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The Intensified Rivalry Between Brazil and Argentina

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

4 September 1973

THE INTENSIFIED RIVALRY BETWEEN BRAZIL AND ARGENTINA

The intensified rivalry between Brazil and Argentina for leadership of South America, spurred on by the return to power of Juan Peron, could produce periodic sabre-rattling along the borders as well as diplomatic and political confrontations on a variety of fronts. The rivalry will complicate US relations with both countries and with the region as a whole. The principal challenge to the US will be to maintain cordial and productive ties with Brazil while keeping Argentina from becoming an implacable enemy of the US and a force for carrying all of the Spanish-American nations in that direction.

This memorandum was prepared in the Office of National Estimates and was discussed with appropriate offices in CIA. Comments may be addressed to:

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1. Juan Peron's resumption of power in Argentina is a nightmare come true for Brazil's military leaders. They did not get along well with Argentina's other chiefs, but they were at least happy to see the Peronist movement excluded from the government. The Peronist victory at the polls was a nasty surprise for the Brazilians, and, now that Peron himself is ready to resume the presidency, the Brazilians are especially concerned. They despise Peron and what he stands for, in particular his pointedly anti-Brazilian nationalism, his demagoguery, and his belief in a powerful labor movement. The Brazilians are worried about the security implications of having an implacable enemy back in power next door and the political implications of Peronist political attitudes infecting the Brazilian populace. In turn, Peron despises the Brazilians and resents their accomplishments of recent years. On certain issues Peron may have grown more mellow and cautious over time, but his firm conviction that Argentina must challenge Brazil for leadership in South America has apparently not diminished.

2. It does not take much to rekindle the bitter rivalry between Argentina and Brazil. In effect, the two populations have little in common except their border. Argentina with its Spanish heritage, European population, and cosmopolitan sophistication contrasts sharply with Brazil's Afro-Portuguese heritage, multi-racial population, and home grown culture. Argentina has a huge middle class and a literacy rate of over 90 percent; Brazil's middle class is small, though growing,

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and the literacy rate in Brazil is barely above 50 percent. The Brazilians consider the Argentines haughty, patronizing, and racist; the Argentines see the Brazilians as mongrel and uncultured. They are classic enemies.

3. For well over a century, the course of Argentine-Brazilian diplomacy has been one long struggle for leadership on the continent. They fought two wars over Uruguay in the nineteenth century, and, although they have not come to blows since, they have almost invariably been part of opposing alliances. For geopolitical reasons, Argentina has been allied most often with Peru, whereas Brazil has seen its interests generally coincide with those of Chile. The so-called buffer states between Brazil and Argentina (Bolivia, Paraguay, and Uruguay) have been the chief targets of the various power struggles.

4. During the years of the first Peronist government (1946-1955), Argentina had clear superiority in the economic area and was by far the predominant power in the southern cone of South America. This is no longer the case. Brazil's economy is booming, and its industrial exports are expanding rapidly; Argentina is suffering from a frustrating pattern of stop and go growth and high inflation. Moreover, Brazil's military-imposed political stability contrasts sharply with the chaotic maneuvering of Argentine politics. The accompanying Brazilian dynamism and self-confidence have led to significant changes in its relations with its neighbors.

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5. Brazil has used its new economic might and political energy to become the predominant outside power in Uruguay, Paraguay, and Bolivia. In May 1973, Brazil and Paraguay agreed to build the world's largest hydroelectric power plant at Itaipu despite strenuous objections from Argentina. Brazil offered Paraguay improved outlets for its exports and promised to purchase nearly all of the power generated by Paraguay's share of the complex. The Argentines, worried about jeopardizing dams on the lower Parana River, simply could not match Brazil's offer. In the last few months, Brazil has also strengthened its economic and political ties with Bolivia. Brazil has agreed to construct a steel mill in Bolivia and a gas pipeline from Santa Cruz to Sao Paulo; and Bolivia's President Banzer, fearful that the friendship of the Argentine government could no longer be counted on with Peron back in power, has agreed to move closer to Brazil diplomatically. In Uruguay, the Brazilians have close ties with the army, in part because of earlier assistance in coping with the Tupamaro terrorists.

6. The trans-Amazonic highways, aside from opening new perspectives for economic growth, are projecting Brazilian influence toward Venezuela, the Guyanas, and Colombia. And Brazil has made overtures to all the South American countries with sizeable petroleum deposits. Brazil is helping some (including Venezuela, Bolivia, and Ecuador) to explore for oil and arranging to purchase large quantities of whatever

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is discovered. All of this makes the Argentines extremely uncomfortable. The press in Buenos Aires continually harps on the dangers of Brazilian expansionism and makes a big point of supposed threats to Argentine security interests, such as proposed Brazilian expeditions to Antarctica and the planned launching of communications satellites.

