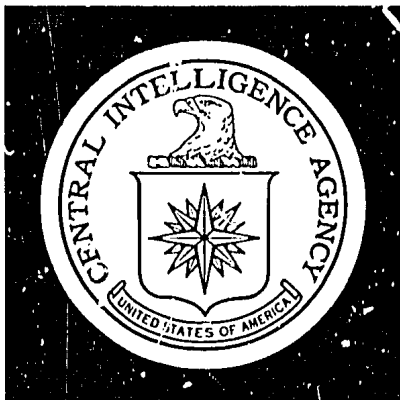


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MEMORANDUM

OFFICE OF
NATIONAL ESTIMATES

*Some Thoughts on National Rivalries and Increasing Tensions
in South America*

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25 August 1972

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

25 August 1972

MEMORANDUM

SUBJECT: Some Thoughts on National Rivalries and Increasing
Tensions in South America*

NOTE

Much attention has been given, in recent NIEs and other intelligence issuances, to the resurgence of nationalism in South American countries and to its impact on relations with the US; relatively little has been said about the implications for relationships among the South American countries themselves. Here we explore the national rivalries and shifting alliances on the continent from the second point of view, emphasizing the changes now underway in the regional balance. Despite the increased tendency of many South American nations to cooperate on certain matters of mutual benefit (such as economic policies vis-a-vis the developed world), we foresee a period of rising tensions in the area.

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* This memorandum was prepared by the Office of National Estimates and coordinated within CIA.

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1. For a number of reasons, the stresses and strains in the relations of South American countries with one another are likely to increase. The slow and uneven economic development in the area is frustrating to leaders strongly concerned with development as a key national goal. The internal instability of some nations has increased the tendency of their leaders to blame outside forces for their troubles and to search for external scapegoats. There is disagreement among South Americans over how far and how fast the US role in the area should be reduced. At the same time, Brazil's growing power and energetic policy are upsetting the traditional balance of power. And historical grievances, border disputes, traditional rivalries, cultural and ideological differences are still important.

2. To many outsiders, the similarities among South American countries seem more impressive than the differences. The inhabitants of these nations, however, are very much aware of the extreme diversity in the region. Brazil's great size and its Afro-Lusitanian heritage give it a unique position in South America. The more Europeanized and Caucasian nations (Chile, Uruguay, and Argentina) consider themselves far superior to

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Brazil, Peru, and Bolivia. The feeling is reciprocated: most of the nations to the north are scornful of the haughty, patronizing

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southerners whose boasts seem to run so far ahead of their achievements. This mutual antipathy does not prevent a certain amount of cooperation among countries, but it engenders petty quarrels and makes small disagreements larger.

3. Differences in ideology and in the political organization of the regimes have occasionally been important sources of friction as well. For a number of years following the overthrow of the dictator Pérez Jiménez, the Venezuelan government would not recognize military governments elsewhere in South America for fear of encouraging the Venezuelan armed forces to take back power. Military governments in one country tended to feel a certain kinship with military governments elsewhere, and to distrust civilian governments. The current differences in institutional style -- civil versus military, socialist versus capitalist, dictatorship versus democracy, and even military-populist versus military-conservative -- have contributed to renewed tensions. For example, the advent of Allende's administration in Chile has worried a number of other governments. Allende, in turn, was quite concerned when General Torres' leftist regime in Bolivia was overthrown in 1971 by rightist officers supported by Argentina and Brazil.

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4. Nonetheless, alliances have usually been fashioned for reasons of geography rather than for cultural or ideological reasons. Each South American country has always been suspicious or fearful of its immediate neighbors and has looked to nations farther off for political and military support. The traditional rivalry between Argentina and Brazil, based on the desire of each country to dominate the Southern Cone, has, until quite recently, contributed to a rough balance of power. Brazil, which borders on every South American country except Chile and Ecuador, has had serious boundary disputes with each of its neighbors. Its traditional ally has been Chile -- an ironic connection given the mutual suspicions between the governments of the two countries today. Peru and Bolivia have been hostile to Chile for over a century, and border problems between Argentina and Chile have flared up frequently. Argentina has had close, though paternalistic, ties with Peru ever since San Martin, an Argentine, helped to liberate Peru in the 1820s. Although alliances have shifted back and forth over the years, Argentina, Peru, and Bolivia have been allied most often, usually against Brazil and Chile.

