6
Brazil's Foreign Policy:
More Actors and
Expanding Agendas
Wayne Selcher

Brazil's foreign policy decision process has recently become more complex and decentralized. The onset in 1982 of severe financial and trade problems, as well as the emergence of some unforeseen external political-security concerns, have drawn more governmental actors into participation in foreign policy decision and execution in political, economic, and military-security matters. Development of the governmental bureaucracy, greater direct foreign involvement of some private sector elements, and political liberalization had already been contributing for several years toward the institutionalization of a "foreign policy community" in the Western sense of the term. The heightened sense of urgency and national crisis starting in 1982 accelerated this trend and revealed diverse and competing points of view on national strategy and priorities which impinge on the full range of the country's foreign relations. These new interests resist channeling their activities through the Foreign Ministry and prefer to consolidate power by establishing their own direct relationships with foreign counterparts.

Although no clear manifestation of substantive change in the tone of Brazil's moderate international posture is yet apparent, different and more subtle considerations are increasingly affecting the decision process and the nuances of foreign policy. Different goals are being debated. Brazil traded the heady ambitions of imminent major power status of the early 1970s for the frustrations of coping as a dependent power with a 1980s environment which is more negative than positive for its growth. International economic recession hit Brazil at a high point of its international trade, finance, and capital needs exposure. The second petroleum price shock (1979) coincided with the highest cost period of its infrastructural investments, high international interest rates, and then a drop in world trade value. Thus ended the expansive global cycle on which the country had based its debt-led development. It became increasingly difficult to continue to stave off economic adjustment through massive foreign borrowing. Dreams of a "greater Brazil" gave way to the goal of a "viable Brazil."

Whereas formerly a technocratic separation between foreign policy and domestic politics was the rule, that distinction becomes less tenable as political liberalization progresses and international economic conditions require imaginative responses and domestic austerity. International affairs are negatively affecting Brazil's domestic life to an increasing degree, and more of those affected can be expected to demand policy consideration.

The balancing of short-run and long-run goals has become more problematic with the seriousness of immediate pressures and building uncertainty.
The government sees itself operating with reduced capabilities and less flexibility. At the same time, the country has developed a more sophisticated global policy and greater global significance by taking on a wider range of concerns and activities, including exports of manufactures, services, weapons, and military supplies. As the largest developing economy by far, Brazil looms increasingly large in international economic matters. This combination of more concrete stakes abroad and heightened international competition could well induce the government to take more assertive positions than in the past defending its national interests.

COMPETING AGENDAS IN THE FOREIGN POLICY COMMUNITY--
CONTROVERSY WITHIN CONSENSUS

The Fundamental Consensus

Brazil’s foreign policy rests upon a broad consensus of values within the government, most of which have been developed and practiced by the Foreign Ministry as the long-term custodian and articulator of national diplomacy (Selcher, 1981:98-101). Sharp divisions within the government, over major issues, have been by far the exception rather than the rule. Controversies today are still more common over matters of priority and style than over divergent goals. The consensus of caution, gradualism, moderation, and an issue-by-issue approach is not in serious danger. Certain goals, however, are being questioned as other actors take on greater foreign policy roles and as policy divisions on more issues spread through the Figueiredo government. Most of the differences in foreign policy preferences are among administrative turf battles traceable to varying bureaucratic priorities and prerequisites rather than to greatly divergent substantive orientations. Yet there is sufficient and growing diversity and nuance to make the foreign policy decision process more complicated leading to outcomes which are harder to predict.

Current Characteristics of the Foreign Policy Decision Structure

The Presidency--Central Authority in Disarray. Nominally, responsibility for foreign policy rests with the president. In practice, President Figueiredo has apparently delegated much authority, in spite of fairly frequent summit diplomacy. Deeply concerned about the economic situation and the threat it represents to political liberalization (abertura), his personal triumph, Figueiredo is largely absorbed in domestic affairs and the presidential succession process for the indirect elections of early 1985. Acknowledging his weakness in economic matters, he has left international economic affairs largely to General Delfim Netto, Minister of Planning. Figueiredo, politically frustrated and suffering from heart problems requiring treatment in the United States, increasingly failed to provide firm leadership to resolve policy differences and coordination among his ministers. The result was an acceleration during 1983 of the diffusion of foreign policy power, with the various ministries seizing whatever opportunities presented themselves.

The president-centered foreign policy triad of ministers has been

General Rubem Figueirôa (Head of the Military Household), General Octavio Medeiros (Head of the National Intelligence Service), and General Danilo Venturini (Minister Extraordinaire for Land Matters). João Leitão de Abreu (Head of the Civilian Household) took on greater executive responsibilities

during 1983 as President Figueiredo’s effectiveness weakened with his health, but Leitão de Abreu’s duties remained heavily directed toward domestic political matters. The chief executive decision body is the 9 AM group, which meets daily at that hour but deals largely with domestic matters. It is composed of Figueiredo, Medeiros, Venturini, Leitão de Abreu, and Delfim Netto. Foreign Minister Ramiro Saravia Guerreiro is usually present when a foreign policy matter is on the agenda. Increasingly, foreign policy issues are also considered by the National Security Council (CNS), composed of the foremost military and civilian ministers. The National Intelligence Service (SNI) is also turning some attention toward both the CNS and the SNI prepare foreign policy studies and make recommendations to the president.

The Foreign Ministry--Overtaken by Events. The Foreign Ministry (Itamaraty) was until recently the single dominant bureaucratic actor (but not always the winner) in most foreign policy situations and enjoyed this position for decades. Its influence was probably the highest and least challenged under President Geisel (who had an above-average interest in foreign policy) and Foreign Minister Azeredo da Silveira (1974-1979). During this period, Brazil tilted deliberately toward Europe and the Third World and away from the United States on economic and political matters, with an ecumenical policy of ambiguous “responsible pragmatism.” In many instances this stance took the form of opportunism and a sharp awareness of national vulnerabilities which avoided confining obligations and long-term commitments.

