, a burger in Brazil costs more than in only a handful that are much richer (Norway, Sweden, Switzerland) and one that is dysfunctional (Venezuela). Burgers should be cheaper in poorer places because wages are lower: in Brazil, less than a quarter of European or North American levels. Allowing for that, a Brazilian Big Mac costs an indigestible 72% more than it should do, and the real remains one of the world's more overvalued currencies.

The IMF's broader cost-of-living figures show that Brazil's high prices are no mere quirk of burgeronomics. In most less well-off countries people find their money goes further than market rates would suggest because non-tradable goods are cheaper. Averaged across all goods and services, a Mexican's spending power, for example, is 45% higher at home than if he bought dollars and shopped across the border. But a Brazilian can buy little more at home than he can in the United States.

The causes of Brazil's cost problem are legion. Start with taxes. At 36% of GDP, the total tax burden is far heavier than in other developing countries. Payroll taxes, at 58% of salary, are higher than in any other big economy. Consumption, too, is heavily taxed, which explains why a Brazilian-made car costs up to 45% less in Mexico than it does in Brazil itself. High tariffs push up the price of imports even more. A smartphone costs about 50% more than in the United States. Most cars imported from outside the Mercosur trade block and Mexico attract not only a 35% tariff but an extra 30% on top of the normal sales tax.

The Brazil price

1

Cost of doing business 2012	Brazil	Average	
		Other Latin America	OECD
Procedures to start a business, number	13	9	5
Time to start a business, days	119	51	12
Time to pay taxes, hours per year	2,600	308	186
Cost* to: export	2,215	1,197	1,029
import	2,275	1,545	1,089
Time to resolve insolvency, years	4.0	3.1	1.7

Sources: World Bank; *The Economist* *\$ per container

The complexity of the tax code also raises compliance costs. A mid-sized Brazilian firm takes 2,600 hours to prepare its annual tax return, almost ten times the global average. Rigid labour laws make it hard to deploy workers efficiently and lead to costly court cases, 3.2m last year alone. Many businesses prefer to hide in the informal sector. A 2006 McKinsey report estimated that by remaining in the shadows a retailer could more than triple its profit margin, but at the cost of forgoing investment and economies of scale. A simplified regime for small firms introduced since then has persuaded many to register, but the resulting efficiency gains are limited by a new problem: too many “Peter Pan” firms unwilling to grow up and lose their privileges.

A plethora of other costs help drive up prices. Poor roads and a limited rail network make for high freight charges. High crime rates have bred a private army of 650,000 security guards. Prime office rents in big cities are vertiginous; Rio’s are the highest in the Americas, north or south. A low savings rate, high bank-reserve requirements and the government’s considerable funding needs (it runs a budget deficit each year, despite that 36% tax burden) make credit expensive. FIESP, São Paulo’s association of industrialists, says firms’ financing costs make up 5% of the end price of manufactured goods.

Retailers manage to keep selling by accepting payment in instalments. The hyperinflationary years taught Brazilian consumers not to worry about the total cost, just whether they can afford the monthly payments. But the effect is to push up the sticker price, since the cost of waiting for full payment and the risk of default has to be built in. Corners are also being cut on quality. In Mexico the bottom-of-the-range VW Gol, made in Brazil, is a 1.6-litre, four-door affair with air-conditioning. In Brazil it has a 1-litre engine and two doors, with air-conditioning extra.

Shopping around

Brazilians respond to whopping price differences by going on foreign shopping sprees. Brazilian tourists spent \$22.2 billion abroad last year, a record, and seem set to go even higher this year. Direct Luxury Group, a consultancy, estimates that four-fifths of Brazilians’ spending on upmarket goods takes place abroad. Miami has been getting so many Brazilian shoppers in recent years that many stores there have

hired Portuguese-speaking staff. TAM, a Brazilian airline, says it takes on extra fuel on the return leg of that route to allow for excess baggage.



The story of the *custo Brasil* is decades old. Now soaring pay is adding a new chapter to it. Since 2003 the country's unit labour costs have doubled, compared with inflation at 67%. In dollar terms they have trebled, thanks to currency appreciation. One reason is the scarcity of well-educated workers. Manpower Group, an employment agency, says Brazil is the world's second-hardest place for firms to find the skills they need, behind only ageing Japan. At the top end, headhunters say multinationals often have to pay their Brazilian executives more than their bosses in London or New York earn. But the main reason is a decade of big increases in the minimum wage, which sets a trend for all pay negotiations. At the start of 2003 it was 200 reais a month; now it is 678 reais, almost twice as much in real terms (see chart 2). The government is committed to above-inflation increases until 2015.

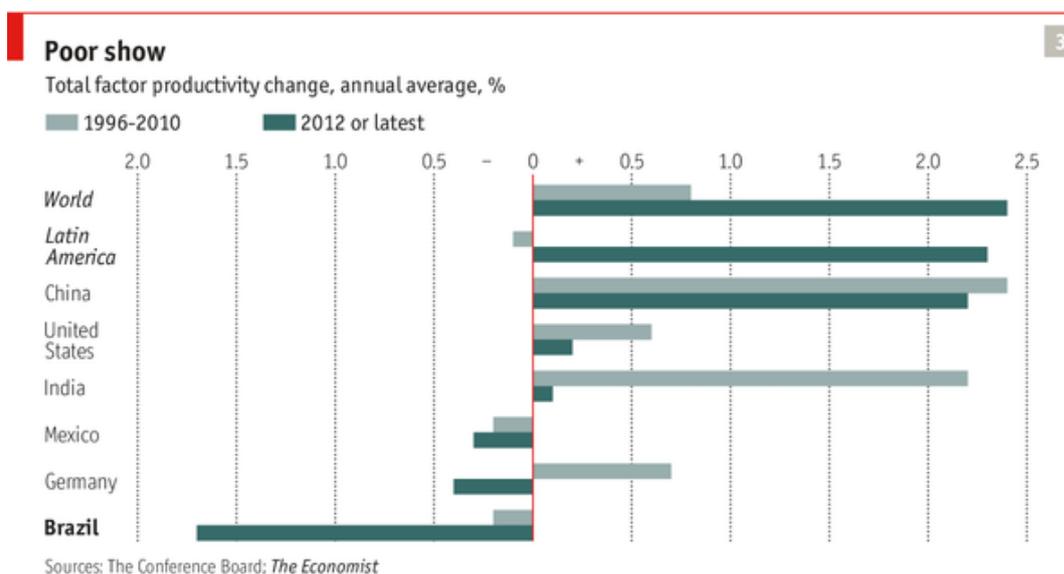
Raising the minimum wage had its merits at first, says Gray Newman of Morgan Stanley. In the years before Lula took office its value had eroded, creating room to shift profits from capital to labour. High interest rates kept inflation in check, and the weak currency ensured that exports remained competitive even if prices did rise a bit. Higher incomes, helped by somewhat more accessible consumer credit, boosted consumption, creating more jobs in a virtuous cycle.

Large domestic appliances and cars cost at least 50% more than in most other countries

But the policy has now pushed costs beyond what either the foreign or the domestic market is willing to bear. Household consumption, one of the economy's few bright spots in the past two years, has levelled off. Consumers are overstretched, with 21.5% of household income going to service debts. Despite some of the world's highest tariffs, imports are taking a bigger share of the manufactured products Brazilians buy. Exports of manufactured goods are slipping. After several years of price rises close to 10%, demand for services is losing steam. "After a long boom driven by credit and consumption, Brazil has ended up looking in some ways like southern Europe," says Tony Volpon of Nomura Securities, a broker. Only the rising value of its commodity exports saved it from ballooning current-account deficits.

In the short term a weaker currency will help, as long as tight fiscal and monetary policy prevent it from fuelling inflation. The real is now 11% lower than at the start of this year, having touched 20% in August, though after taking inflation into account it is still well above its long-run average. A cheaper real will make Brazilians poorer by lowering their wages in foreign-currency terms and do nothing to get to the roots of the *custo Brasil*. But it will protect jobs by making exports cheaper and imports pricier, and by reducing the price of services compared with tradable goods.

In the longer term Brazil needs to boost its productivity. A recent study by the Boston Consulting Group estimated that three-quarters of Brazil's growth in the past decade has come from adding more workers and only a quarter from productivity gains. Since there is little room for the workforce to grow further, that needs to change. Other developing countries, and plenty of rich ones too, are doing far better. Regis Bonelli and Julia Fontes of the Fundação Getulio Vargas, a university, calculate that in 2000 Brazil achieved 19% of United States productivity levels, but by 2012 this had dropped to 18%. Over the same period the Chinese figure leapt from 6% of that in the United States to 17%.



A closer look at the productivity figures points to some explanations. In the past two decades “total factor” productivity—the part left over after accounting for growth in inputs such as labour, education and physical capital—has fallen in Brazil but grown in most other countries: in China by 2.8% annually, in India by 2.3%. That suggests Brazil missed out on gains other countries saw from investments in both human and physical capital, or that other improvements that generally come with such investments somehow failed to materialise.

The World Bank's annual report on doing business in various countries reads like a productivity to-do list for Brazil: make it simpler to start up and wind up companies; cut and streamline taxes; increase domestic savings and investment. For more hints, the country might turn to one of the few sectors where productivity has grown steadily in recent years: agriculture.

[From the print edition: Special report](#)

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The road to hell

Getting Brazil moving again will need lots of private investment and know-how

DATA: 2013.09.28



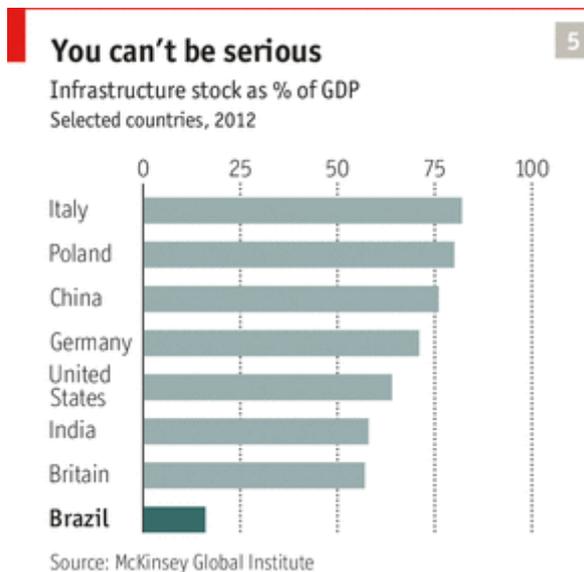
BRINGING CROPS FROM one of the futuristic new farms in Brazil's central and northern plains to foreign markets means taking a journey back in time. Loaded onto lorries, most are driven almost 2,000km south on narrow, potholed roads to the ports of Santos and Paranaguá (see map below). In the 19th and early 20th centuries they were used to bring in immigrants and ship out the coffee grown in the fertile states of São Paulo and Paraná, but now they are overwhelmed. Thanks to a record harvest this year, Brazil became the world's largest soya producer, overtaking the United States. The queue of lorries waiting to enter Santos sometimes stretched to 40km.

No part of that journey makes sense. Brazil has too few crop silos, so lorries are used for storage as well as transport, causing a crush at ports after harvest. Produce from so far north should probably not be travelling to southern ports at all. Freight by road costs twice as much as by rail and four times as much as by water. Brazilian farmers pay 25% or more of the value of their soya to bring it to port; their competitors in Iowa just 9%. The bottleneck at ports pushes costs higher still. It also puts off customers. In March Sunrise Group, China's biggest soya trader, cancelled an order for 2m tonnes of Brazilian soya after repeated delays.

Where do we start?

All of Brazil's infrastructure is decrepit. The World Economic Forum ranks it at 114th out of 148 countries. After a spate of railway-building at the turn of the 20th century, and road- and dam-building

50 years later, little was added or even maintained. In the 1980s infrastructure was a casualty of slowing growth and spiralling inflation. Unable to find jobs, engineers emigrated or retrained. Government stopped planning for the long term. According to Contas Abertas, a public-spending watchdog, only a fifth of federal money budgeted for urban transport in the past decade was actually spent.



Just 1.5% of Brazil's GDP goes on infrastructure investment from all sources, both public and private. The long-run global average is 3.8%. The McKinsey Global Institute estimates the total value of Brazil's infrastructure at 16% of GDP (see chart 5). Other big economies average 71%. To catch up, Brazil would have to triple its annual infrastructure spending for the next 20 years.

Moreover, it may be getting poor value from what little it does invest because so much goes on the wrong things. A cumbersome environmental-licensing process pushes up costs and causes delays. Expensive studies are required before construction on big projects can start and then again at various stages along the way and at the end. Farmers and manufacturers spend heavily on lorries because road transport is their only option. But that is working around the problem, not solving it.

In the 1990s Mr Cardoso's government privatised state-owned oil, energy and telecoms firms. It allowed private operators to lease terminals in public ports and to build their own new ports. Imports were booming as the economy opened up, so container terminals were a priority.

The one at the public port in Bahia's capital, Salvador, is an example of the transformation wrought by private money and management. Its customers used to rate it Brazil's worst port, with a draft too shallow for big ships and a quay so short that even smaller vessels had to unload a bit at a time. But in the past decade its operator, Wilson, Sons, spent 260m reais on replacing equipment, lengthening the quay and deepening the draft. Capacity has doubled. Land access will improve, too, once an almost finished expressway opens. Luís Eduardo Magalhães and Barreiras export 8,000 containers of cotton a year, says Demir Lourenço, the port's director. "We're 950km away, but they send it 2,000km south. We want that cargo."

Paranaguá is spending 400m reais from its own revenues on replacing outdated equipment, but without private money it cannot expand enough to end the queues to dock. It has drawn up detailed plans to build a new terminal and two new quays, and identified 20 dockside areas that could be leased to new operators, which would bring in 1.6 billion reais of private investment. All that is missing is the federal government's permission. It hopes to get it next year, but there is no guarantee. "Here in Paranaguá we can see what's needed," says the port superintendent, Luiz Henrique Dividino. "We don't want to wait."



Firms that want to build their own infrastructure, such as mining companies, which need dedicated railways and ports, can generally build at will in Brazil, though they still face the hassle of environmental licensing. If the government wants to hand a project to the private sector it will hold an auction, granting the concession to the highest bidder, or sometimes the applicant who promises the lowest user charges. But since Lula came to power in 2003 there have been few infrastructure auctions of any kind. In recent years, under heavy lobbying from public ports, the ports regulator stopped granting operating licences to private ports except those intended mainly for the owners' own cargo. As a result, during a decade in which Brazil became a commodity-exporting powerhouse, its bulk-cargo terminals hardly expanded at all.

Late and over budget

At first Lula's government planned to upgrade Brazil's infrastructure without private help. In 2007 the president announced a collection of long-mooted public construction projects, the Growth Acceleration Programme (PAC). Many were intended to give farming and mining regions access to alternative ports. But the results have been disappointing. Two-thirds of the biggest projects are late and over budget. The trans-north-eastern railway is only half-built and its cost has doubled. The route of the east-west

integration railway, which would cross Bahia, has still not been settled. The northern stretch of the BR-163, a trunk road built in the 1970s, was waiting so long to be paved that locals started calling it the “endless road”. Most of it is still waiting.

What has got things moving is the prospect of disgrace during the forthcoming big sporting events. Brazil’s terrible airports will be the first thing most foreign football fans see when they arrive for next year’s World Cup. Infraero, the state-owned company that runs them, was meant to be getting them ready for the extra traffic, but it is a byword for incompetence. Between 2007 and 2010 it managed to spend just 800m of the 3 billion reais it was supposed to invest. In desperation, the government last year leased three of the biggest airports to private operators.

That seemed to break a bigger logjam. First more airport auctions were mooted; then, some months later, Ms Rousseff announced that 7,500km of toll roads and 10,000km of railways were to be auctioned too. Earlier this year she picked the biggest fight of her presidency, pushing a ports bill through Congress against lobbying from powerful vested interests. The new law enables private ports once again to handle third-party cargo and allows them to hire their own staff, rather than having to use casual labour from the dockworkers’ unions that have a monopoly in public ports. Ms Rousseff also promised to auction some entirely new projects and to re-tender around 150 contracts in public terminals whose concessions had expired.

“Everyone who studies the subject understands that infrastructure is Brazil’s opportunity to unlock growth,” says Bernardo Figueiredo of the Planning and Logistics Agency, an arm of the transport ministry created last year to plan and run the auctions. But after the flurry of announcements progress stalled again. A second round of airport auctions was delayed while the government hunted in vain for private operators willing to take minority stakes, leaving Infraero in control. Road auctions are only just starting, held up by the government’s unwillingness to offer decent rates of return. The railway projects are still short on detail.

Would-be investors in port projects are hanging back because of the high chances of cost overruns and long delays. Two newly built private terminals at Santos that together cost more than 4 billion reais illustrate the risks. Both took years to get off the ground and years more to build. Both were finished earlier this year but remained idle for months. Brasil Terminal Portuário, a private terminal within the public port, is still waiting for the government to dredge its access channel. At Embraport, which is outside the public-port area, union members from Santos blocked road access and boarded any ships that tried to dock. Rather than enforcing the law that allows such terminals to use their own workers, the government summoned the management to Brasília for some arm-twisting. In August Embraport agreed to take the union members “on a trial basis”.

Given such regulatory and execution risks, there are unlikely to be many takers for either rail or port projects as currently conceived, says Bruno Savaris, an infrastructure analyst at Credit Suisse. He predicts that at most a third of the planned investments will be auctioned in the next three years: airports, a few simple port projects and the best toll roads. That is far short of what Brazil needs. The good news, says Mr Savaris, is that the government is at last beginning to understand that it must either reduce the risks for private investors or raise their returns. Private know-how and money will be vital to get Brazil moving again.

[From the print edition: Special report](#)

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Blood money

Pressure grows for compensation for the Caribbean trade

DATA: 2013.10.05



LAST month Rodney Leon, a Haitian-American architect, won a competition for a memorial to victims of the slave trade. His white marble “Ark of Return”, shaped somewhat like a paper boat, will stand outside the UN headquarters in New York. Inside the building, some Caribbean leaders have used their annual General Assembly speaking slots to call for financial compensation for this great wrong. “We have recently seen a number of leaders apologising,” said the prime minister of Antigua and Barbuda, Baldwin Spencer. They should now “match their words with concrete and material benefits”.

Britain ended its slave trade in 1807, and freed the slaves in its Caribbean colonies by 1838. The British government borrowed £20m, then around 40% of the budget, to meet 47,000 claims for loss of human property. The former slaves got nothing.

Close to two centuries on, Caribbean politicians want redress. The Caribbean Community (Caricom) which links former British colonies with Suriname and Haiti, established an official reparations commission in July and has approached a British legal firm, Leigh Day, for advice.

Few of history’s great wrongs have been smoothed over with cash. Attempts to make Germany pay for the first world war simply hastened the second. Ukraine has not sought compensation from Russia for

those who died in Stalin's famines and purges. Among the precedents for financial reparations, West Germany and Israel signed a financial agreement in 1952, seven years on from Auschwitz. In June this year, after legal action by Leigh Day, Britain conceded payments averaging £2,600 (\$4,000) each for 5,228 now elderly Kenyans who were brutally mistreated during the suppression of the Mau Mau rebellion in the 1950s. Britain's courts will not now consider claims for atrocities occurring before 1954. Unpicking wrongs from 60 years ago is hard enough.

Who should pay? With the slave owners all dead, Caricom wants taxpayers' money from Britain, France and the Netherlands. At emancipation, around 3,000 slave owners lived in Britain; their wealth and their descendants are now scattered over the globe. Liverpool was once a wealthy slave port; the city's current inhabitants, many of them Afro-Caribbean in origin, hold little of that cash.

How much should be paid? It is impossible to value the pain of those who are long dead, or even the economic damage suffered. Figures quoted for the current equivalent of the £20m paid to slave owners vary from £16.5 billion to £76 billion. A widely reported demand in 1999 was for \$777 trillion to be paid to Africa over five years. More than ten years on, that would still be around ten times global GDP.



Who should be paid? Caricom is talking about compensation at a national level. Based on the numbers with slave ancestors, that would funnel the lion's share of the money to America and Brazil—with a good slice to Brixton and Birmingham.

There is potential for divisive squabbles. In Trinidad and Guyana, descendants of Indian indentured labourers outnumber the black population. Sat Maharaj, Trinidad's most prominent Hindu leader, argues that the Indo-Caribbean population also deserves compensation. He asks whether it should also come from Islamic countries that imported slaves, and from African countries where local merchants sold slaves to Europeans.

Most former slave colonies in the Caribbean are now fairly successful middle-income countries, or better. On a PPP basis, the Bahamas has a GDP per head close to that of Spain or Italy. Barbados scores higher on the UN Development Programme's human-development index than any of its much larger South American neighbours. Jamaica and Guyana are less prosperous; but only Haiti ranks among the world's poorest. Any assistance to the region should be carefully targeted; and should surely stem from today's needs, not the wrongs of the past.

[From the print edition: The Americas](#)

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Power couple

Marina Silva joins the Socialists—and transforms the presidential race

DATA: 2013.10.12

A YEAR before their next presidential election, Brazilians have learned the names they can expect to see on the ballot paper—and a familiar figure might be missing. On October 3rd the country's highest electoral court refused to register the Sustainability Network, a party being set up by Marina Silva, a popular environmental activist and former minister, on the ground that it had narrowly failed to submit the 492,000 supporting signatures that new parties must collect. The repercussions have already been dramatic.



Ms Silva came third in the presidential race in 2010, with 19.6m votes. Until recently she had been polling behind only the incumbent, Dilma Rousseff, who is expected to seek a second term next year. After the ruling Ms Silva faced an unpleasant choice. Parties must be registered a year before elections,

and can nominate only candidates who are members on that date. So she had either hurriedly to join one of the country's many small parties and seek its nomination, or abandon the race.

Surprisingly, she opted to join the Brazilian Socialist Party (PSB)—but indicated she was willing to stand as its vice-presidential nominee. Ms Silva's decision is a coup for the Socialists' leader and presumptive candidate Eduardo Campos, the ambitious governor of the state of Pernambuco (pictured with her above). Nationally she is far better known than him, thanks to her 2010 campaign. She ran on her record as a defender of the Amazon rainforest, activism that culminated in a stint as environment minister under Ms Rousseff's predecessor, Luiz Inácio Lula da Silva. Four times more Brazilians were planning to vote for her this time than for Mr Campos. In 2010 she did especially well in the populous south-east—a bonus for the PSB, whose heartland is in the north-east.

After luring Ms Silva to his party, Mr Campos has set his sights on breaking what he calls the “false polarisation” of Brazilian politics between Ms Rousseff's Workers' Party and the main opposition Party of Brazilian Social Democracy, which have shared the first two places in all five presidential elections since 1994. Ms Silva has a reputation for probity: she was the main beneficiary of the huge street protests that swept Brazil in June, partly driven by anger with corrupt politicians. Mr Campos will hope that her appeal burnishes his own credentials as a successful manager. As Pernambuco's governor, he has led a successful industrialisation policy in one of Brazil's fastest-growing states; last year its economy grew by 2.3%, well over double the anaemic national rate of 0.9%.

For all that, Mr Campos faces several tough challenges. For a start, the support that flowed to Ms Silva after the June protests has already begun to recede. Moreover, since she has no registered party of her own, her involvement will not ensure any extra free campaign slots on television, which tend to have a big impact on Brazilian elections.

Nor can she guarantee that her supporters will transfer their votes to Mr Campos. In a message to her movement, Ms Silva said her decision to join the PSB would allow the Sustainability Network “to participate in influencing the direction of the country”. But many of her activists took to social media to express disappointment at her choice. Mr Campos and Ms Silva have yet to explain how they can reconcile her goal of environmentally sustainable growth with his record of promoting the petrochemical industry and infrastructure projects in Pernambuco.

Mr Campos also has problems with his own political base. Until last month he was nominally an ally of Ms Rousseff. His decision to run against the president prompted the PSB's leaders in the important north-eastern state of Ceará to abandon his party in favour of continuing their alliance with the federal government. After jumping ship *Ciro Gomes*, another former minister and previously one of Ms Rousseff's keenest advocates in the PSB, derided the new allies as “two zeros”.

As it happens, the president's own popularity is recovering from the battering it took after the June protests. She is now scoring a healthier 38% in opinion polls. The contender with most to fear from the new alliance may instead be *Aécio Neves*. A former governor of Minas Gerais, Brazil's second most populous state, he is the candidate of the opposition Social Democrats. A stronger third-party ticket complicates his party's perennial effort to force its way into a run-off (in this case, probably against Ms Rousseff). Mr Neves is flatlining at 11% in the polls and urgently needs to enliven his lacklustre campaign. But after his surprise recruitment of Ms Silva, the momentum is with Mr Campos.