7. The Argentines are also extremely sensitive to close ties between Brasilia and Washington. From the vantage point of Buenos Aires, it looks as though the US has chosen Brazil as its representative in the Southern Hemisphere. In this context, the Argentines describe the Brazilian role as "sub-imperialist". Every time a US official praises Brazil for its economic growth, political stability, and favorable attitude toward foreign investment, the Argentines shudder. President Medici's triumphal trip to Washington in December 1971 was especially galling, because it conjured up images of the US and Brazil combining forces to keep other South American countries in check.

8. In retaliation, the Peronists are talking about leading a strengthened union of Spanish-American nations. They are trying to join the Andean Pact, and are busily lobbying among its members in an effort to erect barriers against Brazilian economic expansion and political influence. They are pushing the line that the Spanish-speaking countries must work together to withstand pressures of the assumed US-Brazil alliance, and they are winning some converts, particularly in Chile and Peru.

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9. The Peronists are also pressing for unity of the labor movement in South America. Their call for a new labor central is not likely to get very far, but it is the sort of initiative that irritates and worries the Brazilian military. Brazil's planners know that it would be difficult to maintain high rates of economic growth if Brazilian labor unions became vigorous and demanding like their counterparts in Argentina. Consequently, the Brazilian government will be anxious to counter any Argentine moves that smack of international syndicalism.

10. Argentina's relations with Chile have improved over the last few years, in large part because both countries feel an urgent need to seek allies. Chile also has tense relations with Brazil and worries about Brazilian intervention in its internal affairs. Argentina has consistently extended credit to Allende's regime, and trade between the two countries is extensive, despite the chaotic economic situation in Santiago. Allende himself was the featured guest when Hector Campora was sworn in as President. Thus, despite their ideological differences, the Argentine and Chilean governments find it mutually advantageous to cooperate. Peron is likely to develop his own close relations with Allende because he personally sympathizes with Allende's plight and feels threatened by the close ties between the US and Brazil.

11. The Brazilian government is worried about Argentine ties with both Chile and Cuba, and is preoccupied with the subject of leftist

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countries with subversive inclinations. The Brazilians assume that Brazilian terrorists will be able to obtain a safe haven and physical support in Argentina, and they are worried about sabotage of the hydroelectric complex at Itaipu. Consequently, the Brazilians are stepping up their intelligence activities in Argentina. They also plan to maintain contacts with those elements of the Argentine armed forces who oppose the Peronists, especially in the navy.

12. Outright military hostilities between the two countries are only an outside possibility, but the governments are in the process of reorienting and modernizing their armed forces just in case. Brazil plans to reinforce its units in Southern Brazil, to tighten border controls, to begin surveillance of suspicious Argentines in Brazil, and to purchase more military equipment. Argentina has reoriented some army divisions which normally face the Chilean border, and is preparing to increase substantially its force of M41 light tanks. President Medici has told advisors that he is opposed to moving against neighboring countries, but that he is in favor of more contingency planning. As an example of Brazilian concern, Argentina has been chosen as the simulated target of the Brazilian Navy war games for 1973. In this atmosphere, it would not be surprising to see periodic sabre-rattling along the borders, whether from deliberate provocations or impulsive reactions.

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13. US relations with Argentina are bound to worsen in any case, as the Peronist Government seizes every opportunity to emphasize its independence in foreign affairs (e.g., its recent adhesion to the group of non-aligned nations). Even the Brazilians on occasion will find it useful to take anti-US positions on issues of economic independence and national pride. Nevertheless, the intensified rivalry between Brazil and Argentina will complicate US relations with both countries and with the region as a whole. If the US becomes more closely identified with the Brazilian government, this will exacerbate the rivalry in the southern cone and make it easier for Argentina to pull the Spanish-speaking countries together. An expanded Andean Pact, determined to counterbalance the economic and political influence of both the US and Brazil, could cause serious problems for the US. On the other hand, any US overtures to Peron that emphasize Argentina's leadership role in South America would infuriate the Brazilians, our most reliable and formidable allies in the area.

14. The US has little leverage with which to dampen down the quarrelsomeness of Brazil and Argentina. Both governments will be in the market for more military equipment and would prefer to buy it in the US, but there are plenty of potential sellers in Western Europe too. At meetings of the OAS and other international bodies, where Argentine

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and Brazilian diplomats will be competing for influence, the US will often be caught in the middle and be unable to accommodate both countries at the same time.

15. The principal challenge for the US will be to maintain the friendship of Brazil while keeping Argentina from becoming an implacable enemy of the US and a regional leader in that direction. Perhaps some points could be scored indirectly in the OAS framework by privately encouraging other South American countries to work to assuage the Argentine-Brazilian rivalry, in the name of regional peace and harmony. Such an approach would require a public reduction of US emphasis on Brazil as the favored South American son.

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