The Ministry attained leadership through an unusually successful schooling and socialization process which has established a degree of homogeneity, a high level of professional expertise, and relative continuity of policy. Even in the most repressive years of the post-1964 regime, the rest of the government deferred foreign affairs questions to the Foreign Ministry, which in turn stayed carefully within the rather broad consensus parameters assigned to it. Although quite conscious of the ideological differences that separate them from typical diplomats, the military establishment as a whole has always shown considerable respect for the diplomatic service (in contrast to its view of other bureaucracies) because of its analogous career structure, professionalism, and nationalistic orientation (Barros, 1983b:5-6). Further, until recently the military command perceived insufficient foreign threats or opportunities to lead to military interest in international affairs to a degree which would give them the concrete stakes or incentives to challenge Itamaraty interpretations.

Since 1969, under three presidents, the Minister of Foreign Relations has been a professional diplomat, and very few non-diplomats have been named as ambassadors. To further enhance the ministry’s power to coordinate foreign policy for the entire government, it assigns diplomats to the international affairs offices of other ministries with dealings abroad. In contrast to the experience of other ministries, Itamaraty has provided talent from its well-trained ranks for the other areas of government, but has suffered very little intervention itself.

Itamaraty, with its elitist recruitment patterns and emphasis upon merit, is the paragon of technocratism and has benefited greatly from the adoption of that mode of governance as it reached an activist zenith under Presidents Medici and Geisel (1969-1979). Ironically, even with the growing criticism of the technocratic process by the political element under Abreu, Itamaraty with its success, capabilities, and reputation for competence and honesty is one of the few ministries in the Figueiredo government to enjoy
significant prestige, consensus, and favorable public image. (In fact, its Third World status has actually helped to limit to just a few cases opposition criticisms of the government's foreign policy.) Yet the habit of that same closed, reserved style makes it difficult for the Ministry to adapt to the current conditions of greater competition and debate. Mounting an effective bureaucratic challenge would require new attitudes from within the institutional ethos and the personal style of the foreign minister.

In the gradual weakening of the Foreign Ministry's upper hand by competing forces has seen a longer-term tendency, thrown into strong relief by the events of 1982-1983. Itamaraty retains in principle its function of providing overall coordination, philosophical orientation, conceptualization, and sense of coherence and direction in the framework for policy. In reality, it is being engaged on a broader domestic front and increasingly being overshadowed by important functional areas in which vital decisions are being made and future political capital built. Sometimes the Foreign Minister has decided cautiously not to try to carve out a larger role, as in the case of the negotiations on the debt (which could go sour) and the information policy (which is a national security issue). The tendency is for the Foreign Ministry to be left with a core of judicial and formal representation functions and less with tasks of policy making and execution. This implies, of course, inability to coordinate overall policy and, in the absence of clear executive leadership, the rise of proliferating sectorial interests—what Barros (1983a) calls "irresponsible pragmatism."

The preference of upper-level economic and military officials to talk directly with their foreign counterparts and to travel abroad more extensively strengthens the agencies' powers of decision and further diminishes Itamaraty's opportunities for influence. In some cases, its diplomats are assigned to other ministries have taken on loyalty to the office where they are employed relative to the Foreign Ministry's position, as the Foreign Ministry gains momentum of its own. Even the Foreign Ministry's role in the presidential visits abroad has been reduced under Figueiredo, relative to the work of the president's own staff and the participation of other ministries.

During the expansive period of the economic boom and major power aspirations, the Ministry's penchant for a sense of history and the long-run view of Brazil's place in the world was more saleable and even somewhat intoxicating. With more somber immediacies on the current agenda, grand planning and major initiatives critical of momentary targets of opportunity are less viable, useful, or welcome. Generally speaking, the Foreign Ministry now has the freest rein in rhetorical pronouncements but finds that as harder assets or specialized competencies become involved, its role is progressively diminished by competing interests. The ministry's very success in fostering good political relations with all countries has ironically taken it from the center of current policy making. The governmental decision for Brazil to limit its political role abroad further restricts its expression beyond more traditional, representational diplomacy.

The rise of economic, financial, and security issues (in which its competence is weaker) has further limited its bureaucratic prerogatives. The erosion in economic affairs is especially apparent in Foreign Ministry spokesmen defensively fight the idea that trade and debt matters in themselves constitute foreign policy or imply alignments which restrict the government's independence of political expression. To the contrary, they argue that the present international crises merely point up the accuracy of what Brazilian diplomats were proclaiming all along about the nature of international mechanisms and power relationships on the North-South dimension, and the need for structural readjustments. Yet, in practice, the ministry's political pronouncements during 1983 were subdued in order not to complicate solutions to economic problems.

The Economic Area—The Supremacy of Economics. The "economic area" is a term widely used to designate the Ministries of Planning, Finance, area. Itamaraty retains in principle its function of providing overall coordination, philosophical orientation, conceptualization, and sense of coherence and direction in the framework for policy. In reality, it is being engaged on a broader domestic front and increasingly being overshadowed by important functional areas in which vital decisions are being made and future political capital built. Sometimes the Foreign Minister has decided cautiously not to try to carve out a larger role, as in the case of the negotiations on the debt (which could go sour) and the information policy (which is a national security issue). The tendency is for the Foreign Ministry to be left with a core of judicial and formal representation functions and less with tasks of policy making and execution. This implies, of course, inability to coordinate overall policy and, in the absence of clear executive leadership, the rise of proliferating sectorial interests—what Barros (1983a) calls "irresponsible pragmatism."

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because of its influence over credit and exchange rates. An across-the-board process is hard to define, because an issue is often decided by or channeled to the most interested official. A number of rivalries are based on workload priorities or personalities. At the sales level the Foreign Ministry is concerned chiefly with trade promotion, while the Finance Ministry establishes lines of commerce and offers direct credit support of specific cases through CACEX, the Bank of Brazil, and the Reinsurance Institute.

The substitution in February 1983 of Benedicto Moreira, with fifteen years experience as head of CACEX, by Carlos Viacava, Secretary-General of the Finance Ministry, was widely interpreted as a consolidation of Delfim Netto's power in the trade area at the expense of Itamaraty. (The extent of the rivalry and of Delfim's power is shown by the fact that Moreira was not even informed beforehand about the 30 percent maxi-devolution which occurred that month, ostensibly to promote exports.) The Foreign Ministry would find its commercial role completely eliminated should a Ministry of Foreign Trade be formed, but that idea is too controversial to be seriously considered, whatever its organizational merits. Meanwhile, coordination of foreign trade policy is made all the more difficult because seven ministries are involved in international commercial activity, each within its own defined competence.