[From the print edition: The Americas](#)

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The gated globe

The forward march of globalisation has paused since the financial crisis, giving way to a more conditional, interventionist and nationalist model. Greg Ip examines the consequences.

DATA: 2013.10.12



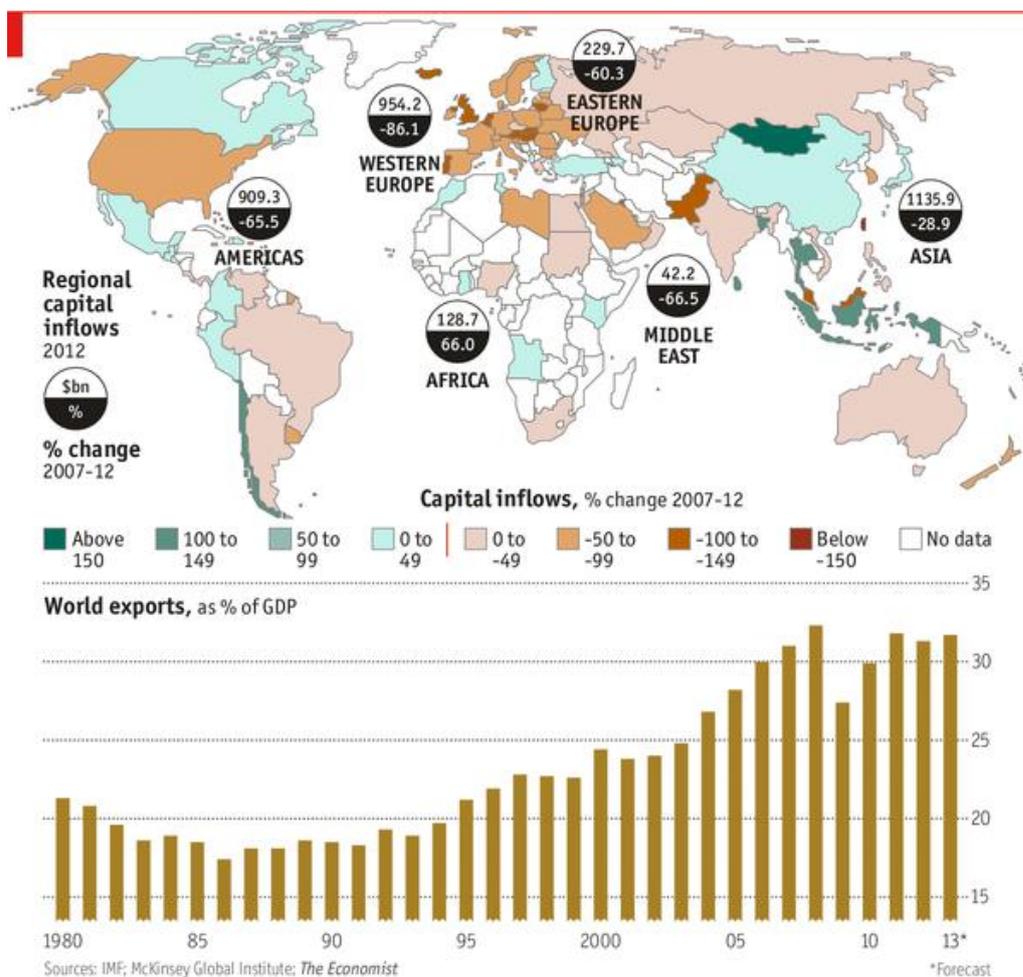
FIVE YEARS AGO George W. Bush gathered the leaders of the largest rich and developing countries in Washington for the first summit of the G20. In the face of the worst financial crisis since the Great Depression, the leaders promised not to repeat that era's descent into economic isolationism, proclaiming their commitment to an open global economy and the rejection of protectionism.

They succeeded only in part. Although they did not retreat into the extreme protectionism of the 1930s, the world economy has certainly become less open. After two decades in which people, capital and goods were moving ever more freely across borders, walls have been going up, albeit ones with gates. Governments increasingly pick and choose whom they trade with, what sort of capital they welcome and how much freedom they allow for doing business abroad.

Virtually all countries still embrace the principles of international trade and investment. They want to enjoy the benefits of globalisation, but as much as possible they now also want to insulate themselves from its downsides, be they volatile capital flows or surging imports.

Globalisation has clearly paused. A simple measure of trade intensity, world exports as a share of world GDP, rose steadily from 1986 to 2008 but has been flat since. Global capital flows, which in 2007 topped \$11 trillion, amounted to barely a third of that figure last year. Cross-border direct investment is also well down on its 2007 peak.

Much of this is cyclical. The recent crises and recessions in the rich world have subdued the animal spirits that drive international investment. But much of it is a matter of deliberate policy. In finance, for instance, where the ease of cross-border lending had made it possible for places like America and some southern European countries to run up ever larger current-account deficits, banks now face growing pressure to bolster domestic lending, raise capital and ring-fence foreign units.



World leaders congratulate themselves on having avoided protectionism since the crisis, and on conventional measures they are right: according to the World Trade Organisation (WTO), explicit restrictions on imports have had hardly any impact on trade since 2008. But hidden protectionism is flourishing, often under the guise of export promotion or industrial policy. India, for example, imposes local-content requirements on government purchases of information and communications technology and solar-power equipment. Brazil, which a decade ago compelled its state-controlled oil giant, Petrobras, to buy more of its equipment from local companies, has been tightening restrictions steadily since. And both America and Europe imposed, or threatened to impose, tariffs on Chinese solar panels, alleging widespread government support. At the same time, though, Western countries themselves offer hefty subsidies for green energy at home.

Capital controls, which were long viewed as a relic of a more regulated era, have regained respectability as a tool for stemming unwelcome inflows and outflows of hot money. When Brazil imposed a tax on

inflows in 2009-10, it was careful to emphasise that not all foreign investment was unwelcome. “Nobody here is rejecting people that want to invest in our ports or our roads,” says Luiz Awazu Pereira, a deputy governor at the central bank. “But if you are here just because you are running an aggressive hedge fund and noticed that our Treasuries pay 10% while US Treasuries pay zero, this is a less desirable outcome.”

The world has not given up on trade liberalisation, but it has shifted its focus from the multilateral WTO to regional and bilateral pacts. Months before Lehman Brothers failed in 2008, the WTO’s Doha trade talks collapsed in Geneva largely because India and China wanted bigger safeguards against agricultural imports than America felt able to accept. Shortly afterwards America joined talks to form what is now called the Trans-Pacific Partnership, which also includes Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. Barack Obama has held up the TPP as the sort of agreement China should aspire to join.

The trend in foreign direct investment, too, is still towards liberalisation, but a tally by the UN Commission for Trade and Development shows that restrictions are increasing. Last December Canada allowed a Chinese state-owned enterprise to buy a Canadian oil-sands company, but suggested it would be the last. “When we say that Canada is open for business, we do not mean that Canada is for sale to foreign governments,” explained Stephen Harper, the prime minister.

The flow of people between countries is also being managed more carefully than before the crisis. Borders have not been closed to immigrants, but admission criteria have been tightened. At the same time, however, many countries have made entry easier for scarce highly skilled workers and for entrepreneurs.

Mr Obama sees globalisation not as something to be stopped but to be shaped in pursuit of broader goals. He wants other countries to raise their standards of labour, environmental and intellectual-property protection so that American companies will be able to compete on a level playing field and, perhaps, pay decent middle-class wages once again. When a clothing factory collapsed in Bangladesh in April, killing more than 1,000 people, Mr Obama suspended America’s preferential tariffs on many imports from Bangladesh until it improves workers’ rights.

A clear pattern is beginning to emerge: more state intervention in the flow of money and goods, more regionalisation of trade as countries gravitate towards like-minded neighbours, and more friction as national self-interest wins out over international co-operation. Together, all this amounts to a new, gated kind of globalisation.

A state of imperfection

The appeal of gated globalisation is closely tied to state capitalism, which allowed China and the other big emerging markets—India, Brazil and Russia—to come through the crisis in much better shape than the rich world. They proudly proclaimed their brand of state capitalism as superior to the “Washington consensus” of open markets and minimal government that had prevailed before 2008. But the system also covered up structural flaws that are now becoming more obvious. In China, state-owned enterprises and state-directed lending have siphoned credit from the private sector and fuelled a property bubble. In India and Brazil, inadequate investment in infrastructure has resulted in rising inflation and sharply slowing growth.

The globalisation in the West before 2008 certainly had its flaws. The belief that markets were self-regulating allowed staggering volumes of highly levered and opaque cross-border exposures to build

up. When the crisis hit, first in America, then in Europe, the absence of barriers allowed it to spread instantly. Voters, who had never been keen on wide-open borders, took this badly, and support for anti-globalisation parties grew.

A few constraints on global finance are not necessarily a bad thing. Limiting banks' foreign-currency borrowing, as South Korea has done, makes them less likely to fail if the exchange rate falls. But gated globalisation also carries hidden costs. Policymakers routinely overestimate their ability to distinguish between good and bad capital, and between nurturing exports and innovation and rewarding entrenched interests. The opening up before the crisis had done wonders for channelling capital to the best investment opportunities, lowering prices for consumers and promoting competition. Interfering with this process reduces a country's growth potential.

This special report will seek to answer two big questions. Is gated globalisation merely a pause on the path to more openness, or is it here to stay? And is it, on balance, a good or a bad thing? The report will look at finance, capital controls, international trade and protectionism in turn to see how gated globalisation affects them for good or ill. Start with finance.

[From the print edition: Special report](#)

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A ripple begets a flood

A politically inspired surge in lending is weakening state-owned banks in Latin America's biggest economy

DATA: 2013.10.19



IN 2008 Luiz Inácio Lula da Silva, then Brazil's president, boasted that by the time the "tsunami" unleashed by Lehman Brothers' collapse hit his country's shores it would dwindle to a "little ripple". The stimulus programme he put in place helped to carry Brazil through the credit crunch relatively unscathed. But five years later public money is still pumping into its economy, with ever more negative consequences. Public debt is rising. State banks are taking more of the credit market. And the government is warping accounting standards in its attempts to disguise all this.

Concerned that consumers are overstretched, private banks have held back on lending in recent years. But since 2008 the corporate loan book of BNDES, the national development bank, has grown by 24% annually, far above nominal-GDP growth of 11%. Caixa Econômica Federal, a state retail bank, has expanded lending by 42% annually for the past three years (see chart). By June state banks had 50.3% of all outstanding credit, up from 33% in 2008—the first time they passed the halfway mark since a wave of bank privatisations in 1999.

BNDES and Caixa are funded by a tax on workers as well as recycled loan repayments and, in Caixa's case, deposits. But hectic loan growth means both are stretched thin. Caixa's loan-to-deposit ratio has soared from 49% to 113% in the past five years. The treasury now accounts for more than half of BNDES's funding, from almost nothing five years ago. Treasury funding of state banks grew from 14 billion reais (\$6.5 billion) in 2007 to 406 billion reais, 9.2% of GDP, last year.

As lending has increased, the quality of state banks' capital has worsened. A growing part consists of shares in state-controlled firms, which are less liquid and more volatile than cash, but can be handed over by the treasury without it having to borrow. By the end of 2012 BNDES's Tier 1 capital—the most solid sort—had fallen to 8.4% of assets and Caixa's to 6.6%, far below the 12.1% average for Brazilian banks.

BNDES has high underwriting standards and good collateral. But its ten biggest borrowers account for a worrying four times its Tier 1 capital. And Caixa's retail borrowers are often first-timers of unknown creditworthiness. The early months after taking a loan should be the least fraught, meaning the bank's big expansion should have cut the share of loans in arrears. That it did not suggests trouble for the future. More risks come from a government-subsidised scheme giving poor Brazilians cheap loans to buy computers, furniture and white goods. Leaked documents show that Caixa's analysts think default rates will be 30-50%.

In March Moody's, a ratings agency, downgraded both BNDES and Caixa to match Brazil's sovereign debt. Their stand-alone ratings, which assume implicit government support, are now below investment grade. The reason, says Alexandre Albuquerque, a Moody's analyst, is that both have become entwined with government economic policy: "They are no longer a better risk than public debt."

Much of the state banks' lending is at rates lower than the government's own funding costs. The difference is borne by the treasury. Mansueto Almeida of IPEA, a government-funded think-tank, estimates that it will reach 24 billion reais this year—about the same as the *Bolsa Família* anti-poverty programme, which tops up the income of nearly 14m very poor families.

BNDES was set up to increase investment. But even as its loan book has ballooned, Brazil's overall investment rate has stagnated. Burdensome paperwork and its fondness for national champions mean that much of its lending goes to firms big enough to seek private funding rather than small ones that are starved of credit. Its subsidised rates crowd out private loans. "BNDES loans have replaced some investment from companies' own resources," says Gabriel Leal de Barros of the Fundação Getúlio Vargas, a research institute. "The subsidies mean it can be cheaper to borrow than to self-fund."

The desire to mask the consequences of increased state lending has tempted the government to fudge both its own and the banks' accounts. Last December it put off paying for the subsidies on a particularly cheap credit line for BNDES until 2015. BNDES has been allowed not to book losses on shares it holds until it sells them, and to use transfers from the treasury to lend more before bolstering its Tier 1 capital. Another ruse comes close to a shell game. Treasury funding for a state bank does not count as outgoings in the national accounts. But the higher dividends that such funding lets the bank pay do count as government income.

Even the government seems at last to realise that the flood of public money gushing through Brazil's state banks must slow. In April Luciano Coutinho, the president of BNDES, said the bank had been so successful in creating national champions that it could now ease off. On October 14th Guido Mantega, the finance minister, said the treasury would cut transfers to BNDES over the next few years.

But putting such good intentions into practice collides with other aims of the government. Though Caixa's consumer loans make for bad risks, they are vote-winners for the president, Dilma Rousseff, who is seeking re-election next year. And her plans to upgrade Brazil's skimpy transport links by auctioning concessions to build and run infrastructure will stretch BNDES as never before. It is supposed to be funding around 70% of the costs—170 billion reais over the next five years.

[From the print edition: Finance and economics](#)

Disponível em: <http://www.economist.com/news/finance-and-economics/21588133-politically-inspired-surge-lending-weakening-state-owned-banks-latin>. Acesso em: 18 de ago. 2014.

The crunch in Caracas

Latin America must press Nicolás Maduro not to use decree powers to throttle his opposition

DATA: 2013.10.19



WHEN Nicolás Maduro was anointed last December as the chosen successor of the late Hugo Chávez as Venezuela's president, he inherited a divided country, a wrecked economy and a corrupt system—in short, a failed revolution. Six months after narrowly winning an election that the opposition claims was marred by fraud, it is still not clear where he wants to take his country. But he must do something.

The economy requires emergency treatment. Inflation is at 49%—a level unseen in any large Latin American country since the 1990s. Staples, from flour to toilet paper, are in short supply. The fiscal deficit is around 10% of GDP. Even though Venezuela is the world's ninth-biggest oil exporter, dollars are scarce. The Central Bank's liquid reserves are enough only for a few days' imports. In the black market the dollar trades at seven times the official exchange rate.

Restoring Venezuela's economy to health requires dismantling the ramshackle edifice of state intervention and controls erected by Chávez. In the short term, the only way out is another devaluation to end foreign-exchange rationing.

This month Mr Maduro has intervened in two ways. He has stripped Nelson Merentes, the finance minister who showed signs of accepting devaluation, of the post of economic vice-president, handing that role to Rafael Ramírez, who heads PDVSA, the state oil monopoly. Mr Maduro has also asked the National Assembly for power to rule by decree. Since his Venezuelan United Socialist Party is only one seat short of the three-fifths majority required to approve this measure, he is likely to get it. (One opposition legislator has already been suspended on trumped-up grounds.) Mr Maduro claims to need this power to combat corruption and economic “sabotage”, which he blames on the opposition and the United States.

Yet even he must know that these troubles are self-inflicted. So what is the real explanation for the power grab? The optimistic view is that Mr Maduro wants to reform the economy by decree. Mr Ramírez may also favour devaluation, for it would give PDVSA more bolívares for its oil dollars, and him more power. Pessimists explain the move as low politics—part of Mr Maduro's continuing efforts to dominate the different factions of *chavismo* (which include Cuba, his main foreign ally). Under this interpretation, Mr Maduro and Mr Ramírez are ganging up against the third member of the unholy trinity that holds sway in Caracas—Diosdado Cabello, who heads the National Assembly and whose powers will be at least temporarily diminished by lawmaking by decree.

Little time to mend a dysfunctional country

Whatever the reason, the decree is another step backwards for Venezuelan democracy. Mr Maduro has already used an anti-corruption campaign to harass the opposition (even though it is his government that is plundering the country), and he has stepped up Chávez's slow asphyxiation of media freedom (see [article](#)). Opponents fear he could use his new powers to rig or cancel local elections due in December, which opinion polls suggest the government might lose.

The ultimate test of any democracy is whether people can freely vote to oust an unpopular government. That is what is at stake in December, in a legislative election in 2015 and, potentially, in a subsequent recall referendum on Mr Maduro. If Mr Maduro suspends or manipulates elections, Venezuela should be thrown out of Latin America's various clubs.

The person to lead this is Brazil's Dilma Rousseff. She is evidently willing to use Brazil's muscle in the region: she ganged up with Chávez last year to suspend Paraguay from the Mercosur trade pact when it impeached its left-wing president, in accordance with the letter of the constitution but with unseemly haste. Sadly, though, Brazil's government has been all too happy to embrace fellow-leftists in Caracas and to Hoover up the business that Venezuela's companies are being cut out of by economic mismanagement.

Ms Rousseff has followed that path for too long. As the region's leading democrat, she should take a principled stand if Mr Maduro gets up to any unconstitutional funny business.

[From the print edition: Leaders](#)

Disponível em: <http://www.economist.com/news/leaders/21588093-latin-america-must-press-nicol-s-maduro-not-use-decree-powers-throttle-his-opposition>. Acesso em: 18 de ago. 2014.

Cheap at the price

A single bid for a vast field shows the weakness of Brazil's state-led approach to developing its oil reserves

DATA: 2013.10.26

SIX years after discovering giant offshore "*pré-sal*" oil deposits, so called because they lie beneath a thick layer of salt under the ocean bed, Brazil has finally auctioned the rights to develop some of its deeply buried wealth. On October 21st the Libra field, off Rio de Janeiro's coast (see map), was sold to a consortium led by Petrobras, Brazil's state-controlled oil firm, and including France's Total, Anglo-Dutch Shell and China's state-owned CNOOC and CNPC. Libra's estimated 8 billion-12 billion barrels of recoverable oil make it the biggest oil prospect in the world to be auctioned this year. Once it reaches peak production, sometime in the next decade, it should increase Brazil's output from 2.1m to about 3.5m barrels per day.



At times simply holding the auction seemed an achievement. A flurry of unsuccessful legal challenges marked the run-up. As it was under way in a Rio beachside hotel, soldiers outside used rubber bullets and tear gas to hold back striking oil workers, masked anarchists and union activists opposed to private-sector participation in the oil business. Hundreds of troops formed a human chain to the water's edge, pushing bemused sunbathers and surfers aside. Warned that trouble was likely, Dilma Rousseff, who had planned to attend, instead watched by video-link from the presidential palace in Brasília.

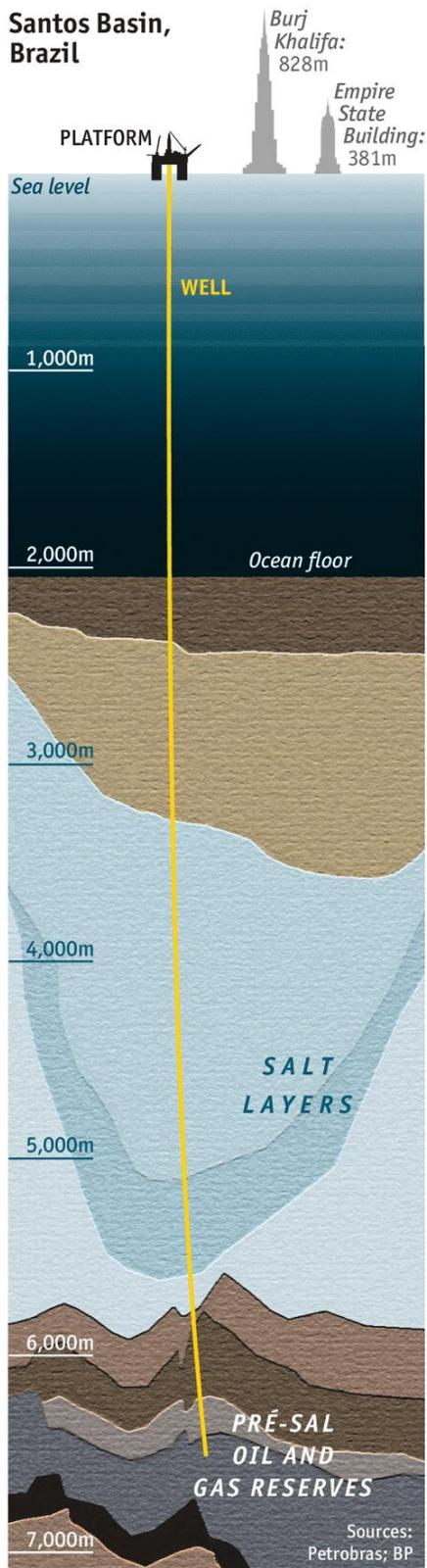
The presence of Shell and Total in the winning consortium allowed the government to declare the auction a success. But whereas it had expected more than 40 firms to register to take part, only 11 did. And although it had expected at least six consortia to bid, the winning offer—of the minimum eligible amount—was the only one made. The lack of competition was a let-down after the euphoria of six years ago, when the president of the day, Luiz Inácio Lula da Silva, described the *pré-sal* finds as a “winning lottery ticket”. During the long wait while auction rules were rewritten and federal and local governments squabbled over how to share the eventual proceeds, shale oil and gas displaced *pré-sal* as the world's most exciting energy prospect. Most private-sector interest evaporated. BG, BP, Chevron and Exxon, which have spent heavily in Brazil, did not register to bid.



The wrong sort of gas

Even so, the auction's outcome came as a relief to Petrobras. A spurt of resource nationalism unleashed by the *pré-sal* finds led the government to redraft auction rules that had been in force since the firm was part-privatised and lost its national monopoly at the end of the 1990s. Instead of all firms bidding on equal terms, Petrobras must now operate all *pré-sal* blocks, with other firms taking at most a 70% financial stake. Once a consortium has sold enough oil to recoup its costs, profits are split with the government. The bidder that offers to hand over the biggest share of this “profit oil” wins.

The government's aim was to avoid selling *pré-sal* rights too cheaply. Drilling through thick layers of shifting, corrosive salt is hugely expensive—developing Libra will cost around 400 billion reais (\$184 billion) over the next 35 years—but the *pré-sal* deposits are so vast that exploration risks are thought to be very low, meaning firms should be ready to pay handsomely for development rights. Yet it might have been simpler merely to raise taxes on production: Credit Suisse, a bank, says that the winning Libra bid to pay 41.65% in “profit oil” will result in three-quarters of the field's value going to government coffers when taxes are included, little more than the 70% total take under the previous rules. Offering Libra as an old-style concession would have attracted more bidders, pushing up the price paid, reckons Paula Kovarsky of Itaú BBA bank.



Worse, the new rules have set a hidden trap for Petrobras. By putting it in charge of all operations in *pré-sal* areas and forcing it to buy at least a 30% stake in all winning bids, the government has turned *pré-sal* auctions into nail-biting waits for Petrobras to learn the terms to which other bidders have committed it. The fear this time was that Chinese state-owned firms, more interested in a stable long-term energy

supply than in negotiating a low price, would bid aggressively for Libra, committing Petrobras to terms it found unreasonable.

That such an outcome did not happen comforted Petrobras's long-suffering investors, who have seen the firm's share price plummet since a record-breaking \$70 billion stock offering in 2010, intended to prepare it for the *pré-sal* era. Since then the government's insistence on capping petrol prices to tackle inflation has caused the firm to haemorrhage cash. Brazil is a big importer of oil derivatives, so not only does Petrobras get below the world price for its own oil; it must also top up abroad, and sell at a loss. Strict requirements to buy local equipment have further burdened its balance-sheet and slowed down its investment programme.

The Libra auction was not the disaster it could have been for Petrobras, says Ms Kovarsky. But developing the field will mean the company has to delay or drop other projects that would have had higher returns. And a rise in the price of fuel is now essential. "Petrobras needs not just a one-off price rise, but international price-parity," she says. On top of all this, unless the bidding rules are changed the next *pré-sal* auction, pencilled in for 2015, may see the firm committed to a pricey deal that it would not have chosen itself.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21588392-single-bid-vast-field-shows-weakness-brazils-state-led-approach-developing-its>. Acesso em: 18 de ago. 2014.