5. The South American wars, mostly fought in the nineteenth century, are still evoked today by nationalistic elements. Irridentism,

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a heritage of most of these wars, remains a powerful sentiment. Chile successfully waged war against both Peru and Bolivia, and took away "sacred soil" from each one. Brazil and Argentina have fought over Uruguay and have been close to breaking relations on other occasions. All three of these countries battled Paraguay in a long and especially bloody conflict that wiped out almost every adult Paraguayan male. In the 1930s, Paraguay had recovered enough to defeat Bolivia. In 1942 Peru used force to take some territory from Ecuador and took advantage of US preoccupation with World War II to retain it. Outside mediators, sometimes from Europe, sometimes from the US, helped to settle certain of these conflicts, but their efforts generally became effective only after the military struggle had run most of its natural course.

6. The last three decades have been remarkably free of interstate violence, even though political disputes have been common. In a sense, regional quarrels were submerged by the Cold War and by the pervasiveness of US influence in South America, beginning with World War II. South American leaders became accustomed to taking it for granted that the Colossus of the North would play an active role in maintaining regional stability.

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7. In the last few years, however, the mood has changed. A conviction that the US role must and would be modified has become widely accepted, along with a strong sentiment against intervention by the US in South American disputes. Such leverage as has accompanied US aid programs is clearly smaller than it once was, and the threat to cut off aid much less effective as a deterrent. Some Latin leaders have in fact come to doubt that the US Government presently cares much about their continent, except for US investments. Some even believe that the US has now appointed Brazil as a guardian of Latin stability and a chief defender against radical change. These various shifts in attitude have on the one hand fostered increased cooperation on certain economic issues involving confrontation with the US and on the other more active diplomatic maneuvering among the nations of South America.

8. Certainly the most dramatic development in the past few years has been the awakening of Brazil. A rare combination in South America these days -- a booming economy and domestic political stability -- has convinced Brazil's leaders that their own house is in order and that they are ready to play a larger role in Latin American and world affairs. President Médici's visit to Washington in December 1971 helped to persuade the

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Brazilians and other Latin Americans that the US had indeed bestowed upon Brazil the mantle of leadership within the region. The Brazilian government sees part of its mission as providing assistance to countries which appear to be floundering politically or economically, particularly if they seem endangered by Marxist radicals or other leftists.

9. Partly in consequence, Brazil has developed an extensive aid program of its own. It is giving economic assistance to 12 Latin American countries and military assistance to several. In Uruguay and Bolivia, this assistance includes counter-insurgency support and training, because the Brazilians consider these governments especially insecure and vulnerable to radical subversion. While pleased to have aid from Brazil, some of the recipients are leery of the donor [redacted] For a 25X6 few, fears of Brazilian domination may already match in intensity their fears of the US. And Argentina [redacted] 25X6 [redacted] 25X6 [redacted] has expanded its support to Uruguay, Bolivia, and Paraguay -- the "buffer" countries which have been an arena of competition between the two giants of the Southern Cone for over a century.

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10. Aside from its impact on foreign relations, Brazil's growing economic might is arousing considerable concern on economic grounds. South America has become an increasingly important market for Brazilian manufactured goods, but Brazil's new trading partners can offer relatively little in return. The fact that Brazil now sells far more products to Argentina than it buys helps to explain why relations between the two nations are so touchy these days. Uruguayan cattle ranchers find it more profitable and efficient to smuggle their herds across the border to Brazil than to sell them at Uruguayan prices. Uruguayan officials are aware of the smuggling but are unable to put a stop to it, at least partly because the Brazilian government refuses to get involved.

11. Competition over natural resources is another factor underlying regional tensions. The Argentines are furious over Brazilian hydroelectric projects slated for rivers that eventually flow into Argentina. Both Brazil and Argentina look to the "buffer" states for access to resources and potential markets. At the same time, territorial disputes in the northern tier of South America have taken on new importance because of the discovery of natural resources along the borders and the prospect that more will be found. Substantial petroleum deposits have,

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for example, been discovered in the area near the borders of Peru and Ecuador. And Venezuela covets large, sparsely populated areas in Colombia and Guyana where oil in marketable quantities may also be found.