The rise of trading companies has also spread initiatives and power of decision at the implementation level. Whereas only 6.8 percent of Brazil's exports in 1976 were handled directly or indirectly by trading companies, in 1982 they accounted for 30.3 percent of all exports. In December 1982, 130 such companies were registered with subsidiaries in 42 countries (Trading Companies: 10 anos de exportacao, 1983). The largest is Interbras, the export arm of Petrobras which facilitates sales of Brazilian goods and engineering services, especially when oil is purchased, and accounted for 40 percent of the total sales of these companies in 1981. Interbras has been useful to the Brazilian government's preferred bargaining/contracting instrument in diplomatic-government-to-government relations (including with Eastern Europe) and in negotiations with oil exporters. COBEC, the Bank of Brazil's trading company, specializes in agricultural commodities and maintains warehouses in key export ports. In 1981 it accounted for 13 percent of the total sales of the trading companies, giving these two official agencies over half the sales of the group.

During the last decade, the international operations of the state enterprises have been the leading edge of Brazil's expanding presence abroad. The most active is Braspetro, the international arm of Petrobras, which is prospecting, extracting oil, or lending technical assistance in over a dozen developing countries and represents Brazil in bilateral and multilateral relations with other Latin American state oil companies. Petrobras' success in procurement of supply contracts and investment opportunities has definitely benefited from the Foreign Ministry's establishment of good political relations with other developing countries. Its own record and self-confidence abroad with political support from the presidency, however, led it to pursue some independent courses of action. Its president, Shigeaki Ueki, has traveled widely for direct negotiations on petroleum supplies with foreign governments and companies.

One point of contention for several years was Petrobras' preference, during the height of OPEC's power, for purchasing somewhat cheaper petroleum from the more politically troubled Persian Gulf area, even though such key suppliers as Kuwait and Saudi Arabia showed no interest in making significant purchases from Brazil. With an eye to diversification and reducing the trade deficit with oil suppliers, which reached $6.08 billion in 1982, Itamaraty eventually prevailed with its decentralization plan to purchase more oil from those suppliers with significant internal markets open to Brazilian products, such as Nigeria, Mexico, Venezuela, and Angola.

Nuclear energy is another area in which the Foreign Ministry was once the focal point of the government's interest but then lost control to the Ministry of Science and Technology. Itamaraty was a major force behind the decision, about 1967, to acquire an independent national nuclear science and energy capability. Paulo Nogueira Batista, a career diplomat who worked on the political rationale for Brazil's rejection of the Nuclear Non-Proliferation Treaty, founded and became the first head of Nuclebras. The Foreign Ministry was central, with Batista, in the negotiation of the controversial 1975 nuclear technology transfer agreement with West Germany. Yet when the decision was made in early 1983 to deaccelerate the national nuclear energy program for economic reasons, as long urged by Delfim Netto, Itamaraty had no significant voice. That decision was made by the National Intelligence Service, the National Security Council, and the Ministry of Planning.

Contrary to the broad, political, principled, and long-run vision of the diplomats, the economic technocrats operate on narrower, tangible, ad hoc, immediate, and "bottom line" considerations and are less preoccupied with the idea of dependence and Brazil's developmental vulnerabilities. They are more content to compromise and work within the present international system than to demand a new order and are more amenable to consideration of a formalized Advanced Developing Country (ADC) or "graduation" status for Brazil in multilateral organizations. The economic technocrats, in search of ready dollars, are more prone to be critical of immediate costs inherent in longer-term ventures which may not produce to satisfaction, especially under current cost constraints. They are more likely to feel that foreign policy rhetoric concessions on issues of importance to the United States are an acceptable price for real gain, and that they see a greater U.S. economic support in areas of Brazil's vital interests. Defenders of the more Foreign Ministry outlook characterize this tendency to be purist, to rely on the U.S., and to do what the U.S. wants as a remnant of the simplistic old national complex fixed on imitation of U.S. patterns and styles.

In part, the rise in power of the economic area has been a function of the vigorous personal styles of Delfim Netto and his team, so a change in personnel could change its degree of aggressiveness and supposed First World orientation. That group of ministries is not and could not be as deeply socialized or homogeneous as Itamaraty. The "economic trio" of Antonio Delfim Netto, Ernane Galveas (Treasury Minister), and Carlos Langoni (Central Bank President, 1980-September 1983) suffered massive credibility gaps and lack of confidence at home. Yet even their substitution by a team operating under different premises would not cause a major institutional power shift, because the economization of foreign policy has proceeded too far.

The Military—Changing Concepts of National Security. Structurally, the military establishment or influential individual officers can find access to foreign policy more readily through the officers in the National Security Council and the National Intelligence Service, the two generals in the 9 AM group (Venturini and Medeiros), or personal acquaintances with President Figueiredo. These types of contacts have frequently entailed differences with policies contemplated or pursued by the Foreign Ministry, such as the concept of a "peaceful South Atlantic" appearing in joint communiques with African states. Cliques and networks occasionally adopt a foreign policy stance, but such dissatisfaction is no longer customarily expressed directly or openly in
spite of rare anonymous leaks to the press. Most officers are reticent to comment publicly on foreign policy issues since Figueredo's disciplinary efforts, through Army Minister Walter Pires, to depoliticize the military and weed out open dissenters for the sake of abertura. Even in cases such as the Foreign Ministry's persistent courting of Marxist Mozambique, which rejected many overtures, higher-level military officials swallowed their objections and attended a 1981 state banquet for visiting Foreign Minister Chissano. To an overwhelming extent and in strong contrast to the "ideological frontiers" concept of the early 1970s, the Brazilian military has come to accept the desirability of economic cooperation with a wide variety of regimes, at least outside of South America.

It is likely, as the military disengages from internal politics, that it will reassess its traditional role in international security concerns, which would be seen as quite legitimate by civilian leaders, particularly after the Falklands War. The air force and the navy have been more active than the army in seeking such a role, partly as the result of the nature of that war and partly because of a more outward-looking orientation. The rapidly expanding defense industry, with strong government support and production directed to domestic and Third World markets, is another logical conduit for increased attention. A recent administrative reform of the ailing War Materials Industry (IMBEL), while bringing in a civilian president, included an upgrading of army participation in administration of the state company. (Private companies such as Engesa, on the other hand, are responsible for the bulk of national production and operate under civilian control, with engineers predominating.) For the military, the arms industry has a strong national security dimension because it provides a greater degree of economy of scale as well as production and maintenance autonomy for their own forces. Moreover, force modernization implies international comparison and frames of reference.