Letters

On the north of England, Brazil, tax, start-ups, paddles

DATA: 2013.10.26

The north-south divide



SIR – There is nothing new in *The Economist*'s dismissal of towns in northern England (“[City sicker](#)”, October 12th). In effect you are endorsing the north-south divide by calling on ministers to abandon underutilised northern cities and promote suburbanisation around hubs like London. Yet London consistently gets twice the amount of central government funding than other English regions. In the 1980s, it was the London Docklands that received the public investment and business incentives. Hull, which faced similar industrial challenges, was left to fend for itself. The policy of the then Conservative government was one of “managed decline”.

Our overpriced and overcrowded capital has neither the appetite nor the infrastructure to sustain more suburbanisation. Despite its rhetoric about rebalancing the economy, the coalition government's economic policy is focused almost exclusively on the southern economy and inflating the housing market.

Areas with the highest levels of deprivation have borne the weight of the budget cuts. And although the coalition's New Homes Bonus offers payments to councils for building housing, it is largely funded from a cut to local-authority budgets. It is actually a levy on northern councils in areas of low housing demand, so the north is paying for more house-building in the south. Likewise, the two largest recipients of the government's Growing Places Fund to build infrastructure and generate growth are London and the south-east; the Humber region receives less than Dorset, Oxfordshire and Berkshire.

All of Britain would benefit from an alternative One Nation approach to regeneration. Government should devolve greater powers to councils to manage their own spending on infrastructure, apprenticeships and training. A close dialogue with employers on the ground would allow training to be tailored to meet local needs. In places like Brandenburg, Germany, an active local and central commitment to regeneration has helped rectify grave economic imbalances for the benefit of the whole country.

Diana Johnson

Member of Parliament for Kingston upon Hull North

House of Commons

London



* SIR – You rightly say that England’s northern cities need boosting as economic centres, but wrongly dismiss high-speed rail as one of the boosters. Manchester, Sheffield and Leeds are the strongest economic hubs of the north. To empower them to drive growth across the whole region they need sustainable, high-capacity transport to enhance their connections to Britain’s economic dynamo: London. This is precisely what HS2 does, trebling rail capacity and bringing all three cities within barely an hour of the capital, instead of two hours today on a creaking railway that is nearly 200 years old.

HS2 also transforms connections between the cities of the Midlands and the north. Try going from Birmingham to Manchester. They are only 70 miles apart, but the choice is a congested motorway or a train journey that takes 90 minutes.

Most developed countries networked their major cities with high-speed rail years ago. America is following suit. English exceptionalism will simply make the north of England exceptionally poor.

Andrew Adonis

Former transport secretary

House of Lords

London

SIR – The soul of a community lies in the spirit of its people. People in the north-east have struggled to prosper in inhospitable conditions, the industrial era being only a part of that story. I would rather relish their engaged, passionate sentiment than endure your detached utilitarian prescription any day.

Ian Ray Todd

London

The country of the future



SIR - I was taken by complete surprise four years ago when you published your famous (or infamous) cover of Christ rocketing over Rio to symbolise Brazil's growth ("[Brazil takes off](#)", November 14th 2009). Now I find I cannot fully grasp your latest cover with the Christ spiralling downwards ("[Has Brazil blown it?](#)", September 28th). Even you recognise that a great deal of Brazil's fundamentals and economic indicators are more or less the same. How can you possibly justify two such antagonistic views about the same country?

Maybe you regret the overly optimistic tone of the first cover and are trying to rectify it. The simple truth is that Brazil was not fantastic then and it has not blown it now.

Alexandre Bertoldi

São Paulo

SIR – There is another significant speed bump to growth that is as ubiquitous as those lining Brazil's appalling roads: the labour code. A mountain of red tape that has scarcely modernised since the 1940s, the CLT restricts wage cuts, contains draconian penalties for sacking employees and implements paternalistic rules around working hours, to name just a few of its nightmarish provisions.

The untenable labour laws are an appalling incentive for firms and workers. A common adage in Brazilian boardrooms is that this is the only country where your employees aren't your greatest asset; they are your greatest liability.

Luke Cohler

Rio de Janeiro



SIR – The section on [infrastructure](#) in your [special report on Brazil](#) (September 28th) should have mentioned the container port at Itapoá in the south. It can handle ships of any size, is privately financed and operates without any participation from the government. Itapoá is a good example of how future infrastructure projects should be managed.

Peter Kadur

Joinville, Brazil

SIR – I look forward to the special report *The Economist* will write on Mexico four years from now. It too will bang on about how the “reforms” that you support have come to naught. These reforms are driven not by economics but by politics, benefiting the status quo instead of creating growth and social welfare.

Ernesto Flores-Roux

Toluca, Mexico

Taxing times

SIR – The stories you described about how Americans living abroad have been affected by the penalties and the changes in American tax laws only scratched the surface (“[Overtaxed and over there](#)”, October 12th). I am a dual Swiss-American citizen and most members of my family have been “kindly asked” to close their Swiss bank accounts. Swiss-Americans are doubly punished because they are assumed to be “guilty”. Swiss bankers are terrified of making any mistakes and getting sued again by the American justice system.

They are erring on the safe side and purging all potentially “dangerous” clients. Congress is sacrificing international Americans to catch a few thieves. They have thrown the baby out with the bathwater. There are no votes in this issue, alas, so it will only get worse for us.

Alec Walton

Warren, New Jersey

A technical hitch



SIR – [Schumpeter](#) (October 12th) laments that American start-ups created only 2.7m jobs in 2012, compared with 4.7m in 1999. But 1999 and 2000 were the pinnacle years of an epic bubble, when venture capitalists and IPO punters were untethered from reality. Many of the start-ups then were instant calamities with no lasting effect on jobs.

John Kenneth Galbraith once claimed that the public’s financial memory rarely spans two decades. Perhaps the agony of dotcom delusions has not yet completely faded from Schumpeter’s memory.

Paul Schwarzbach

San Francisco

Up a creek



SIR – I am shocked and outraged by your article on Canadian Freeman, not by the content, but by the accompanying illustration (“[Freeloaders on the land](#)”, October 12th). The Royal Canadian Mounted Police officer is seated in a canoe, surely one of the most perfectly designed vessels ever, and one that continues to be a source of pleasure for Canadian paddlers every summer. The double-bladed paddle in his hand, however, is one that is used with a kayak, an admittedly sleek craft, but one that lacks the

versatility and functional grace of the canoe. Few Canadians, least of all a Mountie, would confuse the two.

Michael Petrou

Ottawa

* Letter appears online only

[From the print edition: Letters](#)

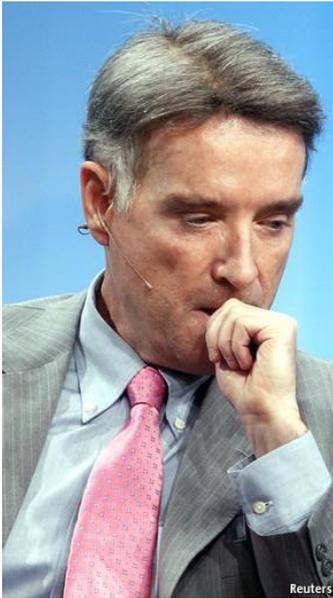
Disponível em: <http://www.economist.com/news/business/21588903-eike-batistas-oil-firm-files-bankruptcy-protection-bustista>. Acesso em: 18 de ago. 2014.

Bustista

Eike Batista's oil firm files for bankruptcy protection

DATA: 2013.11.02

ON OCTOBER 30th OGX, the oil-and-gas firm at the heart of the business empire of Eike Batista, a flamboyant entrepreneur who was until recently Brazil's richest man, filed for bankruptcy protection. One month earlier it had missed a \$45m payment to bondholders, and attempts to negotiate a debt restructuring during a 30-day grace period failed. With \$3.6 billion in bonds and another \$500m owed to suppliers, it is Latin America's largest corporate failure. OGX now has two months, extendable for a further three, to agree a recovery plan with investors. Without fresh funding it will run out of cash by the end of the year and risk losing its most valuable remaining assets, stakes in two offshore oilfields close to production. That would leave investors with little or nothing.

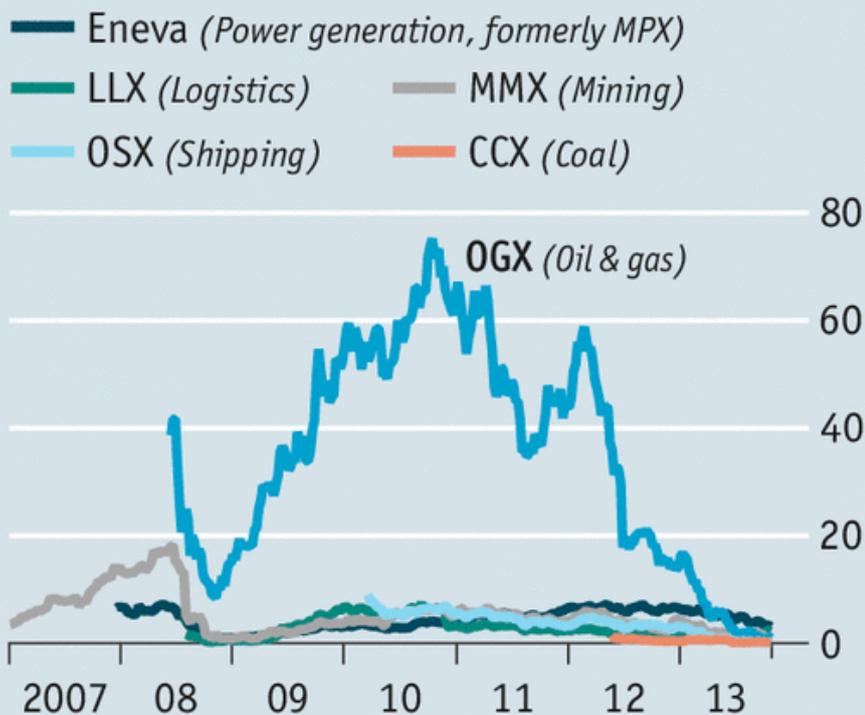


OGX was listed in 2008 on the basis of promising exploration prospects. Industry specialists understood that without fields in production OGX was a high-risk proposition, says Mark McHugh of OFSCap, an energy-investment firm. But they were impressed by the “dream team” put together by Mr Batista: a group of ex-employees of Petrobras, Brazil’s state-controlled oil giant, with unrivalled experience and geological nous. Together with a high oil price, big discoveries in Brazilian waters just months earlier and Mr Batista’s extraordinarily persuasive patter, that let it raise 6.7 billion reais (\$3.7 billion) in what was Brazil’s biggest-ever IPO at the time. In late 2010 its market capitalisation hit 75 billion reais.

But in June 2012 OGX slashed production guidance for what was supposed to be its most valuable field: the Tubarão Azul off Rio de Janeiro’s coast. A year later it said the field would probably cease producing in 2014, and that several others nearby were unviable. Members of the dream team resigned or were sacked. The firm’s production has been around 10,000 barrels a day this year, a fifth of the level predicted in the IPO prospectus. By the time it filed for bankruptcy its stockmarket valuation was 99% down on its peak and its bonds were trading at 8% of face value.

Battered Batista

Market capitalisation of Eike Batista's companies
bn reais



Source: Bloomberg

OGX's slow-motion collapse showed Mr Batista's business empire—six listed commodities and logistics firms, several smaller private ones including a property developer and a goldminer—to be as fragile as a house of cards. The dream he sold was a chance to profit from both Brazil's fabulous mineral wealth and its government's inability to build the infrastructure needed to get that wealth to foreign markets. MMX owned iron-ore mines and was building a dedicated port. MPX's electricity plants would use OGX's gas and supply sister firms with cheap power. LLX's giant multi-use port, Açú, would become an oil-industry hub; OSX would use its shipyard to build and service vessels for OGX. (All those Xs were meant to symbolise the multiplication of wealth.) The firms' interdependence meant many chances to profit along some of Brazil's most valuable supply chains. But when OGX toppled, the others came tumbling down too.

Three of the "X" companies have now found new hands to develop their soundest assets, as other investors have increased their stakes and diluted Mr Batista's. EIG Global Energy Partners, an American investment firm, now controls LLX. MMX's iron-ore port has gone to Trafigura, a Dutch commodity trader, and to Mubadala, Abu Dhabi's sovereign-wealth fund. MPX, now called Eneva, is being run by E.ON, a German power giant. CCX, the only "X" with sizeable assets outside Brazil, is selling its Colombian coalmines. But OSX's very future is in doubt: most of its orders came from its crumbling sister firm.

The meteoric fall of Brazil's best-known businessman has hit the country's reputation, says Mr McHugh. "It gives the impression that the place is a bit flaky." And it leaves its oil industry without a big private player. But it was Mr Batista's personal flaws—a belief in his own infallibility and a fondness for yes-men—that brought him to grief. An insistence on going it alone meant OGX bore the full losses from its dud fields. From a fortune once estimated at \$34 billion he retains little more than shrunken stakes in the rescuable bits of his empire. Three private jets and a helicopter have been sold. His luxury yacht, *Pink Fleet*, will probably be broken up for scrap.

[From the print edition: Business](#)

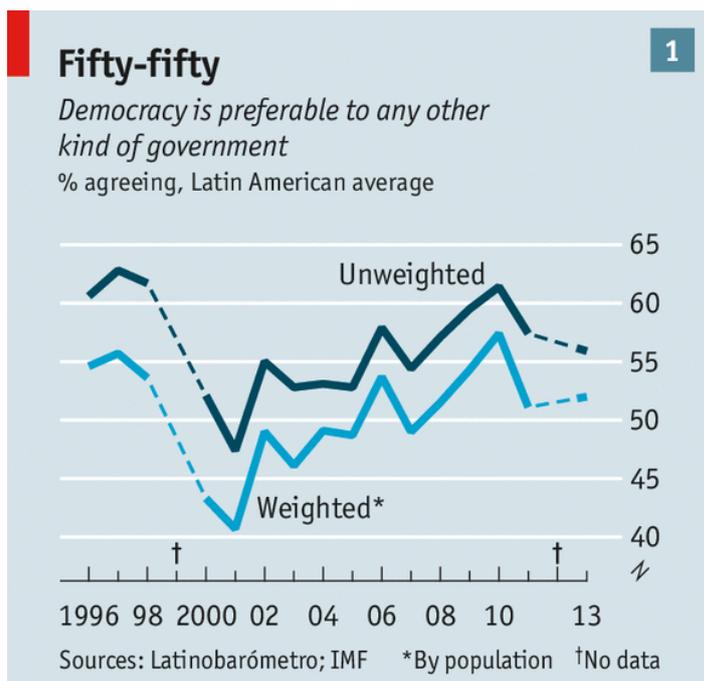
Disponível em: <http://www.economist.com/news/letters/21588341-north-england-brazil-tax-start-ups-paddles>. Acesso em: 18 de ago. 2014.

Listen to me

A slightly brighter picture for democracy, but not for liberal freedoms

DATA: 2013.11.02

DESPITE an economic slowdown, Latin Americans feel pretty satisfied with their lives, but they don't give much credit for that to their democratic institutions. Only a quarter of them think the distribution of wealth in their countries is fair (though that is up from a fifth in 2011). Although some Latin American governments are leaning towards decriminalising drugs, 67% of respondents think they should remain banned. Those are some of the conclusions from the latest Latinobarómetro poll, taken in 18 countries and published exclusively by *The Economist*. Because the poll has been taken regularly since 1995, it does a good job of showing how attitudes in the region are evolving.



Slightly more than half of respondents to the poll are committed democrats, a figure that has remained fairly constant for the past few years (see chart 1). Support for democracy rose by ten points in Venezuela (to 87%, the highest in the region) since the last poll in 2011; that suggests that whatever the difficulties of Nicolás Maduro, the elected successor of Hugo Chávez, few Venezuelans favour an authoritarian intervention (see table). When people are asked a slightly different question—whether they agree that “democracy may have problems but it is the best system of government”—support is much higher. It has risen over the past decade in line with rising satisfaction with everyday life (see chart 2).

Only around 40% of respondents are satisfied with the way that democracy works in their country in practice. That figure is down from 44% in 2010, but up from just 25% during an economic slump in 2001—and is now slightly higher than its equivalent in Europe (chart 3). Satisfaction with democracy varies strikingly across the region (chart 4). This seems to depend less on economic growth or the quality of institutions, than on a sense that the government is acting on behalf of everyone, rather than a privileged few (see chart 5).

Hopeless in Honduras

4

How satisfied are you with the way democracy works in your country?

% responding "very satisfied" or "somewhat satisfied"



Source: Latinobarómetro

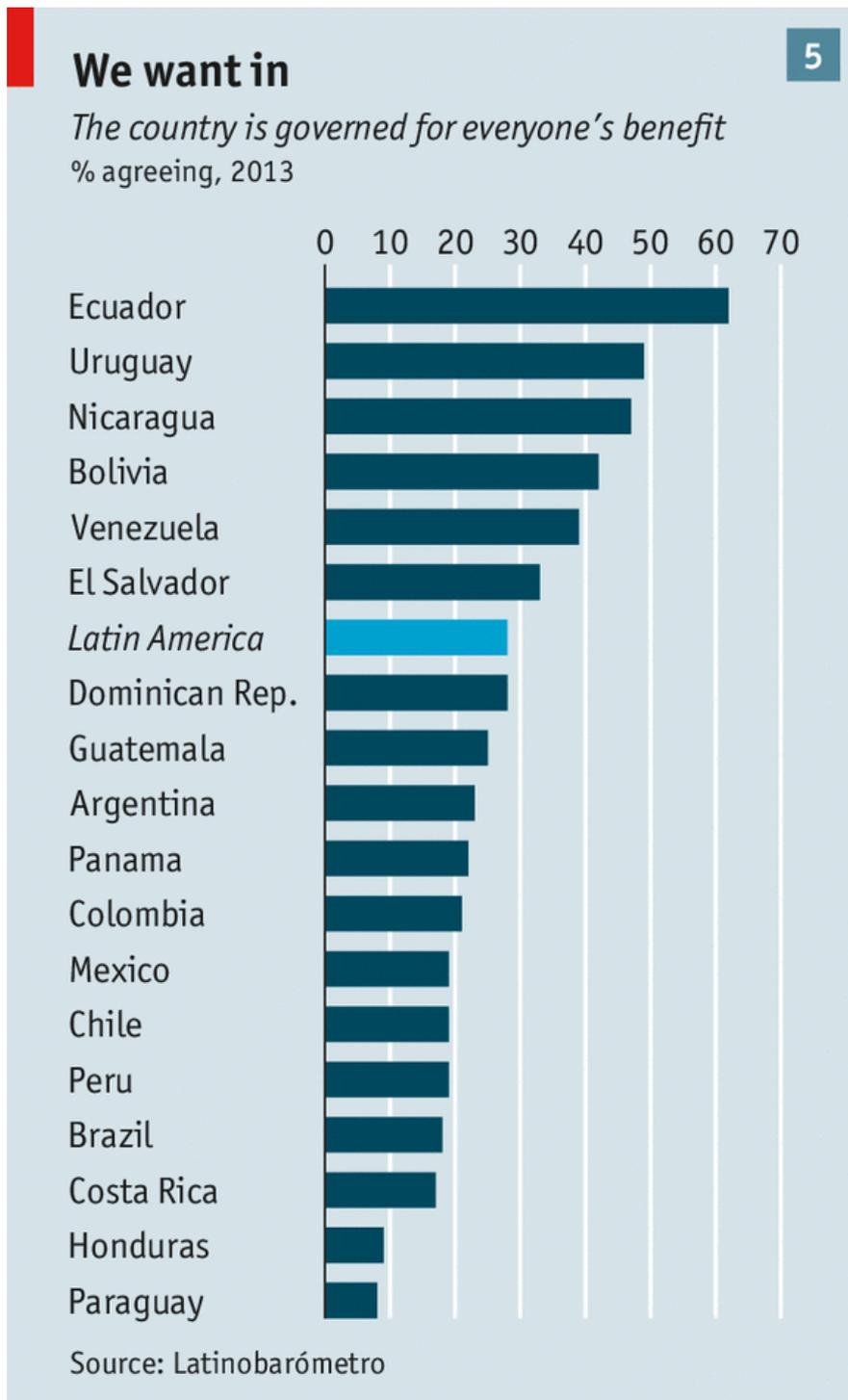
*2004

That helps to explain the success of Ecuador's Rafael Correa and Nicaragua's Daniel Ortega. Although their countries are ranked as only "partly free" by Freedom House, a democracy watchdog, their rule features a mix of welfare and infrastructure spending and populist rhetoric. For Latin Americans, democracy is mainly about how much people feel they have a stake in things, according to Marta Lagos, Latinobarómetro's director. "People are saying I don't care how, but someone has to listen to me."

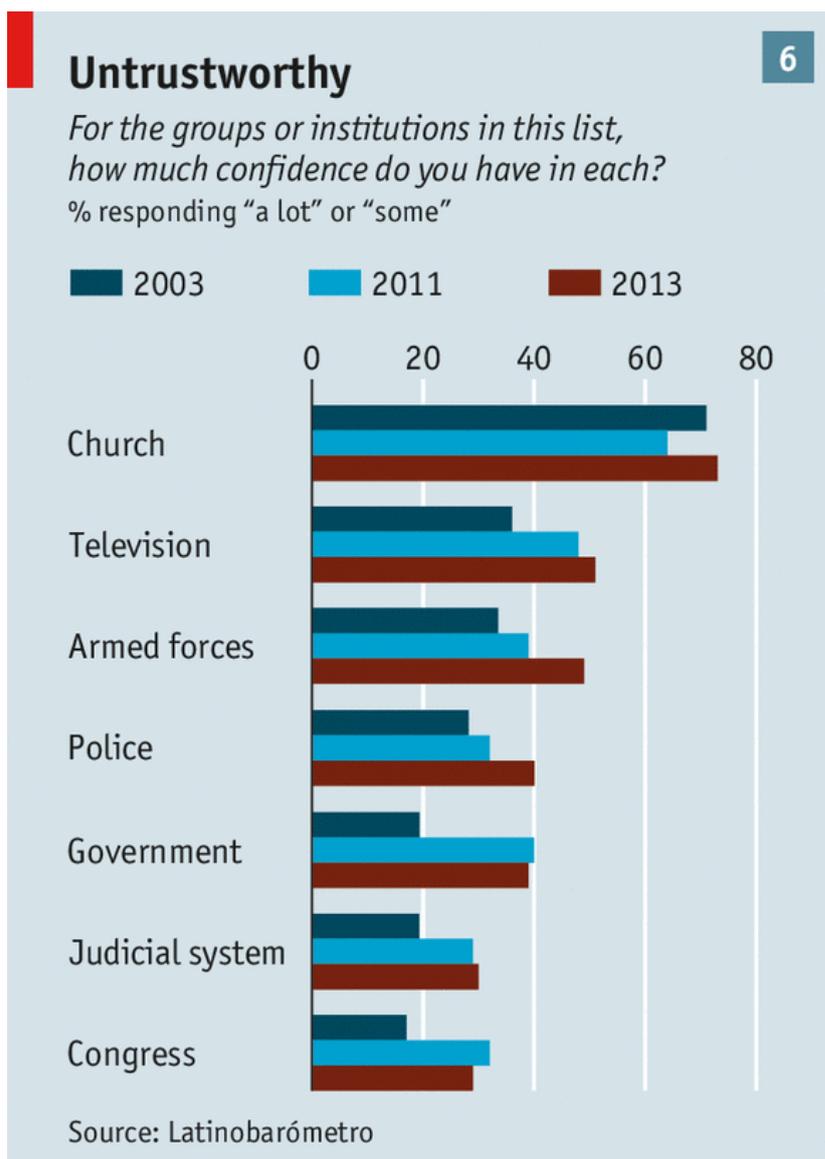
Nevertheless, the region's best-functioning democracy is Uruguay, which manages to combine liberal freedoms with socialist government. Whereas Argentine respondents are pretty satisfied with their country's democracy, only 34% think it is making progress, which may explain the poor result for

President Cristina Fernández in this week's legislative election. Few democratic institutions merit the trust of the majority (see chart 6).

Almost 60% think the market economy is the only way for their countries to become developed. Significantly, in socialist Venezuela, where Mr Maduro is seeking power to rule by decree, 69% support the market economy and 81% say there can be no democracy without Congress.



In crime-ridden Guatemala, whose elected president is a former army general, 44% of respondents want the armed forces to govern. In most countries, crime rivals economic problems as the main public concern. But in Brazil, where mass protests broke out about the poor quality of public services in June, public health was cited as the main problem by 35% of respondents and education by 10%. In Chile, where students have been protesting for several years, 17% cited education as the main problem but 23% cited crime. In Costa Rica, a once-model democracy beset by political gridlock, for 20% of respondents corruption was the main worry.



