

A Latin American entente

Brazil and Argentina have overcome forty years of quarrels, reports Mark Sonnenblick, on economic ties and military policy.

Argentine-Brazilian cooperation for development is as crucial to the stability of the region as Franco-German cooperation is for Europe.

— A senior Argentine official
in conversation with *EIR*.

The presidents of Argentina and Brazil have categorically rejected Secretary of State Alexander Haig's plan for their navies to join in an extension of NATO into the South Atlantic.

In a joint communiqué at the end of their May 26 meeting on the border between the two Latin American nations, Argentine President General Roberto Viola and his Brazilian counterpart General João Figueiredo agreed that "the South Atlantic . . . must be kept free from international tensions and confrontations." They rejected "all hegemonies, axes, or spheres of influence." And they took aim at the essential South African pillar of Haig's South Atlantic Treaty Organization (SATO) plan by repudiating apartheid and demanding rapid independence for Namibia, which South Africa, Haig, and British defense strategist Lord Chalfont are stalling.

Thus military governments with the greatest desire for friendship with the United States have decisively disclaimed the South Atlantic alliance offered them, an event that should provoke a profound reformation of the Reagan administration's orientation toward the developing world. At the summit, Brazil and Argentina made it clear that what they are interested in is economic development, and that they will work in harmony with each other, with their smaller neighbors, and with whatever developed countries are willing to help them.

The Reagan administration has wisely sought to end the Carter administration's hypocritical inflammations around "human rights." However, the total failure thus far to provide a *positive* orientation toward technology transfer, capital, and markets has left the door open for Haig's geopolitical burlesque.

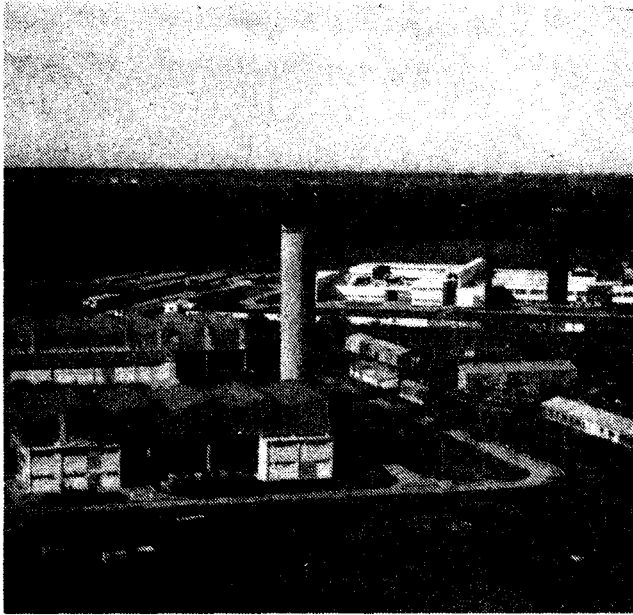
Viola and Figueiredo have provided a clear warning that if this failure continues, the United States will be even more isolated. In no area was this more clear than in the field of nuclear energy, which the two Latin

presidents vaunted as an area of increasing integration between their countries.

Argentine nuclear chief Vice Admiral Carlos Castro Madero reported that U.S. Assistant Secretary of State for Oceans and International Scientific Affairs James Malone had visited Argentina for talks May 6-8, but that the June followup talks in Washington had been scratched. The reason was the administration's stalling on a reversal of Carter's antinuclear policy, which still embargoes nuclear materials exports to Argentina. Castro Madero said, "Our relations with the United States have advanced in many areas, but in the nuclear aspect, nothing fundamental has changed. . . . The United States does not want Argentina to be independent in the nuclear area, and therefore, American-Argentine relations in that sector are still bad. That is why necessary material will be bought from other suppliers, including the Soviet Union."

The summit's high point was the triumphant start of integrating the nuclear programs of Argentina and Brazil—alleged by antinuclear forces to be engaged in a race to get the bomb. With the agreements, President Viola declared, "We prove the fallacy of those who deny us, on the pretext of ghosts which never existed, the support we seek."