The Congress—Search for a Role. Even in democratic periods, Brazil has not developed a strong foreign policy role for the Congress, both because congressional authority has been weak and because foreign policy power has been concentrated for so long within the executive itself. The Senate has the power to question (but not veto) newly appointed ambassadors and to approve or veto treaties, but very seldom challenges the governmental position in such matters. Frequently, governmental pretexts of inconvenience have been sufficient to keep the Senate from exercising the right of examining the newly designated ambassador to foreign posts. Both houses have foreign relations committees, which have been accustomed to debates with little consequence.

The more the government needs coalition politics to pass its programs with an opposition majority in the Chamber of Deputies, and the greater the domestic effect of foreign policy decisions, the greater is the opportunity for a foreign policy role for Congress. Opposition victories in the November 1982 elections created an impetus for opposition parties to use Congress as a place to register their differences with the government's Social Democratic Party (PSD). At times, the domestic effects of foreign policy become the most prominent national issue and Congress asserts itself. The most important foreign policy role for the institution in 1983 was its assenting vote on Decreto 206, which raised wages and salary increases to levels under the cost of living index as part of negotiated agreements with the International Monetary Fund (IMF). Congressional ability to block passage of anti-inflationary austerity programs central to official economic policy gives those critical of governmental austerity programs a chance to strike a nationalistic blow against the unpopular IMF and pits abertura and congressional power against the executive branch and the IMF. Even more appealing to the opposition is demands that Congress have the right to approve or veto any future agreements that the government concludes with the IMF.

A few senators, especially Marco Maciel (PDS, Pernambuco) are working toward a rigorous foreign policy participation model closer to that of the U.S. Senate; however, these senators might well be content with considerably less. They have counterparts in the Chamber of Deputies in such as Jackson Barreto of the Foreign Relations Committee. The ambition for significance beyond rhetoric runs against a strong national tradition of executive dominance, as well as very weak legislative competence in foreign affairs. What is more likely is a more assertive oversight or investigatory congressional capacity, especially regarding issues of foreign debt, multinational corporations, foreign trade, and security. The government's Partido Democrático Social (PDS), however, would try to forestall or frustrate any congressional inquiry which would prove too embarrassing to the executive branch, even at the expense of undercutting Congress' institutional powers. In the informational and dialogue sense, in contrast to his predecessor, Foreign Minister Guerreiro has been cultivating relations with Congress, speaking to the body frequently by invitation and showing openness to their comments. Delmi Netto has spoken to both houses on international economic policy, but with favorable receptions and notably less openness.

Indicative of another type of effect, at a public opinion, was the petition to President Figueredo of 196 congressmen of all five parties in May 1983 condemning "American imperialism" in Central America and requesting a clear Brazilian rejection of U.S. interventionism against the Nicaraguan revolution as well as asking for the designation of an ambassador (rather than the current charge d'affaires) to Managua. During July, a committee of 19 federal deputies from the Partido do Movimento Democrático Brasileiro (PMDB), Partido dos Trabalhadores (PT), Partido Social Democrático (PSD), Partido Trabalhista Democratico (PTD), and the Partido Democrático Social (PDS) visited the United States and Nicaragua to explore the matter further, and carried out the whole exercise with views critical of American policy. Whereas previously the government received sharpest criticism on foreign policy largely from the right (the conservative press and sectors of the military), this episode was a forerunner of more critical comments from the left.

The Press—Upsurge of Interest. Only a few metropolitan newspapers and national magazines consistently provide quality analytical coverage of foreign policy; furthermore this is the work of a small circle of journalists, about ten strong professionals at most. Even these are disadvantaged by the media's practice of assigning reporters to individual ministries rather than to functional topics, such as trade policy or international finance. Most of those covering foreign policy matters, then, are assigned to and enamored of the Foreign Ministry, accept its explanations largely at face value, defend its "prerogatives" against "encroachment" from other areas, and serve as sympathetic channels for "leaks" in bureaucratic battles. The relative scarcity of independent information, camaraderie, and the simple ways its dispensed lead to lackluster objective reporting. With traditional loyalty, or the sense that foreign affairs "belong" to the Foreign Ministry, prepare most commentators poorly for taking a broad or evolving view of the diffusion of foreign policy power and of the limitations on considering camaraderie as the definitive spokesman on all matters of foreign policy. Reporting on relations with the United States is rarely tendentious but tends to play up and overemphasize political differences between the two countries, miss the complete
picture, contain unreal expectations, and assume that Brazil bulks larger in U.S. foreign policy than it really does.

The weight of foreign affairs in national life and the freer atmosphere and euphoria that have accompanied the shifting of public opinion toward a more pro-American orientation have been the ingredients of a programmed foreign policy. The contrast of American "soft power" with the "hard power" that still characterizes Brazilian foreign policy is most vividly demonstrated in the recent shift in strategic alliances. The growing importance of the U.S. in Brazilian foreign policy is reflected in increased economic and political relations with the United States. The growing importance of the U.S. in Brazilian foreign policy is reflected in increased economic and political relations with the United States.

Over the last several years, some of Foreign Minister Guerreiro's speeches have contained general references to the domestic transition to democracy and diplomacy's obligations to the broadening of the political process. (This theme is reflected in the very least the closest political relations with the democratic nations of Latin America.) President Figueiredo's September 1982 speech to the UN General Assembly, the first for a Brazilian head of state, was calculated in significant measure for the domestic audience during the election campaign period in pointing to the international responsibilities of the nation's economic woes. However mild these cases may be, they represented a substantial departure from the customary post-1945 practice of largely ignoring public sentiments.

The educated urban segments, despite parochialism, are aware of international events and trends affecting Brazil. Various recent events sparked comments from the educated public to an unusual extent—the Falklands War, President Reagan's visit, the rapprochement with the U.S., the IMF agreement and its renegotiation, the first national expedition to Antarctica, and the Libyan planes incident. These episodes in a short space of time generated a fundamental debate about nationalism, sovereignty, democracy, debt-led growth, regionalism, and the country's position relative to the United States, the West, and the Third World. The degree of sophistication among the recently aware may not be high, but nationalistic pressure on foreign policy issues with an economic component will grow inevitably as the social impact of the austerity program takes hold and is linked to Brazil's international financial commitments. Such an impact could be felt in a diffuse way through the government's growing need for broad social and party support for its programs, through interest groups, or in a more specific way through a foreign policy-relevant role for Congress.