Despite the anti-American rhetoric coming from the likes of Mr Correa and Mr Maduro, 69% of respondents have a favourable opinion of the United States; only 49% think that Latin America needs an institution in which the US does not take part to represent them (down from 56% in 2011). Some 38% of respondents admit to using Facebook (double the figure of 2010) but 55% say they have never used e-mail or the internet.

Latinobarómetro is a non-profit organisation based in Santiago, Chile, which has carried out regular surveys of opinion, attitudes and values in Latin America since 1995. The poll was taken by local opinion-research companies in 18 countries and involved 20,204 face-to-face interviews conducted between May 31st and June 30th 2013. The average margin of error is around 3%. Full details [here](#).

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21588886-slightly-brighter-picture-democracy-not-liberal-freedoms-listen-me>. Acesso em: 18 de ago. 2014.

Letters

On emerging economies, business, efficient markets, Venezuela, China, Brazil, American politics

DATA: 2013.11.02

Emerging trade powers



SIR – Your [special report on the world economy](#) (October 12th) set aside the fact that emerging economies have been behind all the absolute growth in world trade that has occurred after the global financial crisis. This big shift is also the reason why the share of international trade that is intra-regional has declined in recent years. As far as capital flows are concerned, emerging economies attracted a record share of foreign direct investment last year. None of which is to say that they are decoupled from advanced economies, but even so the differences must be recognised.

Perhaps you were overly influenced by the latest cuts to forecasts of emerging-market GDP by the IMF. Yet those markets are still projected to account for 53% of world economic growth between 2012 and 2018.

Pankaj Ghemawat

Professor of global strategy

IESE Business School

Barcelona

SIR – “[The gated globe](#)” (October 12th) asserted that capital controls “have found respectability in the emerging world because they help insulate countries...from destabilising inflows of hot money.” It is true that Brazil, South Korea, Indonesia and Thailand have applied them. But other countries, such as Chile, Colombia, Mexico and Peru, have not, as there are doubts about the supposed benefits.



Controls have little effect on exchange rates. At best they change the composition of capital inflows a bit (only because one form of capital is disguised as another). And they increase the cost of capital for businesses and individuals. Instead of capital controls, Chile has relied on a combination of moderate expansion in government spending, public-debt management that avoids selling foreign exchange, and the hedging of exchange rates and interest rates. An IMF report in September singled out Chile as an example of economic resilience in the face of capital-flow volatility.

As for protectionism, Chile has further liberalised its trade in recent years, concluding free-trade pacts with 60 countries that cover 90% of our trade, and an average import tariff below 1%. This year we unilaterally eliminated all tariffs for the 49 least-advantaged countries in the world.

Felipe Larraín

Chile's minister of finance

Santiago

* SIR – You rightly drew attention to local content requirements as a harmful and common form of protectionism. However, contrary to your suggestion, such requirements are not “sneaky methods” that slip between the cracks of WTO disciplines. They are overtly discriminatory and in almost all circumstances (national security might be one narrow exception) violate WTO treaties, such as the GATT.

Over the past decade much time and effort has been spent at the WTO attempting to negotiate new rules, in areas where consensus is elusive and the gains from agreement uncertain or marginal. This is an agenda largely driven by trade bureaucrats, not business, consumers and other real-world constituencies.

It would be more sensible to crack down on forms of protectionism that are questionable under the rules that are already in force, perhaps selectively tightening them where needed. Local content requirements are a good example, but so are fossil fuel subsidies, not only wasteful but a major contribution to climate change, as the IMF as recently pointed out.

Rob Howse

Professor of international law

New York University School of Law



* SIR – Contrary to your thinking, the OECD Arrangement is precisely the kind of international legal pact that we should celebrate in trade. It serves to level the playing field so that countries cannot use extraordinary financing to circumvent product-to-product competition. For those who follow its rules the OECD regime promotes innovation, competition, and growth, while also ensuring that finance is available to support exports to markets that might otherwise not be able to obtain it.

The problem in the export credit world is not an export-import bank, which operates entirely in compliance with OECD rules, but rather those government institutions—including, I'm afraid, those from the BRIC countries—that choose to operate outside the OECD framework. This was the message that the chairman of the United States Export-Import Bank was delivering. Lumping together export-credit agencies that are members of the OECD with those that are not is misleading.

John Hardy

President

Coalition for Employment through Exports

Washington, DC

Business isn't above the law

SIR – Your article on business education in law schools used the example of a lawyer defending a tenant as someone who constrains business by suing landlords (“[Commercial law](#)”, October 19th). That is ludicrous. By defending their clients’ rights lawyers force businesses to carry out their activities based on the norms laid down by society through the law. Saying that lawyers constrain business in this way is as silly as saying that doctors are inhibiting the profits of the fast-food industry by advising their patients to eat healthily.

David Beckstead

Ulaanbaatar, Mongolia

Fama not in the Vanguard



SIR – Regarding the recent Nobel prizes in economics, it is just not so that Eugene Fama’s efficient-market hypothesis “led to the development of the index-tracking industry” (“[A very rational award](#)”, October 19th). When I founded Vanguard 500, the world’s first index mutual fund, in 1975 I had never heard of Mr Fama. Years later I studied his work demonstrating that stock prices are efficiently priced and concluded that his notion was wrong.

Sometimes markets are efficient, sometimes they are not, and it is not possible to know which is which. In fact, it was Paul Samuelson who inspired the creation of our pioneering fund. It was not abstract theory that provided the justification for the index fund, but the compelling evidence that money managers as a group cannot beat the market; they must lose to the market by the amount of the fees and costs charged by active fund managers.

Gross return in the stockmarket, minus the costs of investing, equals the net return that investors as a group must share. It is the cost-matters hypothesis that holds universally. The brute evidence provided by the data meets the standard you cited in another article: Trust, but verify.

John Bogle

Founder of the Vanguard Group Valley Forge, Pennsylvania

The media in Venezuela



* SIR – The impression given in two articles about freedoms in Venezuela is truly alarming (“[News that's fit not to print](#)” and “[The crunch in Caracas](#)”, October 19th). Thankfully for Venezuelans it is also wholly false. Inaccurately declaring a “crackdown” and “asphyxiation” of the media fails to acknowledge that in Venezuela it is the private media, overwhelmingly supportive of the political opposition, which dominates.

For example Venezuelan public television channels have only a 5.4% audience share. In contrast 61.4% watch privately owned television channels and 33.1% watch paid cable TV. So far from the public media being omnipotent, Venezuelan public TV channels have an audience share smaller than that of Channel 4 in Britain.

This false picture of a lack of media freedoms is then cited by you as an example of a restrictive political climate that could even see the forthcoming mayoral elections rigged or cancelled. This is a baseless slur. Not only have there been more elections in the past 15 years in Venezuela than in the previous four decades, but democratic participation has soared and all have been declared free and fair by a range of international bodies and observers.

In fact the vibrancy of Venezuelan democracy is such that last year Jimmy Carter described our electoral system as “the best in the world”. Last but not least, allegations of fraud are just as ludicrous. *The Economist* itself [acknowledged](#) last year that Venezuela’s voting machines “are the most advanced” in preventing this.

Alvaro Sanchez

Chargé d'affaires

Venezuelan embassy

London

China in space

* SIR – NASA and the American Congress should be forgiven if they are leery of too much space cooperation with Chinese scientists (“[Chinese? You’re not welcome](#)”, October 12th). One illustrative case emerged in January 2007 following China’s first military anti-satellite weapons test, which destroyed an orbiting Chinese satellite and left a dangerous debris cloud still in orbit today. A congressional commission reported that a Chinese space scientist who had studied asteroid rendezvous and transfer orbit dynamics at the University of Michigan was a researcher at the military’s academy of equipment and command technology and had written extensively on kinetic kill vehicle velocity increment error for China’s ASAT weapons development.

NASA’s inspector general told a congressional oversight committee on February 29th 2012 that an investigation of cyber-attacca on NASA’s Jet Propulsion Laboratory computers involving Chinese-based internet-protocol addresses had confirmed that the intruders gained full access to its systems and sensitive user accounts.

John Tkacik

Director
Future Asia Project

International Assessment and Strategy Centre

Alexandria, Virginia

Deforestation in Brazil



SIR – “Trees of knowledge” praised Imazon, a Brazilian NGO, for being the key data provider supporting Brazil’s policy to reduce deforestation in the Amazon ([Special report on biodiversity](#), September 14th). Actually, the main data provider is the National Institute for Space Research (INPE),

a public R&D centre of the Ministry for Science and Technology. Since 1988 INPE has published yearly accounts of deforestation (available on the internet). In 2004 it created the DETER system, which alerts us to new large-scale deforested areas. INPE's systems are the basis for law enforcement and forest protection in Brazil.

Imazon started its monitoring system in 2007, long after INPE. It is good that NGOs develop alternative monitoring systems; having additional information increases the pressure for action. However, data provided by scientific institutions have a much greater weight than data from NGOs. INPE's Amazon monitoring system is the standard scientific reference. More than 200 scientific papers have been published using our data in journals such as *Science*, *Nature* and the *Proceedings of the National Academy of Sciences*.

Professor Dalton Valeriano

on behalf of Amazonia Monitoring Programme

National Institute for Space Research

São José dos Campos, Brazil

Capitol charges



SIR – America's political deadlocks ("[Last-minutemen](#)", October 19th) are often attributed to bad politicians, poor leadership, infighting, ideological zealotry and so on. In any other country this would be called a constitutional crisis, but not in America, where it is still believed that the founders created a perfect system.

In fact, America's basic law is 225 years old and out of date. It is a delusion to ignore the improvements in the practice of democracy that have evolved elsewhere. The problems of lobbying, gerrymandering, pork-barrel politics, incumbency and campaign financing are products of the system; they cannot be fixed by replacing the politicians. America's political parties have no membership, weak leadership and little discipline or common purpose. The last time a new party came to power was 1860.

The voters are unable to throw the bums out because there is no means of holding accountable those who are responsible. Is it the president? The Senate? The House? The Tea Party? None of the above; it's the constitution, stupid.

James Decandole

Toronto

SIR – Thinking about particle accelerators (“[Small really is beautiful](#)”, October 19th), I propose creating the Large Ego Collider in which our congressmen are accelerated into ever higher-energy collisions with their oppositely charged colleagues. The goal is mutual annihilation and the creation of a new particle, the theorised but hitherto unobserved Electable Moderate Centrist. (A simultaneous new primary universe may be necessary.)

Robert Clark

Redwood City, California

* Letter appears online only

[From the print edition: Letters](#)

Disponível em: <http://www.economist.com/news/letters/21588828-emerging-economies-business-efficient-markets-venezuela-china-brazil-american-politics>. Acesso em: 18 de ago. 2014.

Local hero

Brazil’s biggest software firm sees a sluggish economy as an opportunity

DATA: 2013.11.09

IN THE late 1970s Bill Gates predicted “a computer on every desk and in every home”. Laércio Cosentino, an engineer at SIGA, a Brazilian maker of software for mainframes, concluded that therefore every small firm in his country, even the ubiquitous street-corner *padaria* (bakery), would eventually have one too.

In 1983 Mr Cosentino, then just 22, convinced his boss to set up a separate business to concentrate on serving small and medium-sized enterprises (SMEs). Thirty years on, the company, nowadays called Totvs (pronounced “totus”), dominates Brazil’s \$1.9-billion-a-year market for enterprise software. Investors have piled in. On October 22nd Totvs disclosed that the world’s biggest fund manager, BlackRock, had increased its stake to 5%.



Brazil has the world's seventh-largest economy and is ninth in terms of the number of PCs installed. Totvs supplies roughly half of all business software and services on its home turf, either directly or through franchises, reckons Gartner, a research firm. The share exceeds 60% among SMEs. This makes Totvs the world's sixth-biggest business-software firm.

However, outside Brazil it is all but irrelevant. Totvs's home market provides 98% of its annual revenues of 1.5 billion reais (\$700m). Some might regard it as folly to be so reliant on an economy where growth slowed to 0.9% in 2012, and may be little more than 2% this year and next. Mr Cosentino insists it is an opportunity.

The days of growth fuelled by cheap labour are over, he says. With labour costs rising because of low unemployment, firms must invest in IT, to improve their workforces' productivity. This is especially true among the SMEs that Totvs serves. Luis Azevedo of Bradesco, a bank, estimates that perhaps 15% of Brazil's SMEs use enterprise software of some sort. Plenty of *padarias* are still waiting to join the computer age. However, many of them will be discouraged from doing so by patchy access to broadband internet outside the largest cities. This means that, in particular, cloud-based software-as-a-service, an area in which Totvs has invested heavily, may be slow to take off.

In its early years Totvs benefited from Brazil's high import tariffs, which kept foreign competitors out. But even as these have fallen, competitors have found it hard to "tropicalise" their offering, as Brazilians say, whereas Totvs's franchise system has helped it spread into the country's fast-growing provincial towns.

Good governance has endeared the company to investors, as did Mr Cosentino's willingness, rare among tech founder-CEOs, to surround himself with professional managers. This has made it easier for him to borrow money for a string of investments and acquisitions (53 to date), culminating with the takeover of Datasul, a big rival, in 2008.

Totvs's revenues have quadrupled since its initial public offering in 2006, and its share price has quintupled. Last year sales rose by 10%, even as Brazil sputtered. Profits surged by 23%, to 207m reais. Add a healthy balance-sheet and it is little wonder that foreign fund managers are keen.

In September Totvs secured a 659m reais credit line from BNDES, the national development bank. So it has the money to make more purchases. But it may be well advised to tread cautiously. Luis Claudio Mangi of Gartner notes that it took Totvs years to integrate its software with that of Datasul and Logocenter, another rival snapped up in 2005, into a seamless product for manufacturers.

As with its customers, the company's greatest challenge is productivity. Mr Cosentino joins a chorus of Brazilian bosses lamenting a shortage of skilled workers. It used to take less than 90 days to train a new recruit, he says; now it can take up to six months. A tight labour market means he has to pay more for less. To counter the problem Totvs pours the equivalent of \$90m a year (or 12% of revenue) into R&D, more than Embraer, Brazil's much-admired aircraft-maker. It is also doing more development work outside the country: last year it opened a new centre in Silicon Valley to add to the one it has in Mexico.

Though they have struggled to adapt to the Brazilian business climate, Totvs's foreign rivals are not giving up. SAP of Germany, the global leader in enterprise software, has been courting Totvs's SME customers; its turnover in Brazil doubled, year-on-year, in the second quarter.

As companies expand abroad they tend to take their legacy IT systems with them. Switching providers is a costly mess. Forrester, a research firm, estimates that only 7% ever risk it. For multinationals entering Brazil that means sticking with SAP or Oracle, the industry's other big beast. But it also means that Mr Cosentino can take comfort from a survey by Oxford Economics. The consultancy found that 73% of mid-sized Brazilian firms expect to have foreign operations in three years, up from 53% today. He hopes that as his customers seek growth beyond the country's borders, they too will take Totvs with them.

[From the print edition: Business](#)

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Violent crime in Latin America

Alternatives to the iron fist

How to prevent an epidemic

DATA: 2013.11.16

MOST parts of the world are getting safer. Not Latin America and the Caribbean, where the murder rate rose by 11% in 2000-10. This "epidemic of violence", as the United Nations Development Programme (UNDP) calls it in a new [report](#), has gone hand in hand with an increase in crime in general and in the fear of it. With poverty, unemployment and inequality falling, insecurity has become perhaps the single most pressing problem facing the region.

In the decade to 2010 more than 1m Latin Americans died as a result of criminal violence, according to the UNDP. Around four-fifths of murders are committed with firearms, which are readily available. Robberies have tripled in the past 25 years, six out of ten of them involving violence. The vast majority of crimes are not reported to the police, in whom citizens have little confidence. Murder rates vary widely between and within countries, and in some cases have fallen (eg, in Colombia and more recently in Guatemala and El Salvador). Nevertheless, a poll commissioned for the report suggests that nearly two-thirds of Latin Americans avoid going out at night for fear of crime, and one in eight (about 75m people) has moved house in order to feel safer.

Some of the factors behind this tidal wave of crime, such as drug-trafficking, are well known. Others, such as low wages, lack of schooling and family breakdown (often associated with domestic violence) are less remarked. The UNDP surveyed prison inmates in six countries and found that although most were in work when arrested, half had dropped out of school and started work aged 15 or younger. Between 10% and 30% never knew at least one of their parents.

Many Latin Americans have demanded that their governments adopt *mano dura* (“iron fist”) policies to tackle crime. But flaws in the police, courts and prisons mean that this often backfires. The UNDP points to the success of strategies that have focused on crime-detection and prevention. By mapping violence in Belo Horizonte, in Brazil, researchers found that six of the city’s 81 favelas accounted for most of it. Colombia’s Plan Cuadrante, a national neighbourhood-watch scheme, and a similar effort in the Dominican Republic (“Barrio Seguro”) have helped police to home in on hotspots.

This approach depends on co-ordinating the work of police and other government agencies, both local and national. Crime can be cut by such diverse measures as lighting streets, training young people and closing bars early. For such approaches to work, though, “people have to have trust in the police”, says Rafael Fernández de Castro, a Mexican academic who is the report’s author. So police reform is often the essential first step. The UNDP concludes that countries should set up “national agreements for citizen security”, involving government, political parties and social groups. Crime is too important to be left to the police or the government alone.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21589889-how-prevent-epidemic-alternatives-iron-fist>. Acesso em: 18 de ago. 2014.

Letters

On Europe, Hong Kong, Canada, London, Brazil, lawyers, Lou Reed

DATA: 2013.11.16

Cleaning up Europe’s debts



SIR – You encouraged the European Central Bank to be bold in digging up the “bad loans made to households and companies” and called for a bankruptcy regime that is more friendly to debt restructuring (“[Europe’s other debt crisis](#)”, October 26th). Iceland offers a lesson in this respect, as it has written down the underlying assets and debts of companies to the discounted value of expected future income as well as mortgages to 110% of fair value. These measures have been instrumental in Iceland’s recovery.

Regarding the ECB inspecting the balance-sheets of banks, in 2012 an Icelandic commission inspected the balance-sheets of the three large failed banks and found their published accounts left something to be desired. One of the more memorable findings was a foreign credit-line at one bank that suggested it had adequate liquidity. The report quoted a bank manager as saying that the management had known full well that this credit-line could not be drawn upon because interest rates were too high.

The ECB should aim to kick European banks out of their zombie-like state, which has been created by the regulatory reluctance to acknowledge the magnitude of non-performing loans. The ECB will also hopefully educate governments on the need for bankruptcy laws that aid the economy instead of imitating medieval ideas of justice and debt.

Sigrun Davidsdottir

Journalist
London

Thorolfur Matthiasson

Professor of economics

University of Iceland

Reykjavik

Blowback on the greenback



SIR – Hong Kong’s over-rigid currency link to the dollar has not brought stability, quite the contrary (“[Buy now at 1983 prices](#)”, October 19th). Saddled with somebody else’s monetary policy, in the 12 years to 1997 we had near double-digit inflation and vertiginous property prices and rents. Then we endured six years of vicious deflation and a 60% fall in land values culminating in deep gloom and record repossessions, bankruptcies and suicides.

Only after his rejection by middle-class voters did Hong Kong’s first chief executive, Tung Chee-hwa, reflect that his fundamental error was not to de-link from the dollar. For the past five years we have suffered high inflation and mad property prices and rents again.

When Stanley Fischer said that countries regret their exchange-rate system sometimes, he did not mean for three-quarters of the time.

Malcolm Merry

Hong Kong

Canada’s First Nations

SIR – The popular myth that Britain betrayed Canada’s aboriginal inhabitants after the war of 1812 is just that—a myth (“[These schools are our schools](#)”, October 19th). The native peoples who were allied with the British included two big groups: those living in the Canadas and those in the United States. The latter group included a large number of warriors living in the Old North-West, comprising Ohio, and the Michigan and Illinois territories. Their interest in the preservation of Canada went only as far as their desire to halt American settlement into their area, and they successfully secured British support towards their goal in creating a native “homeland” there. In effect, they sought to sever a portion of the territory belonging to the United States with British assistance.

The realisation of this goal ended in 1813, once the United States, after its victories on Lake Erie and at the battle of Moraviantown, terminated contact between these natives and the British. The war of 1812 demonstrated that British strategic prowess simply could not reach the interior of the continent. Thereafter, those native peoples living in modern-day Ontario and Quebec continued to play an important role in the defence of British North America. The position of these groups was not changed in 1815.

Nor did Britain forget its allies living in the Old North-West. British diplomats successfully gained the addition of two clauses designed to protect these peoples in the Treaty of Ghent, which ended the conflict in 1815. Unfortunately, the United States chose to ignore those clauses and implemented its own policies.

Major John R. Grodzinski

Assistant professor

Department of history

Royal Military College of Canada

Kingston, Canada

On the buses



* SIR – If London’s population continues to rise at current rates, exceeding 10m people by 2030, buses will be just as vital as rail (“[Underground, overground](#)”, October 19th). Twice as many journeys are taken by bus as by Tube. By 2022 there will be an estimated 167m more bus journeys a year in the city than are currently taken. Managing this demand will test Transport for London’s powers to change the capital for the better as much as big infrastructure projects such as Crossrail.

Val Shawcross

Chair of the Transport Committee

London Assembly

Brazil’s development bank

SIR – Your article on what you consider to be the excessive pre-eminence of public banks and the so-called “negative consequences” of their growing presence in the Brazilian economy ignored several figures and facts concerning the Brazilian Development Bank (BNDES) (“[A ripple begets a flood](#)”, October 19th). The BNDES is not crowding out private loans with our “subsidised rates”, but rather leading efforts to engage the private sector in long-term financing.

You also argued that our lending has not been able to boost Brazil's overall investment rate, forgetting to pose the simple question of what would have happened had we not increased our loans. Finally, you stated that we are lending mostly to large firms, omitting the fact that the share of loans to smaller companies in our portfolio has grown, both in absolute and relative terms.

We are more than aware of our limits to providing all the resources Brazil requires to meet its infrastructure needs. This consciousness is in no way some new-found discovery, and, had *The Economist* contacted me or my office, we could have shown you several past and ongoing initiatives that exemplify it.

Luciano Coutinho

President
Brazilian Development Bank

Rio de Janeiro

...and energy fields



* SIR – The winning bid in the recent Libra field auction in Brazil is proof of the success of the operation (“Cheap at the price”, October 26th). It should be pointed out that two of the world's largest and most globalised oil companies, Shell and Total, each have 20% stakes in the winning group, which indicates strong participation from the private sector, apart from the two Chinese companies, each with 10% stakes.

Beyond the \$6.6 billion signing bonus, which you omitted to mention, the payment to the state by the winning consortium of 41.65% of oil profits was the expected minimum amount stipulated by the government.

All things considered, the Libra auction fully meets requirements and expectations, and will result in a significant amount of revenue for the Brazilian government, technological breakthroughs, and private-sector partnerships for Brazil over the next 30 years.

Roberto Jaguaribe

Ambassador of Brazil

London

A nation built on its lawyers



SIR – [Lexington](#) believes that America has too many lawyers in positions of political power (October 19th). Yet lawyers today account for a lower proportion of those in power compared with earlier periods of American history. Between 1789 and 1889 there were 23 presidents, of whom 17 were lawyers. But among the 20 presidents since the start of the 20th century, only nine have been lawyers. In the 30th Congress, in which Abraham Lincoln served as a congressman, 74% of the members were lawyers. In contrast, in the 112th Congress, which ended in January this year, the leading occupation was business, flowed closely by “public service” and only then, law.

All the members of Lincoln’s first cabinet were lawyers, except for the secretary of war, and he was replaced in less than a year by a lawyer.

Arthur Downey

Bethesda, Maryland

Not a walk on the wild side



SIR – Lou Reed’s songs were indeed among the anthems of the Czechoslovak underground in the 1970s and 1980s ([Obituary](#), November 2nd). Vaclav Havel proudly brought “The Velvet Underground &

Nico” back to Prague from his trip to America in the summer of 1968. But that was at the height of the Prague Spring, so he did not have to “smuggle” it. “Soviet-controlled Czechoslovakia” was still months away. And Havel did not merely want to take Lou “as a guest to Bill Clinton’s White House”. He had him perform there at the official state-visit dinner in 1998—no mean feat.

Michael Zantovsky

Ambassador of the Czech Republic

London

* Letter appears online only

[From the print edition: Letters](#)

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The practice of foreign policy

Another morning in America

A to-do list for the world’s superpower

DATA: 2013.11.23



SAUDI ARABIA HAS taken to bemoaning the Obama administration’s plans for the Middle East. Europeans are up in arms about spying. China is sneering at the dysfunction in Washington. Latin America feels alternately ignored and intruded upon. These are not easy times for American diplomats.

