

Report from Rio by Silvia Palacios

Shultz tries to recuperate alliance

The Eastern Establishment wants a new "Hemispheric Alliance" with Brazil, against its neighbors.

During the Sept. 10-14 state visit of Brazilian President José Sarney to the United States, Secretary of State George Shultz managed what the *New York Times*—mouthpiece of the Eastern Establishment families—described as a desirable "hemispheric alliance" between the two countries. To this end, the State Department, with the leave of Itamaraty Palace (Brazil's foreign ministry) staged the farce of cataloging Brazil as the eighth (soon to be seventh) world power. They conveniently forgot the 30 million in northeastern Brazil on African living standards.

This well-orchestrated campaign seeks to isolate Brazil from a joint solution with Spanish America to the unjust foreign debt. In Washington, negotiations on Brazil's \$105 billion foreign debt—the touchstone which day-by-day defines Ibero-America's sovereignty and democracy—were displaced by debates over trade privileges which one or the other country could obtain in the midst of a world trade collapse.

The highlighted conflict of the trip was over liberalization of services markets as determined by the General Agreement on Tariffs and Trade (GATT) framework (see page 4). U.S. financial and commerce sectors demanded that Brazil end its laws restricting foreign access to its computer industry and internal financial markets, which Brazil was already making more flexible. The whole discussion was only a pretext to debate who would reap maximum advantage from the savage and absurd free-trade regime. Is Brazil to pay its debt or is the

United States to tranquilize its cancerous trade deficit with monetarist aspirin?

In welcoming Sarney Sept. 10, President Reagan undiplomatically told him that since Brazil is the "eighth world power," it should open its market: "No nation can expect to continue freely exporting to others if its own domestic markets are closed to foreign competition."

While Paul Volcker, James Baker III, the U.S. negotiators at GATT, and Ronald Reagan himself took an intransigent line on Brazil's computer law, Shultz and his aide Elliot Abrams played the role of Brazil's "friends." Shultz, trying to take personal charge of Brazil-U.S. negotiations, publicly criticized the brusque treatment Reagan had given Sarney. There are rumors in Rio de Janeiro that before the end of the year, Shultz will make an official visit to Brasilia.

Once the trap was set, the State Department deployed its agents and prepared the environment before Sarney arrived in the United States. Riordan Roett, Washington's leading "Brazilianist," leaked the line in an interview given to the Rio daily *O Globo*: "With an economy which is the world's eighth, Brazil would cease being a Third World country. . . . Perhaps within five or six years, the great Western powers will need to invite this country to participate in periodic meetings of the highly industrialized nations."

This conclusion reveals the objectives of the not-so-discreet efforts of Shultz and his mafia: "A marginal country like Peru could let itself speak

internationally with the language of a streetcorner cowboy. But that could never be the position of a nation having a vocation of respectability, like Brazil."

There's the trap: In the face of the collapse of the Cruzado Plan and the international financial system, combined with Brazil's complaints about excessive debt service, Washington moved to set up a "hemispheric alliance" with Brazil to counter Peru's regional leadership against the International Monetary Fund and narcotics traffic.

Meanwhile, Brazil's version of Shultz is embodied in Ambassador Rubens Ricupero, President Sarney's foreign policy adviser and the only member of the official delegation who witnessed every one of the Washington meetings. Ricupero eclipsed even finance minister Dilson Funaro, who was snubbed by Volcker and the State Department.

Ricupero, an expert in U.S. history and diplomacy, is a direct disciple of the "Limits to Growth" kooks at the Club of Rome. He is also reputed in Latin American diplomatic circles "the most brilliant Brazilian diplomat since Baron Rio Branco." Rio Branco, Brazil's turn-of-the-century diplomatic chief, was Teddy Roosevelt's prized partner in Ibero-America.

Roosevelt helped Rio Branco expand Brazil to encompass parts of Peru and Bolivia. Rio Branco threw Brazil against Argentina, Venezuela, and Chile in their efforts to resist the "Roosevelt Corollary" arrogating to the U.S. the right to collect debts by force. The Rio Branco-Roosevelt partnership was the "special relationship" Henry Kissinger sought to replicate in 1976. From its geopolitical perspective, the Soviet review *America Latina* appreciates Rio Branco as the model "anti-imperialist" it would like to see more of. No wonder.