Judging from the results of the November 1982 elections, the opposition represents the most developed, best educated, and most affluent sectors of Brazilian society. It has no broadly enunciated foreign policy position, but does hold the attitudes to form one different from and more nationalistic than that of the Figueiredo government. Anti-IMF sentiments are especially prominent. These discontents spread during 1983 and now find wide currency among the political elite and the governmental bureaucracy. Yet, despite some ambivalence, insecurity, and distrust, most of the opposition is on balance favorable to the United States if Brazil is perceived as being treated "fairly." Most informed Brazilians see the United States as too vital to their country to antagonize it. There are presently quite a few skeptics regarding the rapprochement, some enthusiasts, but few outright opponents. Only the small Marxist-influenced Workers Party (PT) among the legal parties is hostile to American policies in a clear and systematic way.

There is a growing tendency in the educated public to associate the United States in a negative way with nationalist symbols—foreign bankers, the IMF, high international interest rates, multinational corporations, and commercial protectionism. There is some concern about supposed political conditions which are assumed to be the counterpart for U.S. help in the debt question. Brazil, on the other hand, is seen as a victim of circumstances beyond its control and as having few options. Accustomed to generations of nearly uninterrupted economic growth, starting in 1981 Brazilians had to adjust to what is widely perceived as an externally imposed period of negative growth or stagnation. Heavy U.S. participation in the current debt renegotiation and investment model which is increasingly discredited makes the U.S. a possible target of the radical opposition across several parties—a scapegoat for the
economic crisis.

Public sentiment to repudiate the loans is still weak, but may well grow. In polls few Brazilians say they feel personal benefit from the foreign borrowing. The government could rely on a nationalist streak should it choose in the name of sovereignty to resist the IMF more openly or to force a renegotiated stretch out of the debt profile. Its badly battered domestic image would certainly be partially restored by such a move, especially if tied to a partial rollback of austerity measures. In any case, should public consensus and the demands of the international bankers clash, the government can no longer be expected to conform to the bankers' demands and ignore or suppress public reaction.

The term "lobby" and the concepts behind it, in American practice, are still novel in Brazil. Few groups are yet organized as foreign affairs lobbies, beyond the existence of sectors pushing for advantages from government in foreign trade and sales of services, or broader segments speaking out on the debt. Some spokesmen of trade associations have approached American officials to explain their industries' point of view, and the National Confederation of Industry established a short-lived congressional liaison representation in Washington in late 1982. Given the weakness of internationalism in the Brazilian elite and middle class, nevertheless, it is not likely that abertura will produce a large number of specifically foreign affairs interest groups or greatly increase the serious foreign policy issue public. Sporadic injections of foreign affairs issues into the political process and pronouncements or actions on foreign relations issues by groups with a heavily domestic purpose (such as São Paulo businessmen) are more likely outcomes.

RECENT POLICY DYNAMICS IN ASCENDING ISSUE AREAS

Brazil's foreign policy process revolves increasingly around responses to finance, trade, and, to a lesser extent, political-security issues. Policy differences over these issues and separate or overlapping spheres of bureaucratic competence in these matters have recently been giving rise to more divergent views within the foreign policy community. The outcome of the debate led in 1982 to an upgrading of the value placed on the role of the United States as partner. This partnership is not yet fully established and is counterpoised in some sectors by lingering doubts about the ultimate compatibility of important national interests of the two countries. The policy dynamics of the contextual issues within which Brazil's future role and its relationship to the United States are being worked out are discussed below.

Finance

Management of the foreign debt of approximately $U.S. 94 billion (by the end of 1983) is the principal issue of the country's foreign relations, and the international financial community's chief problem. Faced with mounting inability to make all payments due in late 1982, Brazil reached an agreement with the International Monetary Fund (IMF) in December 1982 and with its principal creditors in February 1983. The IMF agreed to provide $4.9 billion over a period of time to strengthen reserves and cover anticipated balance-of-payments deficits. The creditors agreed to advance a $4.4 billion loan, refinanced the $4 billion into a jumbo loan, and $8.8 billion in short-term export credit. The United States provided $1.83 billion in bridge loans over a six-month period to help Brazil meet its external liquidity requirements, while the Bank for International Settlements (BIS) forwarded $1.2 billion in bridge loans.

Because of cash flow shortages, Brazil suspended payments on principal starting in January 1983, with creditors foreknowingly long-term in acquiescence. Yet within several months it was obvious that the government continued to face liquidity problems as the IMF and interbank credit targets were not met. Incoming loans were being used to pay off loans coming due. Restoration of the inter-bank credit line was far below the amount requested. By early June 1983 Brazil was $1.2 billion in arrears in payments for the year and asking the BIS and other creditors for more time to pay. The IMF withheld for several months the payment of the second portion ($411 million) of its loan because of disapproval of parts of the government's austerity measures and its inability to meet agreed-upon goals. As a supporting action, private creditors withheld disbursement of the second portion of their jumbo loan. Brazil's official overoptimism, unwillingness to slash the federal deficit, opposition to reducing real wages, and frequent inability to balance the daily international financial ledger were increasingly contrasted with Mexico's progress in implementing adjustment measures.

In the face of minimal domestic economic progress in the first half of 1983, weak prospects for the remainder of the year, and the waning confidence of bankers, rumors of an impending moratorium to bring about a rescheduling of at least the short-term loan profile and perhaps a grace period of several years began to circulate in credible sectors in Brazil and abroad. Other authorities continued to defend a gradualist solution of continual adjustment and further lending through negotiations with the IMF and the creditors, hoping things would work out in the long run after the supposedly short-term current liquidity difficulties. Internally, the economy suffered a recession of several negative net price inflation rates pointed at an annual rate of about 200 percent, and growing unemployment. Scattered disturbances and protests in São Paulo and Rio de Janeiro against two austerity packages in the first half of 1983 raised the possibility of political instability.