Their country is smarting from the anxiety of decline, and each new controversy seems to plunge the barb a little deeper.

After five years immersed in a world-class financial crisis on top of a dozen more in unhappy wars, the mood in America was bound to be dark. And yet the great engines of American power are turning. The armed forces are peerless and will remain so, even when they are financed less lavishly. The economy is clawing its way back to health. Despite Iraq, the ideals of liberal democracy and open markets are potent still.

In geopolitics America has no direct challenger, but without maintenance primacy frays. One threat is Washington politics, eroding American authority in the world. The other is the shifting international system—which no longer needs America as a guard against Soviet aggression and must find a way to reflect the aspirations of emerging powers, chiefly China.

Only a country that had glimpsed supremacy would count those two threats as decline. Predictably, the unipolar moment after the Soviet collapse was transient—if only because it tempted America into relying too much on force. The return to the frustrations and reverses of everyday diplomacy is uncomfortable, no doubt; and if America withdraws or lapses into peevishness, dangerous as well. Yet the country has one tremendous advantage. What will most determine its destiny is none other than America itself. Here are some of the things it should do.

Start with a strategy

First, the Obama administration needs to define its aims. Fred Hof, a former official now with the Rafik Hariri Centre of the Atlantic Council, speaks of a “consistent absence” of objectives that lead to a strategy. The idea that Mr Obama is occupied by clearing up after Mr Bush no longer holds water. Wherever America seems absent or timid, it creates an unwelcome vacuum. When it acts, things happen.

Second, the president must ensure that strong rhetoric is not left to stand on its own, without a strategy to translate words into action. Policy in Syria went wrong because the president repeatedly seemed to want one thing and do another. He called for the ousting of Bashar Assad but stood back while Syria’s president continued to slaughter his own people. He said he would not tolerate the use of chemical weapons but then he did. After a particularly murderous chemical strike, Mr Obama looked as if he would attack Syria, but sought approval from Congress in a vote that he stood to lose. “He is a cerebral guy and may have a strategic vision for the US,” says Carla Robbins, a journalist who is a fellow at the Council on Foreign Relations. “But he hasn’t articulated it publicly and you have to wonder, especially after Syria, whether he has articulated it inside the White House.”

Third, America must go to war less often and more wisely. Instead, it should make better use of diplomacy. Robert Gates, a former defence secretary, points out that the United States has fewer diplomats than it does players in its military bands. The White House, in keeping with Richard Nixon’s tradition, treats the State Department as if it had nothing useful to offer. As a result, the main policymakers and advisers are stretched too thin. At the same time, diplomats claim, Barack Obama does not cultivate other world leaders enough.

Cultivating your friends

America should use the extra diplomatic capacity it will gain from not fighting wars to run several foreign policies at once. That is because each region requires its own style of diplomacy. The United States needs not only to walk and chew gum at the same time, it must also be able to tweet and phone friends.

Europe has sometimes seemed a low priority for America, yet the old world is a useful amplifier of American power. It is rich and armed. It can help deal with Russia and the Middle East. It is a natural ally for the increasingly vital cross-border agenda of crime, disease and climate change. Instead of treating European leaders with disdain, America should take trouble over them and think of Europe's recovery as a strategic aim for itself, too.

Latin America is an opportunity wasted. The United States often sees its southern neighbours as a source of immigrants and cocaine, not foreign policy, but it should be trying harder with them, too. Most important is Brazil, potentially an invaluable ally; but it will not fall into Mr Obama's lap. First he must overcome historical suspicions, aggravated recently by allegations of spying, and the inclinations of the governing Workers' Party.

In the Middle East the Arab awakening has presented Mr Obama with one headache after another. The old autocratic order is bankrupt but nothing has taken its place. Many years could elapse before an Arab system of democratic government emerges, if indeed it does. Mr Obama clearly wishes that he could be rid of the entire mess, but oil, Israel, Islamic terrorism and Iran are core interests for the United States. "We can't leave, and we can't fix it," concludes Aaron David Miller of the Wilson Centre in Washington. The Middle East has been a graveyard of good intentions. Enough of that, says Mr Miller. America should aim to be transactional there, not transformational.

One focus will be talks on Iran's nuclear programme, which Iran insists is peaceful and most others think is designed to procure a weapon. America needs to be satisfied that this goal is put beyond Iran's reach. In exchange, Iran wants sanctions to be lifted. It is a perilous exercise. Mr Obama has said that he is not prepared to accept a nuclear-armed Iran. Yet an American military strike against Iran's nuclear facility would probably be only a temporary fix—and dearly bought.

America needs to use its "pivot" towards Asia to enhance its role as a balancer and conciliator. Rivalries between China and Japan, for example, or between India and China, could be highly destabilising. If any such conflicts got going in earnest the entire region might start arming itself. Mr Brzezinski recommends that America help keep the peace by acting as the region's honest broker.

Dealing with China will require great skill. The danger is that the pivot makes China feel threatened without reassuring the region. The world's two greatest powers could end up as hostile competitors on a path towards confrontation. To avoid such a catastrophe, Mr Obama needs to acknowledge China's growing ambitions without sacrificing America's fundamental interests. That is not easy when his critics will try to depict him as weak. Meanwhile Taiwan and the Korean peninsula sit like unexploded bombs. China and America need to talk often and frankly about defusing them.

The United States needs to rediscover the foreign-policy traditions that served it so well in earlier times

The cold war was an anxious time. Annihilation was never far off. But it invigorated foreign policy: the stakes could not have been higher, and the diplomatic framework was clearer than it is today. Once the

Soviet Union had collapsed, though, the stakes seemed diminished and the framework redundant. America led the world, but its leaders did not seem up to the task.

For America's own sake—and for the sake of global peace—the United States needs to rediscover the foreign-policy traditions that served it so well in earlier times. These were a glorious hotch-potch of contradictions: idealism bounded by pragmatism; generosity spiked with shrewd self-interest; internationalism conditioned by fierce national pride.

Politicians in Washington should find the day-to-day chores of world leadership entirely palatable. The spadework of much foreign policy need not deepen the partisan divide. Compared with war, diplomacy is relatively cheap. But high policy—on Iran or China, say—will depend on Congress and the White House just occasionally making common cause at the water's edge.

[From the print edition: Special report](#)

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Political corruption in Brazil

Jailed at last

A landmark for justice

DATA: 2013.11.23

AS CHIEF of staff to President Luiz Inácio Lula da Silva in 2003-05, José Dirceu was the second most powerful man in Brazil. Then claims surfaced that he and other leaders of the ruling Workers' Party (PT) were orchestrating a scheme to bribe allies in return for congressional support. Few Brazilians believed that Mr Dirceu, who resigned, would be charged, let alone convicted or jailed in a country where impunity for politicians has long been the norm. But on November 15th the supreme-court president, Joaquim Barbosa, issued warrants for the arrest of Mr Dirceu and 11 others among the 25 found guilty last year of, variously, bribery, money-laundering, misuse of public funds and conspiracy, in a case known to Brazilians as the *mensalão* (big monthly stipend).

Sharing Mr Dirceu's Brasília prison cell are José Genoíno and Delúbio Soares, formerly the PT's president and treasurer respectively. Henrique Pizzolato, a former director of the state-controlled Banco do Brasil, guilty of laundering some of the money, quietly fled to Italy, where he also has citizenship, some weeks ago. Authorities there have hinted that his extradition would be more likely if Brazil rethought its 2010 decision to shelter Cesare Battisti, an Italian bomber facing a life sentence.

In Brazil lawmakers can be tried only by the supreme court. But the legal system is loophole-ridden, allowing appeals even against that court's rulings. In September, 12 of the defendants successfully

appealed for retrials of money-laundering and conspiracy charges, on the grounds that the guilty verdicts were reached by slim majorities. With two new members among the 11 justices, acquittal on those charges is possible, shaving several years from sentences. But the court recently dismissed another flurry of arcane appeals as “merely delaying tactics”. That allowed Mr Barbosa to issue his warrants.

Many PT activists regard the convictions as having been whipped up by the media and by conservative elites. Mr Dirceu, who was detained without trial by Brazil’s dictatorship in the 1960s, says he is once again a political prisoner. Brazil’s establishment press has indeed covered the *mensalão* more exhaustively than scandals in states governed by the centrist opposition. But by corrupting the workings of democracy it was arguably more shocking. After a decade in power, the PT is hardly an underdog. Most of the judges who tried the case were appointed by Lula or his PT successor, Dilma Rouseff.

The biggest difference between the *mensalão* and other cases is that punishment followed crime far more rapidly. Natan Donadon, a centrist congressman convicted in 2010 of stealing millions in public funds in the 1990s, went to jail only this year. It remains to be seen whether the *mensalão* case was an exception or the new norm in Brazil’s halting progress towards equality before the law.

[From the print edition: The Americas](#)

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Venezuela’s Amazonas state

Lawless rivers and forests

The difficulty of being an opposition governor

DATA: 2013.11.30

THE gaudily painted perimeter wall of the army barracks in Puerto Ayacucho, the capital of Amazonas state, leaves no doubt as to the political sympathies of its commanding general. “The 52nd Jungle Infantry Brigade is *Chavista* Too”, it proclaims, in defiance of constitutional strictures about military neutrality. The slogan—a reference to Venezuela’s late president Hugo Chávez and the regime he founded—is a daily slap in the face for the state governor, Liborio Guarulla.



Chávez's successor as president, Nicolás Maduro, has waged a campaign to throttle the administration of Mr Guarulla, one of just three opposition governors across the country's 23 states. It is a foretaste of what the opposition can expect if it triumphs in mayoral elections on December 8th—which have turned into an unofficial plebiscite on Mr Maduro's shambolic and increasingly authoritarian rule.

He claims that Amazonas is in a "critical" condition because of the negligence of the state authorities. He has set up a parallel administration under Nicia Maldonado, a former minister for indigenous affairs, who was trounced by Mr Guarulla in an election last December. Ms Maldonado, the governor's people say, has a budget bigger than his. Venezuelan states depend almost entirely on the centre for their revenues; there is little to stop the president employing creative accounting and delays in disbursements to make the governor look bad.

The result is that Mr Guarulla says he owes around 200m bolívares (over \$30m at the official exchange rate) in salaries. The state police, the airport, a newly built hospital and the main hotel in Puerto Ayacucho have all been taken out of his hands. In July the 52nd Jungle Infantry showed up to snatch a state agency for children, but a crowd of the governor's supporters forced a retreat. Four local radio stations, including one run by the state government, have been closed down and had their equipment seized.

Amazonas has many problems, but those most cited by local people are mainly the responsibility of central government. Frequent and lengthy power-cuts, unpunished violent crime, a precarious air link with Caracas and an almost non-existent internet service are among them. Outside Puerto Ayacucho, in the jungle that extends almost unbroken to the Brazilian border, an even darker mood prevails in the scattered Amerindian villages. Illegal mining is destroying the forest and polluting the water. The armed forces, whose duties include environmental protection, are accused by the Amerindians of complicity with the illegal miners and with the guerrillas of Colombia's FARC, who have shifted their camps to Venezuela to evade military pressure at home.

“The guerrillas ordered the villagers not to go out at night,” says Uriel Blanco of OPIJKA, an organisation that defends the rights of the Jivi tribe. In the early hours, community leaders claim, boats laden with fuel and food head upriver to guerrilla camps. Neither these boats nor the miners seem to have problems with checkpoints run by Mr Maduro’s National Guard. But the guard seizes game from Amerindian hunters, as well as any fuel or processed food for which they lack receipts. The state’s Catholic bishop, José Angel Divasson, says that for the FARC, Amazonas is more than just a refuge: “It’s clear that they are trafficking drugs. Why else would they need 500-metre airstrips? The light planes go over [to Colombia] with guns and they come back with drugs.”

The cocaine business, along with illegal mining of gold and coltan, a mineral used in the manufacture of electronic devices, creates an almost insatiable demand for petrol and diesel, which are heavily subsidised by the Venezuelan government. The official price of a 200-gallon drum of petrol is just 14 bolívares. But once it leaves the river-port of Samariapo, it sells for at least 2,000 bolívares on the black market. By the time it gets to San Carlos de Río Negro, near the Brazilian border, it can cost five times that. Permits to buy fuel are controlled by the army.

“We get diesel for our generator once a month,” says a villager. “That gives us six hours of electricity.” Shops on the Colombian side of the river are well-stocked with subsidised Venezuelan food, while the people for whom it was intended go hungry. Amerindian groups have demanded a meeting with the president, but there has been no reply.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21590944-difficulty-being-opposition-governor-lawless-rivers-and-forests>. Acesso em: 18 de ago. 2014.

Infrastructure in Brazil

Taking off at last

Some serious private money for airports and roads

DATA: 2013.11.30

ALTHOUGH not a fan of privatisation, since she became Brazil’s president Dilma Rousseff has accepted that the state alone cannot fix Brazil’s long-neglected infrastructure. Hitherto her government has talked much of bringing in private capital to do the job, but fluffed this in practice.

At last that is changing. On November 22nd Singapore’s Changi Airport Group and Odebrecht, a Brazilian construction firm, offered 19 billion reais (\$8.2 billion)—four times the minimum allowable bid—to upgrade and run Galeão airport in Rio de Janeiro. The hub airport at Belo Horizonte, Brazil’s third city, went to Swiss and German operators in partnership with CCR, a toll-road operator. And on

November 27th Odebrecht beat six other bidders to win the right to upgrade and levy tolls on an 851km (530 miles) stretch of potholed road from the soya producing state of Mato Grosso.

Rapid growth in air travel and mismanagement by Infraero, the state operator, have overwhelmed Brazil's airports. Lax rules saw inexperienced firms win three airports auctioned last year, including São Paulo's international hub. That disappointed the government, which tightened requirements for the latest round. But work on all three has since gone well, with clean toilets, new signage and extra parking already in place. At São Paulo a new terminal will open before next June's football World Cup. Quick fixes are all Rio and Belo Horizonte will be able to manage before the tournament. In the long term, though, the airports' classy new operators should mean a leap in quality.

Last year Ms Rousseff promised to hand ports, roads and railways to private operators in deals officials hoped would be worth 187 billion reais. But over-optimistic forecasts of future traffic and an unwillingness to offer attractive rates of return meant the programme stalled. Port and railway auctions still look dicey: in both cases regulatory muddle means a high chance of lengthy court battles and construction hold-ups. But some relief is finally in sight for long-suffering users of Brazil's airports and roads.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21590938-some-serious-private-money-airports-and-roads-taking-last>. Acesso em: 18 de ago. 2014.

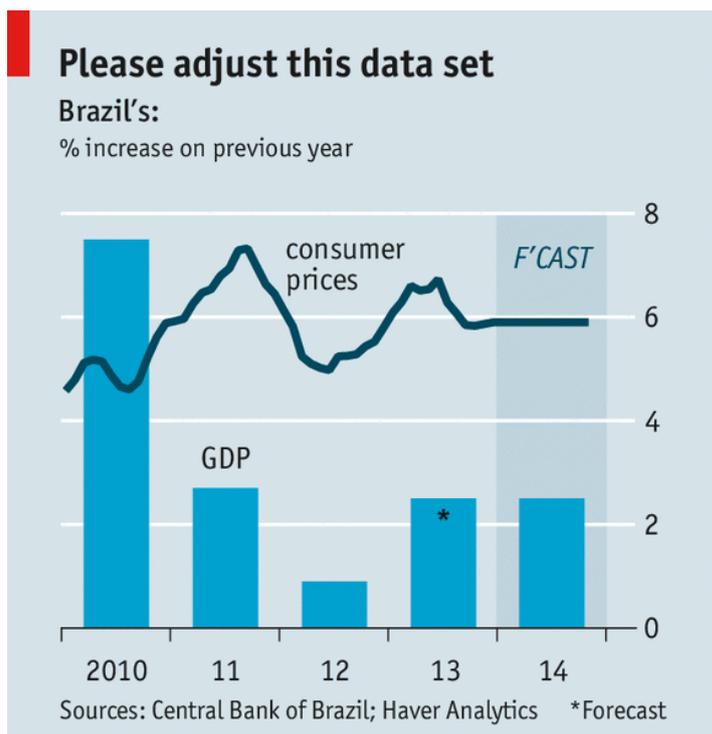
Brazil's economy

The deterioration

Slow growth, stubborn inflation and mounting deficits

Dec 7th 2013 | SÃO PAULO | [From the print edition](#)

A SINGLE economic figure can boost or batter a politician's standing. That makes it tempting to offer sneak peeks of the most flattering ones, as Brazil's president, Dilma Rousseff, did recently when she told *El País*, a Spanish newspaper, that a forthcoming statistical revision would raise economic growth in 2012 from 0.9% to a less weak 1.5%. Nemesis is rarely so swift: on December 3rd the national statistics institute said that it had indeed revised the 2012 figure up, but only to 1%. And it announced that GDP shrank by 0.5% in the third quarter compared with the previous three months.



Market analysts rushed to trim already anaemic forecasts for growth this year and next (see chart). The fourth quarter might also see a contraction, said Nomura, an investment bank, which would put Brazil in technical recession. Even if that is avoided, with a year to go the economic verdict on Ms Rousseff's presidency already looks clear. Growth will have averaged around 2% and inflation 6%. Government finances will have deteriorated sharply. A swollen current-account deficit completes a dispiriting picture.

Ms Rousseff will almost certainly run for a second term at a presidential election next October. The needed adjustments to curb inflation and repair the public finances would hurt growth before they started to help, and so they are being put off. But the longer the government delays, the sharper the eventual correction will have to be—and the greater the risk that its attempt simultaneously to juggle inflation, public spending and the exchange rate will see it drop a ball.

Officials point out, rightly, that most emerging economies have slowed this year, and that Brazil grew at a healthy clip of 1.8% in the second quarter compared with the first. Even so, it is lagging behind others. JPMorgan, another bank, brackets Brazil with India, Indonesia, South Africa and Turkey as a country whose currency is vulnerable when America's Federal Reserve finally "tapers" (ie, reduces money printing) in the coming months. Brazil's current-account deficit stands at 3.7% of GDP, up from 2.4% in 2012. In the year to date it has run a trade deficit—its first since 2000—and seen the real, its currency, fall against the dollar by 14%.

Brazil is well-placed to withstand currency turmoil: international reserves stand at \$375 billion and foreign direct investment remains strong. A weaker real would help reduce the current-account deficit, but it would feed inflation. Despite the weak economy, at 5.8% this is above the Central Bank's target of 4.5% even though the government has tried to keep prices down by subsidising electricity and public transport, and by forcing Petrobras, Brazil's state-controlled oil firm, to hold down the price of petrol.

On November 30th the government allowed Petrobras to raise the petrol price, but only by 4%, a decision which knocked 9% off the company's share price (though it later recovered a bit).

The stubbornness of inflation, combined with relatively loose fiscal policy, has forced the Central Bank to tighten monetary policy fast: having slashed its policy interest rate to a record low of 7.25% last year, it has raised it six times in seven months, to 10%. That is another blow for Ms Rousseff, who trumpeted single-figure rates as one of her government's main achievements.

Disappearing growth, and several failed attempts to kick-start the economy with tax cuts, have hit government revenues. The result is that the primary fiscal surplus (ie, before debt payments) is dwindling. An initial target of 3.1% of GDP has been whittled down by accounting changes (including one that means the federal government no longer has to make up for overspending by states and municipalities). The de facto target of around 1.7% of GDP will not stop net public debt from rising. Even this will be met only with help from one-off items, including payments for oil concessions. Hefty financing costs mean that Brazil is now running an overall budget deficit of 3.5% of GDP.

Rating agencies have said that without a change of course the country risks being downgraded from its current position, a notch above the lowest investment grade. Marcelo Carvalho of BNP Paribas, a French bank, says the government seems to think that it has some breathing space, that a slipping credit rating would not be disastrous as long as it retains investment grade and that sensitive consumer prices can be held down until 2015. Inflation, though high, is not out of control. A long-delayed infrastructure programme is finally under way. Unemployment is close to historic lows. Real incomes are rising, if not as fast as before. And the president's popularity, hit hard by protests in June, has recovered somewhat, with none of her challengers yet showing any sign of taking off. Ms Rousseff's team may be right in their political judgment. But they have left themselves little room for manoeuvre.

[From the print edition: The Americas](#)

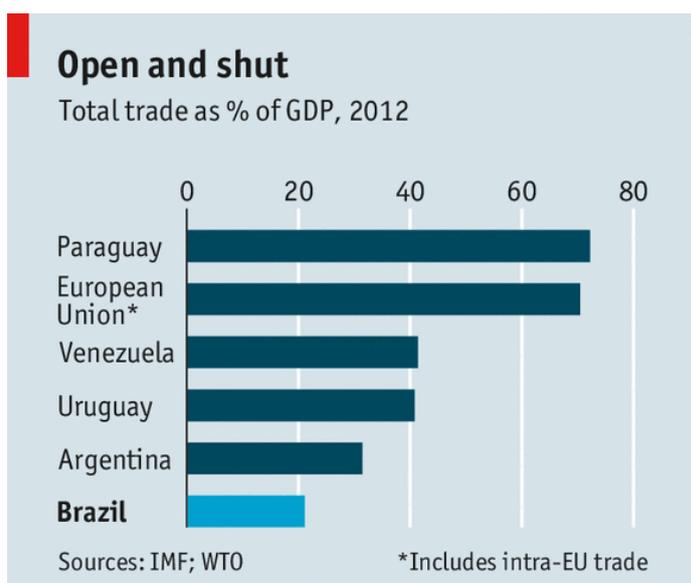
Disponível em: <http://www.economist.com/news/americas/21591196-slow-growth-stubborn-inflation-and-mounting-deficits-deterioration>. Acesso em: 18 de ago. 2014.

EU-Mercosur trade talks

Strategic patience runs out

At last, Brazil is keen on a trade deal

DATA: 2013.12.14



WHILE Roberto Azevêdo, the new Brazilian boss of the World Trade Organisation, armtwisted his way to a multilateral deal in Bali (see [article](#)), back home another trade negotiation is reaching a crucial stage. The European Union and Mercosur—comprising Argentina, Brazil, Paraguay, Uruguay and Venezuela—have set an end-of-January deadline to swap opening bids in a long-mooted bilateral deal. (Venezuela, only recently admitted and in terrible economic shape, will not take part.)

Success would help stagnant Europe to export its way back to growth and open new markets for Mercosur's efficient farmers. Failure would leave Europeans overpaying for food and South America's biggest economy, Brazil, languishing on the sidelines of globalisation. And Mercosur, which in recent years has neglected trade liberalisation in favour of leftist political rhetoric, would dwindle even further into irrelevance.

Trade talks between the EU and Mercosur started in 2000. They stalled over similar issues to those which dogged the WTO negotiations: European unwillingness to expose cosseted farmers to competition and South American desire to shelter industry from high-quality imports. But changing calculations have brought both sides back to the table.

Europe now sees a new market for its manufacturers in the emerging middle classes of Brazil. Austerity makes EU farm subsidies ever more unaffordable: though recent reforms have trimmed them, they still gobble €50 billion (\$70 billion) a year. And cheaper food looks tempting to politicians fearing the electoral consequences of falling living standards.

Mercosur's renewed interest in a deal is in part down to the expiry of existing trade preferences. In January all Mercosur countries except Paraguay lose the preferential access the EU grants to developing countries, since they are now deemed too rich to need it. But within Brazil, at least, the shift in attitudes goes deeper, says Carlos Abijaodi of the National Confederation of Industry. Until recently its businessmen thought that their vast, sheltered domestic market meant they could profit in splendid isolation. But imports from China have shown that even swingeing tariffs cannot keep out competition, if it is cheap enough. "They've learnt that they can't protect themselves from globalisation."

Even FIESP, the São Paulo industrialists' lobby, which has long promoted industrialisation via high tariffs and big subsidies, is now changing its tune. A recent policy paper called for trade agreements

with not only the EU but also the United States. Brazilian industry could compete on equal terms if the government tackled the long-standing *custo Brasil* (“Brazil cost”) by cutting red tape and taxes and improving infrastructure, says Rubens Barbosa, a former diplomat involved in Mercosur’s creation who now advises FIESP.

Mr Barbosa blames Mercosur’s failure to strike trade deals on the left-wing statistes now in power in Argentina and Brazil, who are unpersuaded by liberalisation and see trade in political rather than economic terms. In the past 13 years more than 350 trade deals were registered at the WTO. But Mercosur signed just four, with Peru, Egypt, Israel and the Palestinian Authority. Big regional negotiations, such as one between the EU and United States, raise the prospect of a world divided into trade blocks, with Mercosur left out.