The bilateral complementation deal specifies that Argentina will lend Brazil 240 tons of enriched uranium and to sell Brazil 170,000 meters of zircalloy tubing, used to hold uranium pellets in place in the power reactor. Brazil is selling precision-engineered heavy components for the reactor vessel of Argentina's next power station, which was contracted last year to Germany's KWU. The fact that KWU is also Brazil's partner in the nuclear area, and is building the most modern nuclear engineering installation in the world, facilitated the bilateral arrangement between the two neighbors. German Prime Minister Helmut Schmidt provided necessary approval for Argentine-Brazilian complementation during President Figueiredo's visit to Bonn days before meeting with Viola. Thus, in an important sense, Germany serves as the "best man" of the new Argentine-Brazilian "marriage."



This Argentine zircalloy plant will also produce fuel rods for Brazilian nuclear power stations.

Argentina's functioning zircalloy plant, the only one in the West outside the U.S. and France, is based on technology provided by the Soviets.

Argentine President Viola exulted, "We can show the world that two developing nations are capable of cooperating in modalities which until now seemed reserved for the highly developed states."

Kissinger's Judas kiss

Jimmy Carter's imbecilic "human rights and nuclear nonproliferation profile" was not the beginning of America's problems with its Southern Cone allies. Henry Kissinger thrust his famous security-oriented "special relationship" on Brazil, while at the same time vetoing a continuation of "Atoms for Peace" nuclear energy cooperation with Brazil. Geopolitical manipulation triumphed over economic development and thus provided a highly unstable basis for a relationship.

The Brazilians have, quite naturally but quite unsuccessfully, fought to change their relations with the United States. The recent summit culminated their efforts to change their relations with their smaller, weaker neighbors from those of confrontation to ones of cooperation and respect.

The incompetent geopoliticians around Haig, however, misread the evolving Argentine-Brazilian rapprochement. For example, Harvey Summ, head of Latin American Studies at the Jesuit Georgetown University, projected a "tripod" alliance in which a deindustrialized Argentina would sell grain to and buy armaments from

Brazil, with the United States serving as the focal point for each one's economic and strategic orientation. Haig has deployed a relay of U.S. military officers to the Southern Cone to arm-twist Latin America's strongest military forces into cooperating with his plans in Central America, the Middle East, and Southern Africa. Haig and his underlings have made a sorry spectacle in testifying to Congress that the United States should drop its human rights posture as a quid pro quo for Argentina's engaging in surrogate warfare against the Soviet fleet.

The crowning moment of this effort was to be the appearance of Haig's "Ambassador Plenipotentiary" General Vernon Walters at a big planning meeting for SATO scheduled for Buenos Aires on May 25-27. But once it became known that Argentina—earlier reputed to favor SATO—had joined Brazil in scotching the plan, General Walters failed to show up at the Buenos Aires forum. Some geopoliticians who did attend expressed their belief that the two presidents had scheduled their impromptu meeting precisely in order to quash the SATO pressure.

Argentina's new foreign minister can be given credit for shifting its foreign policy from the militarist orientation last exhibited in Argentine military advisers helping Bolivian General García Meza make his "cocaine coup" to its new focus on cooperation for development. Before becoming foreign minister on March 31, Oscar Camilión served as ambassador to Brazil. There, he not only skillfully negotiated the "marriage" and the nuclear cooperation agreements, but he also embraced Brazil's independent foreign policy perspective.

Camilión was able to swing the military consensus in Argentina from a pro- to an anti-SATO position, with some help from timely provocations from Chile, which Argentina wants to keep totally out of the South Atlantic.

Resurgence of Argentine dirigism

Immediately after the May 26 summit, Argentine President Roberto Viola was hit by a serious run on the peso. The economic crisis was triggered by oligarchic friends of former Finance Minister José Martínez de Hoz who resented Viola's as-yet-unfulfilled promises to end the speculation which flourished under De Hoz and "revive the productive sector."