The decisions of debt matters in 1982 and most of 1983 were reached largely through a deepening conflict between Planning Minister Delfim Netto (and his network) and Central Bank President Carlos Langoni, his chief opponent in the economic area. (Treasury Minister Galvés had a much more limited political role.) Delfim, of a somewhat Keynesian bent, tended to be casual or overly optimistic about setting economic targets and more concerned about opportunities for renewed growth and the internal political effects of the adjustment program. He characteristically defended compromises between IMF demands and growth policies, as well as a major negotiated extension of the repayment period through U.S. government rather than IMF auspices vis-à-vis the banks. Langoni, a Chicago-trained economist, was less tolerant of inflation and favored strict monetarist solutions with coherent effects and less gradualism. He was more intent than Delfim on setting realistic economic targets and maintaining seriously to attain them. As a result, and partly because of a more forthcoming style, Langoni's policies were preferred by foreign creditors and the IMF. But his image abroad also became tarnished by association with failing policies. Langoni's replacement by Affonso Celso Pastore in September 1983 marked a victory for Delfim Netto.

The Foreign Ministry has no effective impact on the decision process relating to debt negotiations (including the IMF agreement) and is sometimes only belatedly informed of major course changes. It is not a member of the
important Monetary Council and has no line responsibility in financial affairs. The "economic trio" deals directly with banks, foreign ministries of finance, the U.S. Federal Reserve Board, and key foreign ambassadors in Brasilia. Itamaraty is one of the strongest centers of opposition in the government to Delim, especially to his incrementalist solutions and his attempts to make the debt the only issue that matters. It is very critical of the way the negotiations have been handled and has led in defining debt repayment as a strategic political issue of solvency rather than a tactical or technical one of liquidity. The Foreign Ministry's consensus goes beyond the economic area's public position of continuing within the IMF agreement to defend a negotiated moratorium or, ideally, a new multilateral institutional arrangement to accommodate otherwise intractable Third World insolvency. Yet it does not support creation of an organization of Latin American debtor nations to pressure the creditors jointly.

President Figueiredo's September 1982 UN speech was drafted mostly by the Foreign Ministry, but the language was toned down at the insistence of the economic area, eager for U.S. help on the debt question. Even so, the tone of the speech made it clear that traditional IMF methods would be unacceptable and unworkable for Brazil. After this presidential attempt to open negotiating space, the economic team largely accepted the IMF formula in December. With events running against accomplishment of the IMF targets, the longer-term Foreign Ministry interpretation gained ground elsewhere in the government. Yet in renegotiation of the role, a role is conceivable for the Foreign Ministry under current circumstances only as an advocate to foreign governments for a brief prepared by a body of economic specialists from around the government. More officials are coming to see a vital role for the U.S. in stretching out the debt, which is a principal motive for fostering rapprochement. It is hoped that with U.S. government underwriting, more favorable terms can be obtained than if the Brazilian government had to deal directly with the banks by itself. Brazil depends upon what is termed the "moral debt" owed to it by the U.S. and the West, because of their own interests in Brazil's strategic position as the key country of South America, the largest developing economy, and the largest LDC debtor, suffering from negative economic trends emanating from the industrial world. The implicit threats of default or social upheaval serve as a bargaining tool in Brazilian efforts to secure easier terms.

Trade

Expansion of exports and restrictions on imports have been central to Brazil's debt management by providing a positive balance of trade. Despite a retraction of world commerce in 1981, Brazil managed to expand exports to $23.3 billion, with a record surplus of $1.2 billion, led by a surge in sales to the Third World (35.9% of its exports and 57.4% of its imports). However, in 1982 trade problems developed, with global recession, Third World debt, and the Falklands/Malvinas War cutting deeply into Third World sales. Protectionism in manufactured products threatened to restrict access to developed markets. Lower average prices per unit for most of Brazil's important products also contributed to reduction of total revenues to $20.2 billion. Even under these difficult conditions a surplus of $778 million was attained in 1982.

The $6.3 billion trade surplus target for 1983 under the IMF agreement put great pressure on trade promotion officials but was one of the few original goals of the IMF agreement which Brazil was capable of achieving. A number of factors brought circumstances favorable to a stronger trade balance in 1983, especially a 30 percent maxi-devaluation of the cruzeiro in late February, sharp curtailment of imports, a decline in petroleum prices, and American economic recovery. Trade promotion therefore continued close behind financial concerns as a chief foreign policy goal.

The main policy disagreement in foreign trade concerns the extent to which continued promotional priority should be given to newer Third World and East European partners as contrasted with increased attention to more reliable developed partners. Brazil's sales to developing country and East European markets during 1982 contracted much more rapidly than sales to developed ones. (See Table 6.1.) Payment problems with developing country and East European accounts by mid-1983 reached over $6 billion and $5 billion total in arrears, respectively, according to a former ambassador to Poland (O Estado de São Paulo, August 31, 1983:1). During 1983, the international trade of developing countries continued to decline. A number of the agreements the Foreign Ministry achieved to sell engineering services in developing countries, such as the Kapanda hydroelectric project in Angola, became unfeasible because of financing difficulties. Therefore the short- and medium-run economic payoff of Brazil's Third World economic initiatives came under greater scrutiny as the government pragmatically began to reconsider the more attractive and reliable First World alternatives, also the country's largest customers. Some Planning and Finance Ministry officials in particular have been critical of many developing countries' inability to pay in the hard currency Brazil needs to pay the debt, as well as the need to finance some of their purchases at promotional rates of interest which Brazil can ill afford.

### Table 6.1

<table>
<thead>
<tr>
<th>Bloc</th>
<th>Exports (%)</th>
<th>% Variation in Absolute Value, 1981-1982</th>
<th>Imports (%)</th>
<th>% Variation in Absolute Value, 1981-1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed</td>
<td>51.1</td>
<td>-4.0</td>
<td>40.0</td>
<td>-18.1</td>
</tr>
<tr>
<td>Countries</td>
<td>27.1</td>
<td>-20.7</td>
<td>18.0</td>
<td>-0.1</td>
</tr>
<tr>
<td>Developing</td>
<td>8.7</td>
<td>-31.5</td>
<td>39.4</td>
<td>-14.2</td>
</tr>
<tr>
<td>Countries</td>
<td>7.3</td>
<td>-31.5</td>
<td>1.1</td>
<td>+91.6</td>
</tr>
<tr>
<td>Chile</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exporters</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eastern Europe</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>94.2</td>
<td>94.1</td>
<td>98.5</td>
<td>98.7</td>
</tr>
</tbody>
</table>

Source: Calculated from CACEX, Banco do Brasil, Brasil, 1982: Exportação e Importação – Balança Comercial, Mimeographed, 1983. (In these aggregate official statistics, Venezuela is classified in the developing countries category rather than the oil-exporter category.)
Brazil sells too many manufactures and purchases too many raw materials in the Third World to make an exclusive First World commercial option, however. In 1981, for example, 51.7 percent of Brazil's manufactured products and 36.8 percent of its semi-manufactured goods sold abroad went to developing countries. The Foreign Ministry, archetypal of the Third World emphasis, has suffered funding cuts which hinder its developing country economic initiatives, but it still defends the long-run complementarity Brazil shares with those economies. This view finds supporters in the government and in the military among those who believe that a Third World political identification is useful for commercial reasons because of the role of their governments in trade. On the other hand, trade and Finance with the United States, Western Europe, and Japan are based more on market conditions.