That seems not to worry Argentina. Under President Cristina Fernández, it has become more protectionist, even against Mercosur. Brazilian exporters of food, footwear and textiles have become used to their products being held up at the border, and to delays in payment because of exchange controls. Brazil’s exports to Argentina slumped by 21% in 2012 before recovering a bit this year. But its government’s doctrine of “strategic patience” with its erratic neighbour means it rarely kicks up much of a fuss.

Brazil’s new-found determination to strike a deal with the EU may provoke a showdown. Along with Paraguay and Uruguay, it has prepared its “offer list”, stating the goods and services it is willing to include in a deal; it is also prepared to liberalise inward investment and government procurement. A goal agreed in 2010 of including 90% of imports was treated as “gospel” by Brazil, says an official with knowledge of the deal. But Argentina has prepared a less ambitious offer for trade in goods, and is dragging its feet on services, investment and government procurement. Brazil is pushing it to hit the deadline. If it doesn’t, Brazil would be willing to discuss a two-speed solution, says the official, leaving Argentina on the sidelines. Even strategic patience has its limits.

[From the print edition: The Americas](#)

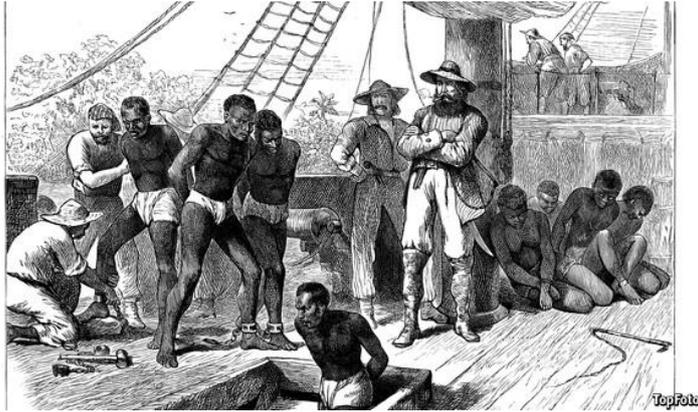
Disponível em: <http://www.economist.com/news/americas/21591629-last-brazil-keen-trade-deal-strategic-patience-runs-out>. Acesso em: 18 de ago. 2014.

Murder and slavery in Brazil

Dr Warne and the cockroaches

How an unsolved murder in 1888 played a part in bringing about the end of slavery

DATA: 2013.12.21



IT WAS half-past three in the morning when the police commissioner heard the crowd approaching. He got out of bed. His wife sent a child out to get help but it was too late. They kicked his door in. He jumped from an upstairs window towards the safety of a neighbouring house but missed his footing and fell. A gang of 200 men in the street below seized him and beat him with clubs while his wife hid inside, cowering in an oven.

Joaquim Firmino de Araújo Cunha was murdered on February 11th 1888 in Rio do Peixe, a town that, in a sense, no longer exists. The crime was too big for a small place: Rio do Peixe changed its name to Itapira to start anew. It sits in an agricultural area that is hot, wet and green, where fertile soil permits the cultivation of sugarcane, oranges, coffee, and the raising of cattle. Itapira is in São Paulo state but far from the southern hemisphere's biggest city, the municipal equivalent of a Hollywood star's distant cousin. Itapira is known, if at all, for its three hospitals for the mentally ill, a large number for a population of 70,000 and the source of its nickname: the *cidade dos loucos*, or city of the crazies.

The murder was unusual, though not so much on account of its violence as because of the people involved. A *policedelegado*, a position held by a citizen of some standing who volunteered for the job, made for an unusual victim. The suspect was even more exotic. According to newspaper reports at the time, the man responsible was an American doctor called James Warne. How did Dr Warne come to be in this small town, in the middle of the night, with his hands around the throat of the police commissioner?

Warne's journey to the crime scene began in the south-west of England, took him across the battlefields of America's civil war and from there on to Rio de Janeiro. His story shows how America and Brazil were once bound together by slavery, and how the end of the peculiar institution in one country helped, in a roundabout way, end it in another.

Warne was an unusually cultivated murderer. He was born in "Somersetshire" according to his war records. Britain's 1841 census has a James Warne, pupil, living in Somerset, which would put him in his late 50s on the night of the murder. He came from a moderately wealthy family. When his father, William Warne, emigrated to America with the family he had enough capital to participate in a tin-mining company in Tennessee in the 1850s. There was money to send his son, James H. Warne, to study in Philadelphia and Nashville, where he qualified as a doctor of medicine in 1857. The topic of his thesis is listed as "Oxygen Gas".

The gold rush following the 1848 finds in California took most prospectors west. The Warnes, however, moved east in search of instant wealth. North Carolina had once been home to America's richest mines.

William Warne heard the tale of a man who had been out chopping saplings in Clay County, North Carolina, only for his axe to bounce off something solid, yellow and shiny. Gold! In 1859 the Warnes paid \$7,000 for the mine, which sounds a lot like one of Mark Twain's holes with a liar standing next to it. It seems unlikely that they got the money back.

America, which had created fortunes for people who had started out with far less, had disappointed the Warnes. And now the country was turning in on itself. From North Carolina it felt like the North was asserting unwarranted dominion over the South; was set on destroying a civilisation of hooped skirts and plantations worked by negroes that it neither cared for nor understood. Warne volunteered to go to war. The recently qualified doctor joined the 39th North Carolina regiment in April 1862 as a surgeon.



The Warnes' losing streak continued on the battlefield

The Warnes' losing streak continued on the battlefield. In October 1862 Warne's regiment took part in a battle at Perryville in Kentucky. The surgeon's sleeves must have been soaked in blood: 530 of his side were killed and 2,600 wounded. The Union troops took more casualties but won the battle, keeping control of Kentucky for the rest of the war. From there the 39th North Carolina regiment moved on to Murfreesboro in Tennessee, where it took part in the battle of Stones river. The surgeon would have been busy here too. A greater proportion of the 75,000 men fighting at Murfreesboro was killed or wounded than in any other battle of the civil war, bodies punctured and broken by artillery fire. It ended in defeat for Warne and his fellow Confederates. The fighting continued for another two years but Warne's part in it was over. A year after he joined the regiment he was dismissed, an unusual thing to happen to a surgeon and something that must have carried considerable shame with it.

Defeat brought sharp pain, even to those southerners who had not faced the bullets. “My heart is filled with an intensity of hatred toward the authors of our misery that I cannot mollify,” wrote one woman in a letter sent from Savannah in 1865. “There is no happiness within or without. I cannot reconcile myself to this wretched servitude.” Rather than stay put and face being reconstructed, some of the defeated moved farther west. For others, Oklahoma was not far enough from Washington, DC. They looked farther south, to Brazil: a country that, before the purchase of Alaska at the end of the 1860s, was as big as America, and which was one of the few remaining places where a white man could own slaves as was God’s intention, revealed in the book of Genesis.

Though America had banned the import of African slaves from 1808, its ships continued to sail to Africa to take part in the trade. American firms such as Maxwell, Wright and Co helped finance Brazilian slavery. American-registered boats set out from east coast ports, often disguised as whalers to avoid attracting attention, and sailed to southern Africa to load up on slaves before selling their cargo in Rio de Janeiro. Sometimes the slave ships would sail east flying a Brazilian flag and then switch on the return route to the stars and stripes, in the hope of discouraging British anti-slaving squadrons, nervous about boarding American ships, from intercepting them. It was worth the risk: a slave could be bought on the Congo river for \$25 in the 1850s and sold for \$500 or more. Brazil’s appetite for slaves meant that the transatlantic slave trade did not peak until the middle of the 19th century, three decades after both Britain and America had supposedly forbidden it. Before it was over, more than ten times as many Africans would be taken to Brazil as slaves as to America.

The demand for slaves made Brazil the obvious solution to the problem that had delayed abolition in America: how to compensate southern plantation owners for the loss of their property. The planters would sell their slaves to Brazilian farmers. “Just as the Mississippi valley has been the escape valve for the slaves of the northern, now free, states,” thought Matthew Maury, a prominent Virginian, “so will the Amazon be to that of the Mississippi.” He organised an expedition to explore the Amazon and test the feasibility of the idea. This thought was not as eccentric as it seems. Lincoln favoured various schemes for the mass deportation of freed African-Americans to the Caribbean (he was particularly keen on sending them to Belize and Guyana).

After the civil war Brazil took on a powerful appeal to southerners in search of new opportunities who also wished for life to continue much as it had before. In 1866 the Reverend Ballard Dunn published “Brazil, a Home for Southerners”. Dunn, an episcopal preacher from New Orleans, had founded a small colony in São Paulo state and named it Lizzieland, after his late wife. A year later James McFadden Gaston, a doctor from South Carolina, published “Hunting a Home in Brazil”, a cross between a travelogue and an estate agent’s prospectus.

Around 10,000 southerners moved to Brazil in the 1860s and 1870s, according to Gerald Horne of the University of Houston, one of the largest emigrations in American history. Among them, according to passenger records from the ships that docked in Rio de Janeiro, was a James H. Warne. He arrived in January 1866 on board a ship called the Santa Maria, eight months after the end of the war and three years since he had been dismissed from his regiment.

The new immigrants were initially welcome. The wealthier Americans bought plantations that came with black slaves. Others secured cheap land with easy financing. Warne appears twice more in port records during the following year, shuttling between Rio de Janeiro and Santos, the main port in São Paulo state, where he eventually settled. The *confederados*, as they later became known, founded a handful of settlements, most of which failed owing to the combination of difficult soil, poor roads and biting ants that had disheartened many colonists before them. But one, around the town of Americana

in São Paulo, flourished. The headstones on its cemetery contain names like Carlton and Cobb, Smith and Steagall, some decorated with the star-crossed Confederate flag.

Brazil was very different from America. In the United States, only Mississippi and South Carolina had ever had majority black populations. In Brazil whites were a minority. Its largely white elite was wondering whether it could keep such a large number of Africans in order. At the same time, urban Brazil was becoming a little ashamed of the country's reputation as the world's slave capital. Around 20,000 Americans passed through Rio de Janeiro on their way to California's goldfields from 1849 onwards, the route around Cape Horn being less arduous than the overland trek. Some had never seen slavery at home and wrote about it in letters and diaries. "The harbor is constantly covered with the bodies of blacks known to have thrown themselves in to escape," wrote one. "I have seen them myself left...by the tide on the sand."

By the time the *confederados* arrived in Brazil it was illegal to import slaves, though the practice of slavery continued. They did not know it, but the southerners were in some sense part of Brazil's plan to wean itself off a dependency on an economic model that relied on kidnapping people in Mozambique, transporting them across the Atlantic and forcing them to work for nothing.

Warne's fortunes in Brazil seem to have followed their previous trajectory. Around the time of his arrival his name appears in a newspaper in connection with an ambitious plan for an American colony in São Paulo state that was being frustrated by officials. In March 1866 he placed an advert in the *Diario de S. Paulo* seeking funds. Two years later his name appears in the same paper, alongside other subscribers who financed the extension of the Paulista Company's railway line. Then he goes quiet.

One clue as to what he might have been up to comes from the nickname he acquired—Boi—which appears in some reports of the murder. Other newspapers refer to him as Dr James Ox Warne, a translation of *boi*. It suggests that Warne became a rancher. This line of work did not enjoy a particularly high status in Brazil, whose planter elite collected their rents, sent their children to be educated in Paris and collected paintings by Poussin. For a man who had written a dissertation on oxygen, and whose father had owned a promising gold mine, such a fall in fortunes might have induced an attack of status anxiety.

In the decade following Warne's arrival, Brazil faced problems similar to those that led the South to secede from the United States. From 1850 onwards, booming coffee plantations in the South had sucked in more than 100,000 slaves from the north-east. The coffee planters did not want to give them up. Once again the problem of how to compensate slave owners for the loss of their property stood in the way of abolition. Brazil found an ingenious solution. In 1871 parliament passed the law of the free womb, which stated that the children born to slave mothers would not themselves be slaves. Combined with the existing ban on fresh imports of slaves this set a deadline for abolition proper.

In 1885, two years before the murder, there followed a law freeing slaves between the ages of 60 and 65 in exchange for three final years of service. Few slaves lived that long, but the principle contained in the law was more important than its practical effects: the government could grant liberty to slaves against their masters' wishes. By the beginning of the following year slaves were not waiting for the law to free them. They ran away in large numbers, daring the police to pursue them and enforce a law that much of the country now considered invalid.



São Paulo state, home to the great coffee farms, was at the heart of this conflict. Some police commissioners in the state enthusiastically pursued runaway slaves, who would then be beaten and sometimes tortured when returned to their masters, according to Karl Monsma of the Federal University of Rio Grande do Sul. Others chose to ignore the law. Among them was Araújo Cunha, the police *delegado* in Rio do Peixe.

And so, when the mob beat down his door, Araújo Cunha must have known what they were after. The group was led, the police report says, by the local planters. They wanted their property back. “Bring the negroes out,” they shouted at Araújo Cunha’s house. When the *delegado* slipped and fell into the street below his tormentors shouted that he had cockroach blood, according to one newspaper.

For some of those who mourned the passing of the antebellum South, the sight of a man with mulatto features like Araújo Cunha holding a position of power was maddening. Seized with a rage, fed perhaps by the accumulated disappointments of the past 30 years—the empty mine, the lost battles, the failed ventures in this new country—Warne hit his victim until he expired. One rather theatrical newspaper report written a couple of weeks after the murder adds that the doctor throttled Araújo Cunha “with sinister ferocity”.

For those arguing for abolition, the crime provided a useful archetype of the wicked slave owner. The *Revista Illustrada* of February 25th 1888 reports that though the suspects had fled, “the world does not have a cave dark and deep enough to hide them.” The journalist was wrong. The police were reluctant to go after landowners and gave the mob enough time to slip away. A subsequent trial brought no convictions. As for Warne, dispatches from the United States’ consul in Santos, São Paulo’s port, report that at the beginning of the 20th century a Dr Warne and his wife were still living in the city whose name his crime had changed

The thought of the murderer living out a peaceful retirement surrounded by his family is unsettling. But the crime did not go entirely unpunished. Warne had travelled half way across the world to pursue a way of life that many of his contemporaries thought inhuman. At half-past three in the morning, in a small town in a foreign land, he had killed a man who interfered with his property rights, a policeman who would not enforce the law. Yet in doing so he helped kill the thing he loved. Three months after

that night in Rio do Peixe, Brazil abolished slavery for good. It was the last country in the West to do so.

[From the print edition: Christmas Specials](#)

Disponível em: <http://www.economist.com/news/christmas-specials/21591791-how-unsolved-murder-1888-played-part-bringing-about-end-slavery-dr>. Acesso em: 18 de ago. 2014.

Agribusiness in Latin America

Farming without fields

An Argentine farming group is heavy on science and light on assets

DATA: 2014.01.04



BRIAN BRETT, a poet, called farming “a profession of hope”. Farmers must pray for just enough rain, amenable soil conditions and good market prices. In Argentina their prayers do not end there. Since the country’s financial crisis in 2002, its government has taxed farmers at between 20% and 35% on their grain exports, while galloping inflation has pushed costs up by 25% a year. Worse, the government has

propped up the Argentine peso so that it is 60% stronger than it would be if freely traded, making crops too dear to sell even as commodity prices have soared.

This harsh climate has caused many of Argentina's agriculture groups to shrink their presence in the country. El Tejar, once Argentina's largest farming group and still the largest in the Americas, harvested only 30,000 hectares (75,000 acres) in the 2012-13 growing season, down from 180,000 the year before and 300,000 at its peak. The company also moved its headquarters to Brazil.

Los Grobo, a family-owned firm and the second-largest grain producer in Latin America, has chosen a different strategy: metamorphosis. Instead of decamping to Brazil, Los Grobo has sold its Brazilian operations and bought Agrofina, an Argentine agrochemical company, promising to spend 400m pesos (\$61m at the official rate) on expanding its output and investing in other seed-treatment plants.

Gustavo Grobocopatel, the chairman of Los Grobo, insists that both moves were merely opportune rather than a contrarian bet on Argentina just as competitors are fleeing. Nevertheless, he is keen for his company to be in a good position to benefit once the economy picks up. Unlike many outside observers, he believes this will not take long.

Whereas most of his rivals focus solely on grain production, Mr Grobocopatel describes his company as a flexible "one-stop shop" that also provides other farmers with supplies, financing, trading services and transport. As a result Los Grobo's competitors are sometimes also its customers. El Tejar has used its trading and logistics services for more than 20 years.

Los Grobo's production branch, which reaped nearly \$150m in revenues in the 2011-12 harvest, is also more nimble than most traditional grain operations thanks to its lack of overheads. The company does not own a single shovel or acre. Instead it leases machinery and land from others.

This outsourcing model is now used for nearly 60% of farmland in Argentina, where strong property-rights protection and inheritance laws make it ripe for leasing. Los Grobo is credited with pioneering its application on a large scale. Since the 2004-05 harvest, Los Grobo has rented at least 170,000 hectares of farmland. In its peak year, 2010-11, it leased 320,000 hectares in Argentina, Brazil and Uruguay on which it grew wheat, oilseeds and Argentina's most popular crop, soybeans. Until this year El Tejar also rented much of its land and machinery, though it has recently cut its rented acreage to concentrate on working land that it owns. Two other giant Argentine agribusinesses, Cresud and Adecoagro, own most of the land they work, and are thus seen by investors as property plays as much as agribusinesses.

The company's roots can be traced to 1915, when Mr Grobocopatel's great-grandfather, Abraham, was given a 15-hectare plot by Baron Maurice de Hirsch, a German-Jewish philanthropist who was helping Jews escape persecution in tsarist Russia. Over the next two generations, the family's holding grew to 4,500 hectares, before the current generation switched to the asset-light model.

At the same time as it was shedding its physical assets, Los Grobo invested heavily in developing new technology and cultivation techniques. It was one of the first big groups in Argentina to champion no-till farming, a technique that reduces soil erosion. It was also an early experimenter with genetically modified seeds. Both methods have since been widely adopted across the country.

Besides wheat and soybeans, many of Los Grobo's rented fields are being planted with sensors that send real-time data about soil temperature and humidity to the firm's managers, to help them monitor the crops. Mr Grobocopatel sees scope for spreading his high-tech, low-asset model across South America and beyond: "Farming based on knowledge rather than assets will change the paradigm of agribusiness," he says. "This is the model that is most appropriate for difficult places with inefficient or

nascent farming sectors. If applied on a large scale, keeping in mind sustainability, innovation and organisational efficiency, it would mean a revolution.”

[From the print edition: Business](#)

Disponível em: <http://www.economist.com/news/business/21592662-argentine-farming-group-heavy-science-and-light-assets-farming-without-fields>. Acesso em: 18 de ago. 2014.

Brazil's big year

Kick-off approaches

Latin America's largest economy enters an unpredictable election year

DATA: 2014.01.04



“IT’S not about the 50 cents” reads a scrawl on a shop shutter on Avenida Faria Lima, one of São Paulo’s main thoroughfares. Next door, the message is blunter: “Screw the police”. Six months after a small demonstration against a 50-cent rise in bus fares blew up into the biggest street protests Brazil had seen in a generation, few visible signs remain of the wider anger they revealed—about corruption, poor public services and rising living costs. Recent attempts to organise a reprise have attracted only a few hundred marchers. Support for the president, Dilma Rousseff of the Workers’ Party, which plummeted after June’s protests, has rebounded. A poll in November of voting intentions in next October’s elections gave her 47%, against 30% for her two likeliest adversaries combined.

Even so, the race is hard to call. The same poll found that two-thirds of voters want Brazil’s next president to make sweeping, if unspecified, policy changes. That suggests the spirit of June is still alive—and that some of Ms Rousseff’s support could melt away if a strong alternative emerges. Political analysts say that many Brazilians’ voting strategy is to plump for the perceived front-runner, whoever

that may be, meaning that a challenger who manages to advance in the polls could quickly take a commanding lead.

Neither of Ms Rousseff's probable adversaries is yet campaigning in earnest. Aécio Neves's Party of Brazilian Social Democracy has been hit by evidence of bribery and overbilling on public contracts in its heartland state of São Paulo. Eduardo Campos, the governor of the state of Pernambuco, is hammering out a programme with his likely running mate, Marina Silva, an environmentalist who joined his party after missing a deadline to set up her own.

The economy offers a line of attack for both candidates. Since Ms Rousseff took office in 2011, growth has been anaemic. Unemployment is low and, until recently, incomes had risen faster than inflation. But job creation and wage growth are now cooling, while prices are still going up. The public finances have deteriorated—and will not be repaired in an election year.

A spoof calendar circulating on social-networking sites paints 2014 as another lost year for growth, with a late Carnival extending the summer break from Christmas to March and a three-month shutdown around the football World Cup, which Brazil is hosting. It shows May devoted to preparations, June to the tournament and July to celebration—or, just conceivably, mourning. Extra spending on beer, replica kit and new televisions will barely offset the closure of schools and government offices on match days in order to get locals off host cities' congested roads and allow fans to get to games.

The World Cup brings other risks for the incumbent. Last June's marches coincided with the Confederations Cup, a dress rehearsal for this year's tournament. The timing added fuel to protesters' rage by highlighting the contrast between pricey new stadiums and shoddy public infrastructure, and gave them a chance to air grievances with the world watching. Brazilians' passion for football and national pride makes a full-blown repeat during the main event unlikely. But "Black Blocs"—shifting, leaderless youths who march dressed in black, hooded and masked, and seek violent confrontation with the police—have no such qualms.

Esther Solano of the Federal University of São Paulo has interviewed self-identified Black Blocs. Without exception, she says, their aim is to disrupt the tournament. The police are seeking to avoid that by sharing intelligence and monitoring protest-related websites. But the blocs' amorphous nature makes judging the success of the police almost impossible.

Another risk for Ms Rousseff is that at least one World Cup venue may have to be scratched. That would be a big embarrassment, since tickets for games in all 12 stadiums have already been sold. Although all were supposed to be ready by now, six have been held up by cash-flow problems, strikes and accidents. The fatal collapse of a crane in November at São Paulo's new stadium, which is due to host the opening match, has left no room for further delays.

Poll position

Despite these banana skins, Ms Rousseff will be hard to beat. Recipients of the *Bolsa Família*, a stipend that goes to 14m poor families, are much more likely than other Brazilians to approve of her. A false rumour in May that the handout was about to be axed caused near-riots in deprived north-eastern towns, a reminder of this constituency's size and power. Other policies identified with the president, such as importing Cuban doctors to work in poor areas, are also rated far more highly by the masses than the elite. Despite Brazilians' hunger for change, the challengers will have to persuade voters that much would stay the same if one of them is to win.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21592623-latin-americas-largest-economy-enters-unpredictable-election-year-kick-approaches>. Acesso em: 18 de ago. 2014.

Prison in Brazil

Welcome to the Middle Ages

Brazil's hellish penal system is overcrowded, violent and brutalising

DATA: 2014.01.18



FLIP-FLOPPED feet saunter across a wet concrete floor. With each step, the water reddens until the camera comes to rest on the bodies of three prisoners. Severed heads lie on top of two of the corpses. The video was filmed in Pedrinhas, the biggest prison complex in the northern state of Maranhão, and published on January 7th by *Folha de São Paulo*, a newspaper. The footage has woken up many Brazilians to the hellishness of their prisons.

At least 218 inmates have been murdered since January 2013 in 24 of Brazil's 27 states. (The other three do not disclose figures.) Dozens more have died in suspicious circumstances. Severe overcrowding is the root of the problem. In the past 20 years Brazil's population has grown by 30%, while that of its prisons and police cells has almost quintupled, to 550,000—the fourth-highest in the world, behind the United States, China and Russia.

Officially, Brazilian penitentiaries have room for around 300,000 people. There is federal money to spend on building extra prisons, which are largely run by the states. But it can flow only once a project is approved by a local town. They are reluctant hosts, fearing that penitentiaries both bring crime when prisoners are released and also divert resources from other public works. "Everyone wants hospitals and schools," says Antonio Ferreira Pinto, a former security secretary in São Paulo state. "No one wants a prison." Federal-prison spending fell in 2012.

Brazil needs cells to house genuine criminals: the murder rate stood at 24.3 per 100,000 in 2012, more than six times higher than in Chile. But really it needs fewer inmates. Lucia Nader of Conectas, a human-rights group, attributes an upsurge in prisoners since 2006 to a law that decriminalised possession of drugs for personal use but stiffened penalties for trafficking. The distinction between the two is left to the arresting officer. “A light-skinned yuppie smoking pot on the beach is a user and left in peace,” says Ms Nader. “A dark-skinned slum-dweller lighting a spliff on the street is a peddler and thrown in jail.” Since the law’s introduction, the number of people held for trafficking has swelled from 33,000 in 2005 to 138,000 in 2012.