Instead of backing down and reopening the country to wanton looting, Viola fired from the central bank all De Hoz's monetarist cronies, who had encysted themselves there. According to Finance Minister Lorenzo Sigaut, these Argentine Paul Volckers had systematically sabotaged every presidential program designed "to establish an economy of production, not of specula-

tion." Sigaut told the nation on the night of June 1 that they had caused deepening recession and unemployment by keeping interest rates at the 120 percent level and preventing emergency credits from reaching the many near-bankrupt industries.

These tight-money policies had made businessmen and farmers increasingly angry at Sigaut and Viola. Viola was losing the civilian base of support he needs to protect his promise of gradual democratization from anxious military hardliners.

Viola had procrastinated on removing the Volckerite sore. But the consolidation of his Brazilian flank—and the probable support from Helmut Schmidt conveyed to him by President Figueiredo at the summit—may have given him the confidence to move against the monetarist enemies inside his government.

The new measures include a 30 percent devaluation, controls on the purchase and circulation of foreign exchange, and devaluation risk guarantees for takers of foreign loans. They are designed to restore liquidity to the economy.

In themselves, the measures taken by President Viola and Sigaut cannot resolve the crisis of the Argentine economy, ravaged by years of Friedmanite policy. At best they can buy the government some time. What is clear, however, is the government's *political* determination to stabilize the economy through the use of dirigist policies.

Whether the government can follow through on its intentions depends whether its allies provide it with the breathing space needed for economic recovery.

Brazil, Argentina in historic accords

Excerpts follow from the communiqué issued by the Argentine and Brazilian presidents at the end of their May 26 summit:

[*On Latin America:*] The two presidents reviewed the Latin American situation and agreed to proceed with their efforts based on the sovereign equality of states for nonintervention and the rejection of all hegemonies, axes, or spheres of influence. . . .

[*On Central America:*] The two presidents affirmed that stability in that region must not be disrupted by interference from any origin and they agreed that the deep political, economic, and social crises affecting some of its countries require full and just solutions . . . which assure them prosperity and respect for sovereignty.

[*On Africa:*] The presidents exchanged views on the relations between Latin American and the developing countries of Africa, based on solidarity and mutually advantageous relations. They repudiated all forms of colonialism and racial discrimination, especially the practice of apartheid. They expressed special concern over the survival of the colonial situation in Namibia and especially the need for this territory to achieve rapid independence with full respect for its territorial integrity. . . .

[*On the South Atlantic:*] In this context, they said that the South Atlantic is an area of direct and immediate interest for the developing nations which border it, and they stressed the utmost importance of its being kept free from international tensions and confrontations so as to preserve it as a peaceful instrument for the trade and development of these nations. . . . The president of Brazil reiterated the support given by his government to Argentina's negotiations [with Britain] on the Malvinas Islands and the confidence that such talks will soon lead to satisfactory results.

[*On bilateral trade:*] They expressed their intentions to facilitate the full effectiveness of tariff systems without specific restrictions, and to avoid the use of specific unilateral measures of any kind capable of impeding, obstructing, or discouraging the access of products of one country in the other's market.

Lieutenant General Ernest Graves, director of the Defense Security Assistance Agency, testified to Congress in early May in support of Haig's request that "human rights" obstacles to arms sales to Argentina be dropped:

If we are to monitor and protect strategic lines of commerce and communications into the South Atlantic, we need to work more closely with the regional states, such as Brazil and Argentina.

In an interview with Argentine television shortly before the summit, Brazilian President Figueiredo gave this response when asked whether Brazil would form an axis with Argentina:

In no way do we favor axes, blocs, alliances, zones of influence, or any hierarchization between countries, whether in Latin America or on the world level. The principles of sovereign equality, of open and mutually advantageous cooperation, and of nonintervention are immutable pillars of our policy. . . .

The Argentine-Brazilian nuclear relationship is for peaceful ends and is based on the conviction that bilateral interchange will make it easier for both countries to reach the objectives of their nuclear programs, thus making a decisive contribution to our achieving full development and well-being.