A related policy problem is the damaging impact on the balance of payments of the chronically negative balance of trade with the oil suppliers, -$6.08 billion in 1982 and -$5.67 billion in 1981, contrasted with a surplus of +$6.9 billion in 1982 and +$7.9 billion in 1981 with all other partners combined. The solution to both difficulties has been a greater preference for oil and raw materials suppliers which are willing to pay in hard currency for Brazilian goods (especially manufactures) or services or, more commonly, to engage in what are essentially barter operations. Reciprocal credit accounts are then kept in dollars by the central banks to satisfy GATT requirements, keep foreign exchange outlays low, and make trade more balanced. Countries with which such bilateral agreements have been struck include Angola, Algeria, Mexico, Nigeria, and Venezuela, with others under negotiation.

In this way Brazil can still utilize its South-South complementarities and take advantage of bargaining power conferred by a weaker oil market. The system lacks the flexibility of hard currency operations and does not bring in dollars to build an actual trade surplus, but it can be used as part of a supply contingency plan for possible future credit squeezes and dollar shortages. Its role in securing petroleum is vital, especially if accompanied by a political understanding. The mechanism is a Foreign Ministry idea which has yet to prove its full efficacy, but its adoption by CACEX now has the ironic result of cutting the Foreign Ministry out of some major trade dealings. The dynamic Carlos Vieira, Director of CACEX, has been responsible for the negotiations and travels much more widely than did his predecessor. Under his tenure CACEX has emerged as foreign trade coordinator, in both exports and imports, as part of the Ministry of the Treasury. Most of the subsequent exchange of goods is carried out through Brazilian trading companies.

Economic area officials have been more content to work within GATT than have the professional diplomats, who feel more comfortable with global political solutions and with the Third World tone and support in UNCTAD. Treasury officials are most influential in setting overall trade policy and show more receptivity to U.S. interests. They have been more willing than the diplomats, for example, to use the export tax mechanism to avoid U.S. surcharges on Brazilian products benefiting from government subsidies.

Political Security

Traditionally Brazil has had few security concerns and has seldom been involved in the kind of "high politics" diplomacy typical of the northern hemisphere or of the major currents of world politics. Its military preparedness has consequently been at a low level for a nation of its size (expenditures about 1.0 percent of GNP), with a largely internal security mission for the armed forces.

The Falklands/Malvinas War. During 1982 and 1983, however, several events abruptly heightened governmental awareness of external security issues and set off a debate on the extent and types of potential future threats and how the nation can best avoid them or respond to them. The first shock was the Falklands/Malvinas War, which presented several diplomatic and economic rather than military problems for Brazil. The suddenness and violence of the unexpected engagement of modern weapons, after more than forty years without major armed international hostilities on the continent, jolted Brazilians out of a complacency that regional territorial disputes were unlikely to erupt into war. The performance of the Argentine air force and the subsequent rapid rearmament caused many military and some civilian officials to reflect seriously upon the modernity and adequacy of Brazil's military establishment, even with the current favorable political relations with Buenos Aires.

For Brazil, the security lessons of the Falklands War turned out to be an acceleration of trends already underway, with common purposes of reducing foreign dependency and improving information flow and organization:

1. reaffirmation of the predominantly internal mission of the armed forces and of the role of capable diplomacy and moderation in defusing conflict and preventing war
2. only a slight increase in military spending
3. slight acceleration of plans to create a more autonomous intermediate technology national weapons manufacturing capability rather than purchase fewer and more expensive sophisticated weapons abroad
4. improvement of the land and coastal air defense radar net
5. consideration of an integrated military command to mitigate inter-service rivalries and improve coordination of forces via joint exercises
6. validation of military diversification away from the U.S. and toward Western Europe
7. questioning of the value of alliances, tempered by opposition to a radical restructuring of the inter-American system
8. re-emphasis on keeping political relations with Argentina manageable, so that at worst Buenos Aires could come to represent an annoyance because of erratic behavior rather than a threat because of hostility directed toward Brazil.

Brazil became further involved in controversial political-security issues of interest to itself and others during 1983. First there was the retention of four Libyan planes transporting arms to Nicaragua and then the decision to furnish broad economic and security support to the government of Lieutenant Colonel Deysi Bouterse in Suriname, courted by Cuba and isolated by the United States and the Netherlands. Strong action on these matters, which affected the country directly, contrasted with much less emphatic policies toward the more distant conflicts in Central America.

Libyan Aircraft Incident. The case surrounding the four seized Libyan planes (April 19 to June 7, 1983) provides some insight into national security policy disputes, even though the episode is unlikely to be repeated. Upon learning that the planes were carrying weapons destined for Nicaragua, rather
than the medical supplies they had claimed when requesting landing permission, Air Force Minister Delio Jardim de Mattos ordered them detained. Both his position as head of all civilian and military air traffic movements in the country and his role as confidant to President Figueiredo placed him centrally in the ensuing events and sidelined the Foreign Ministry. General Jardim de Mattos, invoking national sovereignty, ordered that the planes could leave Brazil only by flying back to Tripoli, with the military supplies returning separately. (This was the logic of the solution the air force adopted for a British Vulcan bomber which stopped in Brazil on the way to the Falklands during the war.)

Alert to the potential for a deadlock of wills and to the threat to negotiations for major weapons and airplanes sales to Libya, the Foreign Ministry took the view that Brazil was the more vulnerable party and tried to minimize the matter’s political ramifications by hewing to the Chicago Convention and a legal approach. It recommended a quick inventory and replacement of the contents, export of the planes out of national airspace, and a note of protest to Tripoli. General Jardim de Mattos and other military hardliners won the president over to the ‘point of honor’ argument, Qaddafi adamantly refused to accept the “separate return” terms, and the imbroglio was on.