This flood of inmates hits two bottlenecks, says Julita Lemgruber, a former director of Rio de Janeiro’s prisons department and now an academic at Candido Mendes University. At the “entrance” 41% of all prisoners languish in pre-trial detention. Ms Lemgruber and colleagues have found that half of the 5,000 or so pre-trial detainees in Rio whose cases made it to court in 2012 ended up without a prison sentence. At the “exit”, meanwhile, convicts do not benefit from Brazil’s theoretically world-class laws on parole and alternative sentences like community service.

A shortage of legal advice for prisoners helps to explain both bottlenecks. Most detainees cannot afford a lawyer and public defenders are in short supply. The federal government has pledged to send a task-force of lawyers to plough through a backlog of cases in Maranhão. It is not clear how that will help prisons elsewhere. For each public attorney in São Paulo’s main criminal court, 2,500 cases are pending.

With too many prisoners flowing in, and not enough flowing out, a cesspool festers in the middle. On paper Brazil’s prisons are a paragon of modernity. In practice, says Marcos Fuchs of Instituto Pro Bono, another human-rights group, they are medieval. In one São Paulo penitentiary he visited, 62 people were crammed in a cell meant for 12, taking turns to sleep on the floor or by leaning against a wall. According to official figures, half a million inmates received care from 367 doctors in 2012. Fifteen gynaecologists served 32,000 female prisoners, many of whom use bread to stanch menstrual bleeding.

Dante would blanch

Criminal gangs have filled the vacuum left by the state. In exchange for loyalty and a membership fee, gangs offer protection, bring supplies (including sanitary towels), bus families in for visits and even pay for lawyers. They also maintain order—until a rival outfit emerges. A challenge to an established gang seems to have been behind the violence in Pedrinhas.

Brazil’s criminal code includes neither the death penalty nor a life sentence. In theory, every inmate will re-emerge into the outside world. But they do so brutalised, lacking skills and ostracised by a society with a punitive attitude towards criminals. That pushes recidivism rates above 60%, starting the ghastly cycle anew.

[From the print edition: The Americas](#)

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Latin America and Spain

Shoe on the other foot

Spain's crisis and Latin America's cash prompt a gradual rebalancing of relations

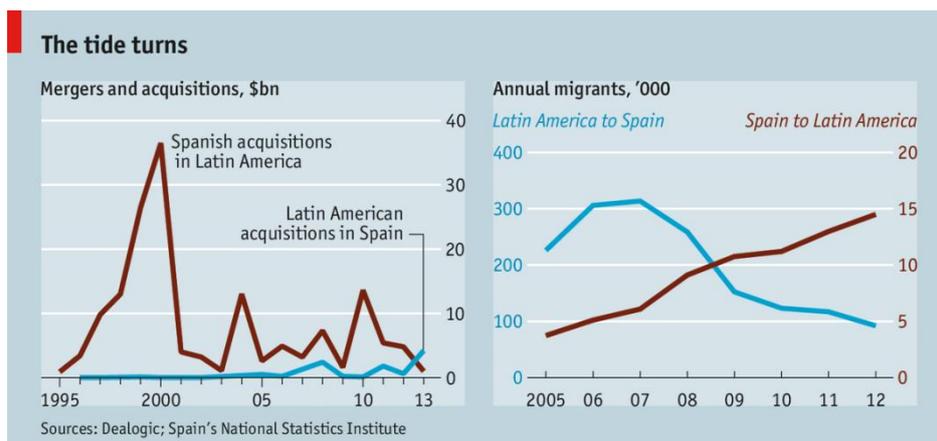
DATA: 2014.01.25



CHANGES in relationships can be hard to take. The economic bond between Latin America and Spain, its biggest former colonial power, is shifting as the region's economies mature. Despite some ruffled feathers, the evolution is positive.

After two decades in which Spain amassed assets worth €145 billion (\$200 billion) in Latin America, last year was the first in which Latin American companies spent more on acquiring their Spanish counterparts than the other way around (see left-hand chart). Dealogic, a data provider, says Mexican firms were the biggest investors, putting money into Avanza, a bus company, and (with a Chinese firm) Campofrío, a meat processor.

Mexican investors have also bought stakes in Banco Popular and Sabadell, two Spanish banks. Carlos Slim, Mexico's richest man, has a variety of business ties with La Caixa, a Catalan savings bank. Banesco, a Venezuelan bank, recently bought NCG, a Galician bank, for €1 billion. A Colombian financier has pledged to invest in a Spanish property firm called, in a nice twist, Colonial.



Linguistic and cultural affinities attract Latin American investors. Enrique Alberola of the Bank of Spain, the central bank, sees parallels with Spain's own modernisation path. Spanish firms such as Telefónica, a phone company, and Santander, a bank, cut their teeth in Latin America. Between 1993 and 2000 almost half of Spanish foreign investment went there. These firms then used their scale and experience to make big investments across Europe. Likewise, Latin America's *multilatinas* have been investing regionally for years. Now they are looking to broaden their horizons via Spain.

The amounts flowing from Latin America to Spain are still small; most of the investment on both sides is by big firms. But, in a new departure, Latin American development banks have begun extending credit to Spanish firms. Enrique de la Madrid, head of Bancomext, Mexico's export-development bank, says that in 2013 the bank had outstanding loans of more than 3 billion pesos (\$225m) to Spanish companies invested in Mexico, and 4.5 billion pesos to Mexican firms operating in Spain. For both sides, travelling across the Atlantic is a "good diversification strategy," says Mr De la Madrid. "The Spanish have been doing it since the Conquest."

Such language is a reminder of the relationship's historical baggage. Sensitivities can spill into the open. Witness the dispute between a Spanish-led consortium contracted to expand the Panama Canal and the Panama Canal Authority (PCA). The consortium, headed by Spain's Sacyr with Italian, Belgian and Panamanian partners, has threatened to stop work on the \$5.25 billion project unless the PCA pays for big cost overruns (a deadline to settle the impasse came and went this week). "How do you think we Panamanians feel?" thundered the PCA's boss, Jorge Quijano, in an interview with *El País*, a Spanish newspaper. "They still think we wear feathered headdresses." The dispute has raised questions about some Spanish firms' ability to handle big contracts.



Spanish firms have been bruised, too. In 2012 the Argentine government expropriated the 51% stake of Repsol, a Spanish oil firm, in YPF, another oil firm. Pemex, Mexico's state oil company, also tussled with Repsol, in which it has a stake, pushing the reluctant Spanish firm to accept in principle a \$5 billion compensation offer for its YPF stake.

Despite these hiccups, Latin America has acted as a shock absorber during Spain's slump. Brazil accounts for almost a quarter of Santander's global profits, and Mexico two-fifths of profits at BBVA, another Spanish bank. New sources of credit like Bancomext are welcome in a country with banks as weakened as Spain's. Mr De la Madrid says Latin American investment in Spain should be seen as a helping hand.

Latin America also offers jobs to young Spaniards. The number of Spaniards heading to Latin America is rising; flows the other way are falling (see right-hand chart). Of émigrés from Europe, those from Spain are the largest group. Spain's economy is now starting to recover, but the relationship will keep changing. At Christmas Campofrío launched a tongue-in-cheek advertisement called "Make yourself a foreigner", which sought to dissuade Spaniards from emigrating. By then it was already half-owned by Mexicans.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21594985-spains-crisis-and-latin-americas-cash-prompt-gradual-rebalancing-relations-shoe>. Acesso em: 18 de ago. 2014.

Brazil's rolezinhos

The kids are all right

Youngsters gathering in shopping malls want attention, not political change

DATA: 2014.01.25



THE Shopping Metrô Itaquera, a gleaming mall amid the *favelas* (shantytowns) of eastern São Paulo, gained notoriety on January 11th, when the police used rubber bullets and tear gas to disperse a rowdy crowd of 3,000 youths. The youngsters were participating in a *rolezinho*, a gathering of tens, hundreds, and sometimes thousands of youngsters which is convened via social networks.

Mall-owners and shopkeepers have reason to be wary of throngs of adolescents. A few *rolezinhos* have led to muggings and robberies. Two shopping centres in Rio de Janeiro remained closed on January 19th to forestall planned *rolezinhos*. The Western media has dubbed them “flash mobs”. But most do not end in Itaquera-like chaos: the word’s true meaning is closer to “little outing”. And theories that *rolezeiros* are class warriors or *favela*-dwellers tired of the country’s veiled racism are wide of the mark. “Their battle-cry is not ‘Less oppression!’” says Renato Barreiros, who has directed a documentary about them. “It’s ‘More Adidas!’”

The point of a *rolezinho* is “to hang out, chill, buy nice things, meet people,” explains Vinicius Andrade, a 17-year-old from Capão Redondo, a *favela* in western São Paulo. Vinicius counts 18 big *rolezinhos* in the city so far. He has taken part in all of them and helped organise a few, drawing some of his 89,000 Facebook followers. His 15-year-old girlfriend, Yasmin Oliveira, a *rolezeiro* sweetheart with 94,000 fans of her own on the social network, says that shopping centres make good meeting-places because they are safe—an important consideration in a crime-ridden city.

There are few other public venues for kids, especially in poorer neighbourhoods, says Gustavo Fernandes of the Fundação Getúlio Vargas, a business school. (Mr Fernandes wooed his future wife not in a public area, but at Itaquera.) Avenida Paulista, São Paulo's main thoroughfare, sports a single bench. Itaquera and the eight districts abutting it are home to 230,000 15- to 24-year-olds and have a total of 12 cultural centres between them; in the city centre 65,000 youngsters have 33 venues to choose from.

As well as air-conditioning, shopping centres also confer something no open-air space can: status. Sashaying around his local mall in a branded singlet and bermudas, with a pair of 400-reais (\$170) shades perched on a baseball cap, Vinicius confesses to spending 800-1,000 reais a month on clothes and accessories, most of what he makes as a helper at a local Adventist church. Yasmin spends about half as much, depending on how generous her single mother, Maria Silva, is feeling.

Just 8% of Itaquera shoppers enjoy a monthly income in excess of 2,780 reais. Some *rolezeiros* support their flashy lifestyle by reselling outmoded attire to poorer neighbours. Rosana Pinheiro Machado, an anthropologist at Oxford University who studies consumer behaviour among the youth in São Paulo's periphery, notes that *favelas* have thriving second-hand clothes markets. Fakes are disdained.

Shopkeepers in the local malls—which are preferred by *rolezeiros* to distant and dearer ones in the city centre—have mixed feelings about the gatherings. On the one hand, says Lucas Martins, a sales assistant at Hot Water, an outlet for *rolezeiro* garb at the Itaquera mall, the youngsters make ideal clients: “They often pay cash up front and can splurge 2,000-3,000 reais in one go.” On the other, larger groups can scare away customers.

The authorities are also spooked. They remember the demonstrations in São Paulo against a proposed rise in bus fares, which descended into the biggest nationwide protests in 20 years and brought millions of Brazilians onto the streets in 100 cities last June.

In several cities, social movements ranging from anti-racism activists to Black Blocs, shadowy agitators who are prone to vandalism, have called pseudo-*rolezinhos*. More are planned as different groups try to appropriate the phenomenon for their own ends. Meanwhile Vinicius and Yasmin are readying for their next little outing, on February 8th at the Shopping Aricanduva megamall in São Paulo. Be there.

[From the print edition: The Americas](#)

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Walmart

Less amazing than Amazon

The world's biggest retailer is stumbling. Its genial new boss needs to prove he can push through hard changes

DATA: 2014.02.01



WALMART is at an “inflection point”. Those words are truer now than when Bill Simon, the head of its American operation, uttered them last October. He was talking about Walmart’s plan for the first time to open more small and medium-sized stores in 2014 than giant “supercentres”, and all that would mean. Now another big change looms. On February 1st the company gets a new chief executive, Doug McMillon (pictured), until now the head of its international business.

In some respects Mr McMillon looks like a natural choice to manage a behemoth that inspires loathing and loyalty in equal measure. A native of Arkansas, Walmart’s home state, he started out in one of the company’s warehouses, rose as a specialist in merchandising (deciding how goods are displayed and sold in stores) and was head of the Sam’s Club unit, stores where members buy in bulk.

Genial and approachable, Mr McMillon may cure the corporate laryngitis that afflicts Walmart when it talks to its 2.2m employees, to its giant customer base (90% of Americans shop there at least once a year) and to critics who say it pays miserly wages and sucks life out of town centres. On January 15th the National Labour Relations Board accused Walmart of sacking and disciplining workers who went on strike in 2012. Walmart says it acted lawfully and claims to promote 160,000 people a year; Mr McMillon’s box-shifting calluses make such claims a bit more convincing.

Yet the international business, which he has led since 2009, is not thriving. This year it is expected to account for 28% of sales but just 19% of operating income. Walmart has retrenched in China and Brazil after expanding too fast. Murky policies on foreign investment in retailing have stymied Walmart’s push into India. Walmart is co-operating with investigations into allegations that executives in Mexico bribed officials; the inquiries have been broadened to the company’s operations in India, Brazil and China. Mr McMillon is not to blame for these setbacks, many of which date from before he took over, but neither has he brought about a turnaround. In the past year Walmart has opened less new floor space in foreign markets than originally planned: 14m square feet (1.3m square metres) rather than 20m-22m.



His new job brings a new set of headaches. In America Walmart's same-store sales dropped in 2013, as those of its rivals rose (see chart). Its core customers are shoppers on tight budgets, drawn by Walmart's promise of "every day low prices". When the government raised payroll taxes and cut food-stamp benefits last year, they suffered most. Their spirits should revive when their incomes do.

Other problems will prove more stubborn. The core of Walmart's American business is its 3,275 supercentres, where shoppers can buy almost anything, supposedly more cheaply than anywhere else. Now Amazon makes it even simpler to buy the sort of thing that draws shoppers to Walmart's big boxes: in particular, electronics and consumables like nappies and detergent. Hardly less menacing to Walmart are dollar stores, which sell household wares at rock-bottom prices and whose branches are closer than supercentres to most shoppers' homes.

Hence Mr Simon's "inflection". This year Walmart will open 120-150 smaller stores, mainly mid-sized grocery shops, but just 115 supercentres. Still-smaller "express stores" are to carry Walmart's banner into city centres, where it is under-represented, and see off pesky dollar stores.

Walmart has stepped up its counterattack on Amazon. Walmart.com, where independent merchants sell alongside Walmart's own offering, more than doubled the number of items for sale, to 5m, in the past year. WalmartLabs in California produces apps that let customers scan items while they shop, and beam the information to automatic tills. There are plans to build five to ten new warehouses to handle online orders. Walmart recently named a chief of e-commerce logistics, a new job. The aim, says Neil Ashe, boss of its online operations, is to match Amazon's range and its speed of delivery within two years. But it is chasing a fast-moving target.

What quickens hearts in Bentonville, Walmart's headquarters, is the idea of pulling together shops, warehouses, delivery fleets and technology into "market ecosystems" that no one else can match. Back offices will serve multiple stores rather than just one, chopping costs. Supercentres will double as distribution points, dispatching fully laden lorries rather than near-empty ones to smaller stores. Customers will find it wonderfully convenient: a mother who wants to play Scrabble with her children could order the game online and pick it up the same day at a convenience store rather than drive to a supercentre. Where Walmart has tested the ecosystem idea, small stores' sales of some types of goods rose by 35%, Mr Simon claims.

However, Walmart is some way from fusing a new, Amazonian brain onto a bricks-and-mortar body. Its e-commerce operation still runs separately from the main American business: it holds its own stock and has its own buying team. Shipping is thought to cost Walmart nearly twice as much per package as it does Amazon. Walmart's e-commerce sales are growing fast and reached \$10 billion in 2013. But that is still puny compared with Amazon's \$75 billion or so.

Mr McMillon will have to push harder. If supercentres are not to become obsolete, they must become "destination stores" where people go to eat and play as well as shop, argues Natalie Berg of Planet Retail, a consulting firm. Despite its recent shifts in strategy, Walmart is still investing too much in supercentres and international expansion, complains Paul Trussell, an analyst at Deutsche Bank. It should focus on smaller stores and online operations, and return more cash to shareholders.

Whether Mr McMillon is the right man to do all this is not clear. He knows Walmart well and has the confidence of the Walton family, which holds a majority of the shares. He is a consummate company man. The question is whether he loves it enough to force it to change.

[From the print edition: Business](#)

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Bello

Relearning old lessons

Latin America's enduring need for the rule of law, education and openness

DATA: 2014.02.01



WE HAVE long taken notice of Latin America. The leading article in *The Economist's* very first issue, in 1843, called on Britain to slash tariffs on the import of Brazilian sugar and cotton. Our coverage of the Mexican Revolution of 1910-17 is cited by historians. More recently, in 1997, we recognised the progress of Latin America in establishing (or re-establishing) democracies and in overcoming hyperinflation and debt crises by creating a separate Americas section (in which we included Canada).

This week sees the start of a new column, which will give further depth to our coverage of Latin America. It is tribute to the region's expanding weight in the world. Brazil and Mexico now count among the ten biggest economies by purchasing power. Latin America is of critical importance in energy (it has a fifth of the world's oil reserves), food production and the environment (with half the surviving rainforest). Cuba excepted, democracy holds sway throughout the region, though it is under threat in some places. Thanks to faster growth, 60m Latin Americans have left poverty since 2002; income inequality, a perennial problem, has fallen.

Latin America's leaders constantly proclaim their unity. They did so again this week in Havana at a meeting of the Community of Latin American and Caribbean States (CELAC), a regional organisation formed in 2011 solely to distinguish "our America" (in the phrase of José Martí, a Cuban patriot) from the United States and Canada.

The reality is rather different. Brazil seeks global influence in its own right; Mexico's close economic ties to the United States will be reinforced by its recent energy reform; and the free-trading countries of the Pacific seaboard look to Asia, in tacit despair at the archaic statism of places like Venezuela and Argentina.

Politics and trade are not the only faultlines. Latin America is fragmented by huge distances, by peculiarities of history, and even by language—not just Spanish, but also Portuguese in Brazil, French in Haiti, and English in several Caribbean islands. Such diversity made this column very hard to name. Brazil and Mexico, the region's two giants, share no heroes and few points of cultural or historical reference with each other, or with Spanish-speaking South America.

After much head-scratching, we opted to name the column after Andrés Bello (1781-1865), a Venezuelan-born polymath, educator, writer and diplomat. If Simón Bolívar and the other 19th-century liberators provided the ramshackle hardware of Latin American independence, it was Bello (pronounced "BAY-yo") who did more than anyone to create the software of nation-building.

His biography is an early testament to globalisation. Having spent 19 years in London as an often-unpaid envoy for independence, he moved to Chile, where he ran the foreign ministry and was the founding rector of the University of Chile. He drew up the country's civil code, which proclaimed the equality of citizens before the law. It was quickly copied in half a dozen countries in the region, and had a significant impact in others—including Brazil and Mexico. He also wrote an influential treatise on international law, which argued for the equal status of nations, as well as a bestselling Spanish grammar for Latin Americans.

Bello was a liberal, but a realistic one, who believed that strong political institutions were essential to thwart anarchy and for liberty to flourish. Whereas Bolívar argued that the new republics needed the discipline of top-down authority, Bello thought that to succeed they needed to create citizens, through universal public education and, above all, the rule of law ("our true *patria*", he once wrote). In addition,

he was an advocate for trade and an internationalist, insisting that the new republics should remain open to the ideas and products of the world.

The causes espoused by Bello—the rule of law, education and openness—are enduring ones. They loom especially large in Latin America today, as the great commodity boom wanes. Populists peddling an inward-looking nationalism, who have ruled by state diktat and political favour rather than by law, are being found out at last, as this month's devaluations in Argentina and Venezuela show.

The region once again has to pay attention to education, productivity and competitiveness if it is to sustain growth, and to the rule of law it is to turn back the tide of criminal violence that threatens its citizens' quality of life. In 21st-century Latin America the teachings of the region's greatest 19th-century public intellectual are more relevant than ever.

[From the print edition: The Americas](#)

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Bello

Dilma's tight skirt

Brazil's president has left herself little room for economic manoeuvre ahead of a difficult re-election campaign

DATA: 2014.02.08



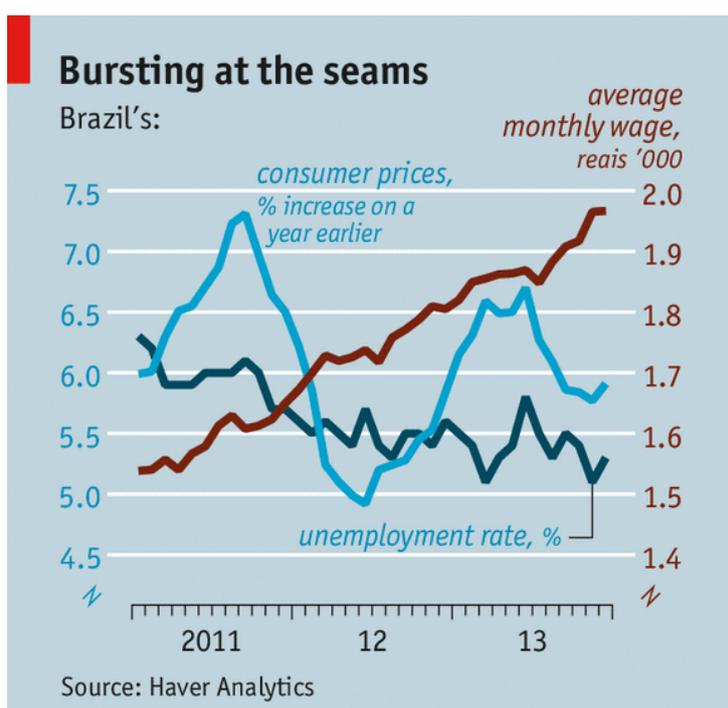
IF BRAZILIANS find themselves in a tight spot, they say they are in a *saia justa* (a tight skirt). Although she usually prefers trouser suits, that is precisely where Dilma Rousseff finds herself. Later this month she will launch her campaign to win a second term in a presidential election due on October 5th.

Normally at this stage of the political cycle, as in the run-up to elections in 2006 and 2010, the government would be ramping up spending. But when Ms Rousseff spoke to the World Economic Forum in Davos last month, with the São Paulo stockmarket and the real dipping along with other emerging economies, she felt impelled to stress her commitment to being strait-laced.

Brazil's economy has disappointed since she took office in January 2011. Growth has averaged just 1.8% a year; inflation has been around 6%; and the current-account deficit has ballooned, to 3.7% of GDP. Her government has some good excuses. She inherited an overheating economy, the world has grown sluggishly, and cheap money in the United States and Europe prompted an exaggerated appreciation of the real.

But Ms Rousseff has scored some own goals as well. Her predecessor, Luiz Inácio Lula da Silva, left monetary policy to the Central Bank and mostly stuck to clear fiscal targets. By contrast, Ms Rousseff chivvied the bank into slashing interest rates; her officials tried to micromanage investment decisions with subsidies and to cover up the fiscal damage through accounting tricks. Rather than the promised recovery of growth, the result was that Brazilian businessmen and foreign investors lost confidence in the economic team—and just at the wrong time. When America's Federal Reserve last year announced a possible “tapering” of its bond-buying, the real began to slide. Against the dollar, it is now 17% below its value in May.

A weaker currency is just what Brazil needs if it is to balance its external accounts and its manufacturers are to thrive. But it also risks adding to inflation, the upward creep of which was one factor (along with poor public services) in mass protests that shook Ms Rousseff's government last year. This has prompted a change of mind. Alexandre Tombini, the Central Bank governor, has been allowed to raise interest rates (from 7.25% to 10.5%). At Davos, Ms Rousseff for the first time said that her aim was to bring inflation down to 4.5%; she previously seemed content merely for it to stay below the ceiling of the target range of 2.5-6.5%. Lula, her political mentor, “surely told Dilma that interest rates won't lose her the election, but inflation might,” says a senior opposition economist.



The Workers' Party, which has ruled Brazil since 2003, expects to fight and win the election on its record of job creation and of lifting 40m Brazilians out of poverty. Unemployment is low and real wages are still rising (see chart). This explains why Ms Rousseff remains the clear favourite for October. A Datafolha poll in late November gave her 47% of the vote, compared with 19% for Aécio Neves and 11% for Eduardo Campos, her main challengers.

Some market analysts include Brazil as one of five "fragile" emerging economies, but the government rightly counters that it does not belong in the same company as Argentina or Turkey. As Mr Tombini points out, Brazil has a strong banking system and the reserves (\$376 billion) to smooth a gradual exchange-rate adjustment. While talking of fiscal responsibility, the signs are that the government thinks it can get away with postponing belt-tightening until after the election.