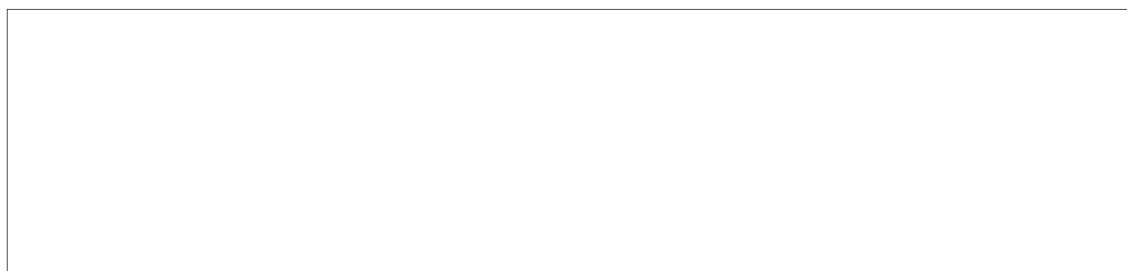
12. In the last year or so, diplomatic activity in South America has taken on a new excitement. Heads of State and their foreign ministers are scurrying around -- asking themselves what to do about the "Brazil problem", the "Chile problem", and what they see as the new US role (political disengagement, tacit encouragement of an activist Brazil, and a nationalistic economic policy). Occasionally these visits have worsened relations, e.g., President Lanusse's visits to Brazil in March 1972 which solved none of the bilateral conflicts between the two nations and actually added a few personal grievances. On the other hand, Lanusse's talks with Chile's Allende were cordial and productive enough to make the Brazilians uncomfortable.

Outlook and Implications

13. The combination of real and imagined threats will tend to keep tensions in South America high. The tendency of some governments to involve themselves in the internal affairs of others is likely to become more pronounced.

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14. The general orientation of armed forces in the area will remain of particular concern. Thus Argentine and Uruguayan leaders will continue to be intimidated to some extent by the formidable forces that Brazil maintains along its southern frontier. Peruvian military leaders

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 will continue to organize their armed forces on the assumption that one day Peru will have to fight Chile again. The Peruvians are also nervous about the construction of the Trans-Amazon highway in Brazil, because it represents an extension of Brazil's military as well as economic power -- in effect a new threat upsetting the status quo.

15. Despite these fears, threats and pressure plays involving sabre-rattling, troop movements, and border skirmishes are far more likely than large scale hostilities. Many national leaders will view these as relatively safe methods of putting pressure on their neighbors and, not incidentally, of distracting attention from their own domestic problems. Even war is not entirely

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implausible, however, when one considers the growing competition over natural resources, the assumption that the problems of some [redacted] can become subversive threats to others, and the increasing military influence over governments. Most South American countries are continuing programs to modernize their armed forces. Partly this is a way to keep military establishments satisfied; partly it represents insurance in case one of the traditional rivalries or new grievances produce military conflict. Some of the efforts at modernization will probably proceed fast enough to give at least the appearance of an arms race.

16. A number of the continent's leaders will be maneuvering, trying to create new alignments and relationships, primarily because of Brazil's growing power and changing role. Some nations are likely to seek increased political, economic, and military ties with Brazil as a form of protection against other countries. The governments of Colombia and Guyana apparently believe that with Brazil as a strong ally they would not be vulnerable to military pressure from Venezuela. Other countries, however, are already talking about setting up a kind of *cordon sanitaire* to contain Brazil's new missionary spirit. There are indications that, despite their ideological differences and mutual suspicions,

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Argentina is drawing closer to Chile in the wake of Brazil's recent assertiveness. If so, this would be another sign that balance of power concerns in the area still weigh heavily.

17. Brazilian officials are aware of these stirrings and will be trying to convince Brazil's neighbors of its benevolence.

Brazil

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will be trying to play off one country against another while at the same time exerting leadership and influence. But they probably cannot have it both ways. The more Brazil succeeds in asserting itself, the more resistance it will arouse. Ironically enough,

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it is likely to find itself more and more the object of the kind of animosity which the US has so long suffered as the Colossus of the North.

18. Few of the various situations of stress and tension likely to develop in Latin America will be susceptible to easy or tidy solution. The OAS or the US might be able to prevent armed confrontations on occasion, but no outside intervention is likely to solve the underlying problems or to win plaudits for the mediator. In some cases, rival powers may both turn to anti-US postures for domestic political reasons. Thus the

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pattern of future developments will not preclude cooperation between South American rivals on these and other selected issues, but it will inhibit broad efforts to promote genuine regional unity.