But what if a mixture of outside events and fiscal fudging at home (and even a possible downgrade by credit-rating agencies) prompts a bigger decline in the real? So far the pass-through of devaluation to domestic prices has been low, but the history of price-setting in Brazil suggests that this might suddenly change if the currency weakens further, says Monica Baumgarten de Bolle, an economist at Rio de Janeiro's Catholic University. "This is what really worries the Central Bank," she says. It would have to respond with a monetary squeeze, killing growth.

In the same Datafolha poll 66% of respondents said they want the next president to act differently from Ms Rousseff, a generic yearning for change that suggests her support may be less solid than it seems. By allowing inflation to become a campaign issue, she has strayed on to the opposition's ground. Her past mistakes have led her to a situation in which her promise to spend more on public services is uncomfortably dependent on the humours of international investors. That is the tight skirt she has donned. The next few months will show whether she can wriggle out of it.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21595936-brazils-president-has-left-herself-little-room-economic-manoeuvre-ahead-difficult>. Acesso em: 20 de ago. 2014.

Turmoil in financial markets

Goldilocks and the bears

Investors have been forced to reassess their rosy view

DATA: 2014.02.08



EQUITY markets started 2014 in a buoyant mood, after 30% gains for American shares in the previous year. Investors seemed to believe that the worst of the financial crisis was at last over and that the global economy was returning to “Goldilocks” mode, with growth neither so strong as to cause inflation nor so weak as to squeeze profits, but “just right”.

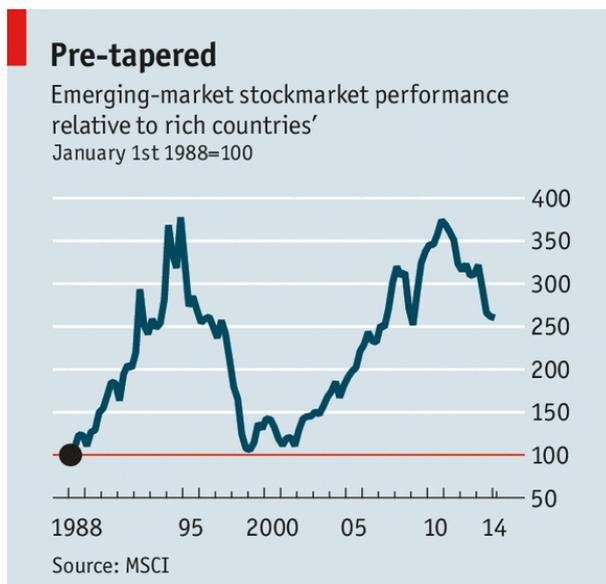
However, markets have been hit by a classic one-two punch in the opening weeks of the year. First, emerging-market currencies came under pressure, with the Argentine peso and Turkish lira, among others, falling sharply and several countries opting to increase interest rates. To add to the concern, Chinese economic data showed signs of weakness, with the purchasing managers’ index for manufacturing dropping to 50.5 in January, its lowest level in six months.

The second sandbagging came from America, where the purchasing managers’ index for manufacturing slumped to 51.3 in January from 56.5 in the previous month. That was accompanied by a 3.1% decline in vehicle sales in January compared with a year earlier and followed a surprise 4.3% fall in durable-goods orders in December. The news prompted a 2.3% fall in the S&P 500 index on February 3rd. Most analysts had dismissed weak employment numbers for December as an aberration due to exceptionally cold winter weather, but the run of disappointing statistics seems to have stirred second thoughts. Payroll data for January, which were due to be released after *The Economist* had gone to press, may assuage or amplify these misgivings.

Underlying all this is a third potential worry. The Federal Reserve’s policy of “quantitative easing” (creating money to buy assets) is widely credited with propping up equity markets as well as depressing bond yields. Now that the Fed is “tapering”—that is, gradually reducing—its asset purchases, will the markets come under prolonged pressure?

As always, psychology plays a big role. The Fed is still buying \$65 billion of assets a month, a significant level of support. The “forward guidance” it is giving suggests that an increase in short-term interest rates is far from imminent. Nevertheless, if investors expect the eventual withdrawal of monetary stimulus to prompt a decline in markets, it makes sense for them to sell in advance so as to reduce their potential losses. Indeed, the strong returns achieved from stockmarkets in 2013 may be reinforcing this process; investors are happy to lock in their profits.

The profit-taking trend seems well under way in Japan, even though the Bank of Japan is expected to maintain monetary easing (see [article](#)). The broadly based Topix index fell by 4.8% on February 4th, having risen by 51% last year.



Profit-taking is not really the problem in emerging equity markets, since they have been underperforming stockmarkets in the rich world for the past three years (see chart). The worst-hit countries in recent weeks have been those with specific problems: political turmoil (Ukraine), a wide current-account deficit and high inflation (Turkey) or simply poor economic policy (Argentina).

But Raghuram Rajan, a prominent economist who is now governor of India's central bank, has raised a broader issue. In the wake of the financial crisis of 2007-08, capital flooded into emerging markets, in part because their economies lacked many of the problems seen in the developed world and in part because central banks in rich countries had slashed rates so far that investors went abroad in search of juicier returns. As this money flows back again, emerging-market currencies (including the Indian rupee) are coming under pressure. That presents the countries concerned with a dilemma: let the exchange rate slide and risk inflation, or increase interest rates to defend the currency and risk a recession. "The US should worry about the effects of its policies on the rest of the world," Mr Rajan says.

Judging by the behaviour of markets in recent weeks, many investors have been consumed by the opposite concern: will the difficulties in emerging markets infect the developed world? Analysts at Macquarie, an investment bank, point out that five of the countries that have seen their currencies fall the most (Argentina, Brazil, India, Russia and Turkey) comprise 12% of the global economy. Around 18% of European corporate revenues derive from emerging markets, according to Goldman Sachs, and that rises to 24% for Britain and 31% for Switzerland.

About 15% of the profits of S&P 500 companies come from emerging markets. As yet, there is no sign of problems in corporate results. Bank of America Merrill Lynch estimates that, as is the custom, most American companies have beaten earnings forecasts for the fourth quarter. With 70% of companies in the S&P 500 having reported, earnings per share have risen at an annual rate of 7%.

But Wall Street does not have much margin for error. Profits are close to a post-war high as a proportion of GDP. Meanwhile, equities look expensive by two of the best long-term valuation measures, which are calculated in quite different ways. Price-equity ratios, which relate share prices to a ten-year average

of profits, are now around 25, far above their long-term average of 16. Shares look equally expensive when measured against the cost of replacing companies' assets, a metric known as the q-ratio.

Bad news for equities has proved positive for government bonds, even though the Fed is buying fewer of them. The yield on ten-year Treasuries dropped from 3% at the start of the year to 2.59% on February 3rd, and yields on ten-year German bonds fell from 1.94% to 1.56% over the same period. Whereas sentiment on equities may have been overoptimistic at the end of 2013, it may have been too pessimistic about bonds; inflation is lower than it was a year ago in America, Britain and the euro area. *The Economist's* commodities index has dropped by 13.9% over the past year and copper, often seen as especially sensitive to economic conditions, is down by almost 15%.

The wobbles in financial markets so far this year can be explained as a timely reassessment of what had been an excessively rosy investor outlook. For the sell-off to turn into something more serious, it will probably need clearer evidence of a new economic slowdown, in either China or the developed world, or a significant hit to corporate profits.

[From the print edition: Finance and economics](#)

Disponível em: <http://www.economist.com/news/finance-and-economics/21595934-investors-have-been-forced-reassess-their-rosy-view-goldilocks-and-bears>. Acesso em: 20 de ago. 2014.

A legal hazard for Brazil's banks

The past is epilogue

A row over 25-year-old account adjustments unnerves Brazilian lenders

DATA: 2014.02.08



“IN BRAZIL,” Pedro Malan, a former finance minister, likes to say, “even the past is unpredictable.” The dictum has come to haunt Itaú Unibanco, the advisory board of which Mr Malan chairs. The bank, along with Banco do Brasil and Spain’s Santander, awaits judgment by the supreme court over its actions a quarter of a century ago. Depositors claim the trio’s subsidiaries took advantage of government efforts to quash hyperinflation to fleece owners of inflation-linked accounts. If the justices side with depositors, other lenders that offered similar instruments may also be on the hook. The bill could reach 150 billion reais (\$62 billion), according to the central bank.

The finance minister, Guido Mantega, and the central bank’s governor, Alexandre Tombini, have signed an open letter warning that a defeat for the banks may starve the economy of credit. (So did all their living predecessors, regardless of political or economic persuasion.) Such a decision might also prompt Banco do Brasil and Caixa Econômica Federal, which are state-controlled and between them hold roughly half of all savings accounts, to seek a government bail-out, denting Brazil’s already fragile public finances.

Walter Faiad of the Consumer Protection Institute, an outfit involved with the savers’ claims, argues that banks would lose closer to 15 billion reais, mainly because relatively few of their former depositors have the will and resources to go to court. Murilo Portugal, head of the Federation of Brazilian Banks (Febraban), which co-ordinates the industry’s legal strategy, counters that between 2005 and 2013, as the 20-year statute of limitations drew near, banks received as many as 1.4m claims. And the court may interpret some pending class actions brought by public prosecutors as representing all of the tens of millions of Brazilians who held a savings account at the time.

Most of the cases revolve around four “stabilisation plans” enacted between 1987 and 1991. The failure in the early 1980s of conventional anti-inflationary measures such as spending cuts and interest-rate hikes led successive administrations to try unorthodox remedies: price and wage freezes, a string of new currencies, as well as abrupt changes to the way inflation-linked contracts and assets, including savings accounts, were adjusted for rising prices. None worked; inflation peaked at 6,821% in 1990. It was finally vanquished in 1994 by the Plan Real, a mix of conventional and unorthodox methods.

Savers' lawyers charge that in picking new inflation indices the banks breached existing contracts so as to profit at clients' expense. The bankers retort that they simply followed the law. The justices must decide whether citizens' right to have their contracts respected overrides the government's obligation to protect the currency.

Most legal scholars side with the banks. The laws detailing the economic plans were clear on when and how savings accounts were to be adjusted. Nor did the banks make a mint. A report commissioned by Febraban found that their return on equity in years when a plan took effect was lower than the average for non-plan years. Maílson da Nóbrega, another former finance minister and author of a 1989 plan, notes that any gains by the banks from adjustments to their liabilities, such as deposits, would have been offset by similar tweaks to their assets, like housing loans. In fact, savers who did not close their accounts soon after the plans took effect ended up better off with the revised indices than if the old ones had been kept.

Yet the legal precedents are inconsistent. "It's a toss-up," says João Castro Neves of Eurasia Group, a political-risk consultancy. He notes, however, that the court has often tempered decisions with far-reaching economic ramifications. It might, for instance, soften a bank-bruising ruling by limiting the period for which back interest must be paid. The bigger risk is to Brazil's credibility. It is hard to attract business to a country where uncertainty plagues not just the future, but the past as well.

[From the print edition: Finance and economics](#)

Disponível em: <http://www.economist.com/news/finance-and-economics/21595940-row-over-25-year-old-account-adjustments-unnerves-brazilian-lenders-past>. Acesso em: 20 de ago. 2014.

Brazilian energy

Rain-checked

A parched southern summer may cause an electricity crisis

DATA: 2014.02.15



PRAYING to St Peter is not much of an energy policy. Yet that is what Brazil's government seems to be doing by counting on rain—which, according to folklore, São Pedro dispenses at the pearly gates—to sort out a looming electricity crisis.

Hydropower generates 80% of Brazil's electricity. Typically, reservoirs fill up in the rainy season, from December to March, and are depleted in the dry southern winter. This year St Peter has skimmed. Brazil experienced the second-driest January in 80 years. On February 10th the water levels in the south-east and centre-west, home to 70% of the country's reservoirs and half its people, dipped below 37% of capacity, the lowest since 2001. With no rain in sight, they are set to drop further.

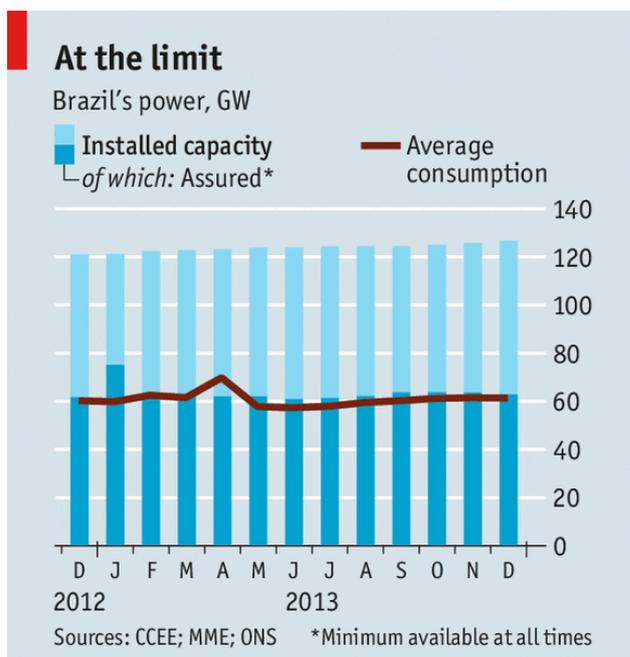
Meanwhile consumption has soared. In January Brazilians used 10% more energy than in the same period in 2013. Peak demand reached an all-time high of 86GW on February 6th.

Weather and wealth help to explain rising consumption: the hottest summer in living memory coupled with higher incomes means more Brazilians are seeking respite from the heat with power-hungry air-conditioners. But government policy is also responsible. In 2012 President Dilma Rousseff pledged to slash energy bills by a fifth. To this end she offered to renew operating concessions that were due to expire in 2015-17 on the condition that utilities cut tariffs and channelled cheap power to households, industry and small firms.

Not all utilities agreed to these terms. But many did. The resulting surge in demand, combined with a crimped hydropower supply, has forced many distributors to buy dearer energy from oil- or gas-fired plants at rising spot-market prices. Fitch, a ratings agency, warned on February 6th of the pressures on some utilities unless the government tides them over, as it is expected to do. That could end up hurting Brazil's own credit rating. In 2013 similar stopgaps cost the treasury 9 billion reais (\$3.7 billion). It has set aside the same amount this year, but on February 11th the National Electrical Energy Agency, which regulates the industry, said an additional 5.6 billion reais would be needed. Either that, or bills must rise by 4.6%.

The energy ministry insists that Brazil enjoys a "structural surplus": its total installed energy capacity of 126.7GW far exceeds demand, which has averaged 66.8GW since the start of the year. But installed

capacity is not the same as “assured energy”, the minimum amount of energy that will be produced on average, come what may. This number stood at just 63GW in December (see chart). Given the unusual weather, says Arthur Ramos of Booz & Co, a consultancy, “no one knows how much power is really guaranteed.” He thinks the government should not rule out rationing—especially with the spike in demand that is likely during the football World Cup later this year.



Brazil's electricity grid is more resilient than it was in 2001, when the government was last forced to ration energy. Fossil fuels and nuclear power now provide a fifth of the energy mix, up from 6% in 2000. Still, analysts now put the risk of brownouts at over 20%, well above the 5% that the national-grid operator thinks tolerable.

The construction of new power lines is beset by delays. Ready plants lie idle for want of connections to the network. With the system operating close to the limit, says Claudio Sales of Instituto Acende Brasil, a think-tank, any glitch can lead to chaos. On February 4th, 6m people suffered blackouts after an important north-south interconnection failed. Aécio Neves, one of Ms Rousseff's likely rivals in October's presidential election, was quick to point out that things would have been worse but for Brazil's sluggish economy. Industry used just 0.6% more energy in 2013 than in 2012.

Ms Rousseff, who launched her re-election bid on February 10th, is unlikely to renege on her promise and let electricity prices rise. That would curb demand but stoke already-high inflation—as well as voters' wrath. On the other hand, neither does she want a reprise of the 2002 election, when brownouts helped her own Workers' Party boot out the incumbent. Over to you, St Peter.

[From the print edition: The Americas](#)

Disponível em: <http://www.economist.com/news/americas/21596530-parched-southern-summer-may-cause-electricity-crisis-rain-checked>. Acesso em: 20 de ago. 2014.

Government

The parable of Argentina

There are lessons for many governments from one country's 100 years of decline

DATA: 2014.02.15



A CENTURY ago, when Harrods decided to set up its first overseas emporium, it chose Buenos Aires. In 1914 Argentina stood out as the country of the future. Its economy had grown faster than America's over the previous four decades. Its GDP per head was higher than Germany's, France's or Italy's. It boasted wonderfully fertile agricultural land, a sunny climate, a new democracy (universal male suffrage was introduced in 1912), an educated population and the world's most erotic dance. Immigrants tangoed in from everywhere. For the young and ambitious, the choice between Argentina and California was a hard one.

There are still many things to love about Argentina, from the glorious wilds of Patagonia to the world's best footballer, Lionel Messi. The Argentines remain perhaps the best-looking people on the planet. But their country is a wreck. Harrods closed in 1998. Argentina is once again at the centre of an emerging-market crisis. This one can be blamed on the incompetence of the president, Cristina Fernández, but she is merely the latest in a succession of economically illiterate populists, stretching back to Juan and Eva (Evita) Perón, and before. Forget about competing with the Germans. The Chileans and Uruguayans, the locals Argentines used to look down on, are now richer. Children from both those countries—and Brazil and Mexico too—do better in international education tests.

Why dwell on a single national tragedy? When people consider the worst that could happen to their country, they think of totalitarianism. Given communism's failure, that fate no longer seems likely. If Indonesia were to boil over, its citizens would hardly turn to North Korea as a model; the governments in Madrid or Athens are not citing Lenin as the answer to their euro travails. The real danger is inadvertently becoming the Argentina of the 21st century. Slipping casually into steady decline would

not be hard. Extremism is not a necessary ingredient, at least not much of it: weak institutions, nativist politicians, lazy dependence on a few assets and a persistent refusal to confront reality will do the trick.

All through my wild days, my mad existence

As in any other country, Argentina's story is unique. It has had bad luck. Its export-fuelled economy was battered by the protectionism of the interwar years. It relied too heavily on Britain as a trading partner. The Peróns were unusually seductive populists. Like most of Latin America, Argentina embraced the Washington consensus in favour of open markets and privatisation in the 1990s and it pegged the peso to the dollar. But the crunch, when it came in 2001, was particularly savage—and left the Argentines permanently suspicious of liberal reform.

Ill fortune is not the only culprit, though (see [briefing](#)). In its economy, its politics, and its reluctance to reform, Argentina's decline has been largely self-inflicted.

Commodities, Argentina's great strength in 1914, became a curse. A century ago the country was an early adopter of new technology—refrigeration of meat exports was the killer app of its day—but it never tried to add value to its food (even today, its cooking is based on taking the world's best meat and burning it). The Peróns built a closed economy that protected its inefficient industries; Chile's generals opened up in the 1970s and pulled ahead. Argentina's protectionism has undermined Mercosur, the local trade pact. Ms Fernández's government does not just impose tariffs on imports; it taxes farm exports.

Argentina did not build the institutions needed to protect its young democracy from its army, so the country became prone to coups. Unlike Australia, another commodity-rich country, Argentina did not develop strong political parties determined to build and share wealth: its politics was captured by the Peróns and focused on personalities and influence. Its Supreme Court has been repeatedly tampered with. Political interference has destroyed the credibility of its statistical office. Graft is endemic: the country ranks a shoddy 106th in Transparency International's corruption index. Building institutions is a dull, slow business. Argentine leaders prefer the quick fix—of charismatic leaders, miracle tariffs and currency pegs, rather than, say, a thorough reform of the country's schools.

They are not the solutions they promised to be

Argentina's decline has been seductively gradual. Despite dreadful periods, such as the 1970s, it has suffered nothing as monumental as Mao or Stalin. Throughout its decline, the cafés of Buenos Aires have continued to serve espressos and *medialunas*. That makes its disease especially dangerous.

The rich world is not immune. California is in one of its stable phases, but it is not clear that it has quit its addiction to quick fixes through referendums, and its government still hobbles its private sector. On Europe's southern fringe, both government and business have avoided reality with Argentine disdain. Italy's petulant demand that rating agencies should take into account its "cultural wealth", instead of looking too closely at its dodgy government finances, sounded like Ms Fernández. The European Union protects Spain or Greece from spiralling off into autarky. But what if the euro zone broke up?

The bigger danger, however, lies in the emerging world, where uninterrupted progress to prosperity is beginning to be seen as unstoppable. Too many countries have surged forward on commodity exports, but neglected their institutions. With China less hungry for raw materials, their weaknesses could be

exposed just as Argentina's was. Populism stalks many emerging countries: constitutions are being stretched. Overreliant on oil and gas, ruled by kleptocrats and equipped with a dangerously high self-regard, Russia ticks many boxes. But even Brazil has flirted with economic nationalism, while, in Turkey, the autocratic Recep Tayyip Erdogan is blending Evita with Islam. In too many parts of emerging Asia, including China and India, crony capitalism remains the order of the day. Inequality is feeding the same anger that produced the Peróns.

The lesson from the parable of Argentina is that good government matters. Perhaps it has been learned. But the chances are that in 100 years' time the world will look back at another Argentina—a country of the future that got stuck in the past.

[From the print edition: Leaders](#)

Disponível em: <http://www.economist.com/news/leaders/21596515-there-are-lessons-many-governments-one-countrys-100-years-decline-parable>. Acesso em: 20 de ago. 2014.

Eike Batista's assets

The great X-it

Foreign firms are buying most bits of the Brazilian mogul's fallen empire

DATA: 2014.02.22



DURING his stratospheric rise Eike Batista became a symbol of Brazil's economic virility, extolled by politicians and lionised by fellow businessmen. He was the world's seventh-richest person, with a fortune put at around \$30 billion. His interlinked businesses included six listed commodities and logistics companies—each with an X in its name, signifying the multiplication of wealth—plus a handful of private firms such as a property developer and a gold-miner. But OGX, the oil and gas firm at the heart of his empire, proved not to be the gusher he had promised. Investors lost faith in him and his devalued assets, and his empire crumbled.

But not everyone has been put off by the biggest corporate failure in Latin America's history. This week, as OGX filed its recovery plan with a court in Rio de Janeiro, Cerberus, an American private-equity firm, was reported to be sizing up Mr Batista's shipbuilder, OSX. It is said to be ready to give a large cash injection to the operation, currently in bankruptcy protection.

Should the deal materialise, Cerberus will join a band of foreigners sifting the rubble of Mr Batista's empire. E.ON, a German utility, picked up a chunk of MPX, his energy firm. EIG Global Energy Partners of America now owns LLX, a port operator. Trafigura, a Dutch trading house, and Mubadala, an arm of Abu Dhabi's government, jointly purchased another port. Acron, a Swiss fund, snapped up the Hotel Glória in Rio. Even bargain-hunters from wobbly emerging economies are getting in on the action. Corporación América, owned by Eduardo Eurnekian, an Argentine tycoon, has bought Mr Batista's stake in a Brazilian microchip-maker, SIX Semiconductors. On February 3rd CCX, Mr Batista's Colombian coal-mining operation, disclosed the terms of a deal in which Yildirim of Turkey will take it off his hands.

Why aren't Brazilians piling in? One reason, says Claudio Frischtak of Inter.B, a consulting firm in Rio, is that they have gone "from euphoria to depression". Many were singed by their dealings with Mr Batista and now want nothing to do with him, or his assets. This includes not just investors in the ill-fated ventures, but shareholders in the banks and other firms which backed them—in other words, just about anyone in Brazil with the necessary wherewithal and expertise. Since the country lacks big "vulture funds", as firms like Cerberus are labelled, that left few takers.

It did not help that cash is hard to come by, notes Antônio Lacerda, an economist at the Catholic University in São Paulo. With Brazil's economy forecast to grow by just 2% or so this year, investor confidence is low. The stockmarket has fallen 16% in the past year. Brazil, with India, Indonesia, South Africa and Turkey, is one of the "fragile five" emerging economies overexposed to footloose foreign capital. Public finances are strained: Standard & Poor's, a ratings agency, is mulling a sovereign-debt downgrade. Despite some soothing words at Davos, President Dilma Rousseff has shown little zeal for the vigorous reforms of taxes, the labour market and onerous regulation needed to boost investor confidence.

So capital markets are tight. Meanwhile, inflation of nearly 6% a year has led the Central Bank to raise interest rates to 10.5%, making it expensive to borrow from banks to finance acquisitions. Many foreign firms, by contrast, are still awash in cheap money. Brazil's currency, the real, has fallen by about a third since late 2010, making assets there look cheap to outsiders. No wonder foreigners, unscarred by the Batista empire's collapse, are prepared to take a punt on its viable-looking bits.

[From the print edition: Business](#)

Disponível em: <http://www.economist.com/news/business/21596996-foreign-firms-are-buying-most-bits-brazilian-moguls-fallen-empire-great-x-it>. Acesso em: 20 de ago. 2014.