After several false starts and many fruitless diplomatic meetings with lower-level Libyan representatives, governmental pragmatism and the merits of the larger relationship won out. While in Paris at the Le Bourget air show, General Jardim de Mattos met a high-level Libyan military representative and returned to Brasilia with him. Ensuing encounters with this special emissary of Qaddafi, first with Sarauvo Guerreiro and then in the presidential palace, resulted in an agreement whereby the planes returned to Libya one at a time with the cargo, and the arms sales negotiations continued. After a long and uneasy interval with intense national press coverage, both the Foreign Ministry and the Air Force Ministry came out of the episode in a somewhat positive light, but it was the military that both unleashed the episode and brought it to solution.

Several issues were at stake in the affair. Conservatives used the occasion to criticize the substantial arms sales to Libya, all the more embarrassing if Brazilian arms had been found in the cargo headed for Central America. At least hypothetically, Brazil had to consider the political implications of its arms sales. Foreign Minister Sarauvo Guerreiro, losing influence rapidly in the economic area, now saw initiative of a fait accompli swing to the military and particularly to one of his outstanding critics within government. The essence of the Foreign Ministry’s “soft line” eventually prevailed, but the slowness of its acceptance contrasted with the more rapid adoption by the military of Itamaraty’s thesis of a slight and cautious tilt toward Argentina in the Falklands War. The negotiations were supervised collectively by the ministers of the National Security Council, the National Intelligence Service, the Air Force, the Military Household, and the Foreign Ministry, a sort of “crisis cabinet,” with final decision going to President Figueiredo. Military interest in the case was further enhanced by their national surveillance over airplanes, and computer sales, already important in the Libyan connection, and in sales of nuclear technology, which is under discussion with that nation.

Suriname. Because of its concern with national security, the military has apparently played a lead role in determining policy toward the Bouterse government in Suriname, which had accepted Cuban aid and advisers. Itamaraty professes less concern than does the military that leftist political developments since 1982 and assassinations of political opponents will lead to Cubanization of Suriname. The chief goal of lending economic and security assistance is preventative, to provide a South American alternative to Cuban influence with the hope of keeping Cuban regular forces and the East-West conflict out of South America, as well as to discourage instability on the border. Military officials tend to ascribe an exaggerated geopolitical value to the densely forested border with Suriname and to draw parallels with Central America, probably due to their memories of the Arauquita guerrilla campaign in the Amazon, the only rural guerrilla experience they faced during the military regime. After initial diplomatic groundwork and a visit of Bouterse to Brazil, General Venturini, head of the National Security Council, visited the military government in Paramaribo on short notice in April 1983 as a personal emissary of President Figueiredo, both to show high-level backing for his offers of assistance and to underline firmly a military interest in the relationship. The Foreign Ministry sent a highly regarded ambassador to Paramaribo, and the army is to name a military attaché.

The Suriname case could represent a departure in Brazil’s relationships with its smaller neighbors, and an indicator of Brazil’s future continental security role in terms of areas of influence. In any event, it represents Brazil’s first attempt to supplant Cuba or even to compete politically with Havana. Brazil characteristically avoided public judgment on the internal merits of the regime, but uncharacteristically took a risk in lending a sizable and broad economic and security package under favorable conditions and with clear but publicly unstated political prerequisites. Bouterse accepted the bid and in return lowered his Cuban connections, first partially as a response to Brazil’s position and then more thoroughly with expulsion of the Cuban ambassador and most of his staff after the assassination in October 1983 of Grenada’s Prime Minister Maurice Bishop, another ministries recipient of Cuban aid.

Should Bouterse or a successor play the Cuban card again, the Brazilian government will be faced with a dilemma in which not only reduction of aid but also intervention will be an option seriously considered. Itamaraty is not given to thinking in national security terms, and the military appear willing to go beyond the diplomats’ anti-interventionist orientation should a clear political reversal to the point of a threat occur. Brazil is not experienced in exercising power abroad and regularly disclaims intentions to do so. Yet it is implicitly involving itself in the internal affairs of Suriname and Paraguay, and perhaps others in the future, while not being fully appreciative of where these involvements may lead. Acquired interests and a projection of influence could come to require a projection of power to sustain them.

In other security matters on the northern frontier, Brazil has tilted slightly toward Guyana in its border dispute with Venezuela, to discourage the latter from having recourse to force (perhaps across a strip of Brazilian territory) and the former from requesting Cuban support. The army positioned several pioneer platoon outposts to show the flag along uninhabited stretches of the borders with Colombia and Venezuela. Respect for military command and communication reorganizations in the Amazon also signal renewed interest in the region since the Falklands War. Rumors of a development of a rapid deployment capability for the northern borders, however, were officially denied and seem unlikely.

Central America. The Central American conflicts were involved behind both the Libyan and Suriname cases, but the Brazilian tendency has
been to downplay that connection to avoid wider political ramifications. Crosspressures from the U.S. and Latin America and aloofness because of distance from the region have produced calculated ambivalence. Unlike the situation with Suriname, Brazil casts itself here in the role of an interested observer with an attitude more than a policy. Brazil's main interest in both cases is to discourage injection of East-West competition into local problems which would spread the conflict. The military command takes a clearly anti-communist view of Central America, but the official position leans much more to Tammary's principled preference—to support nonintervention and self-determination, to emphasize the internal causes of the conflicts, to recommend negotiated solutions, and to maintain political neutrality sufficient to trade with all parties. (Yet the government shows no interest in reactivating relations with Cuba, a taboo of the military.)

Only during an April 1983 trip to Mexico did President Figueiredo affirm support for the negotiating efforts of the Contadora Group. This occasion was chosen for a full elaboration of Brazil's position to align Brazil more closely with Mexican policy, affirm independence from Washington during the Libyan planes episode, and register views immediately before President Reagan's address on Central America to a joint session of Congress. Yet subsequent requests from the Contadora Group for more concrete support have been turned down, with the explanation that Brazil's political weight in the region is insufficient to justify a serious commitment. Brazil has explicitly refused to support any American military action against Nicaragua, but maintained a low profile during the May 1983 OAS debates on American pressures on Managua, and declined official comment on the July-August 1983 naval exercises off Central America's coasts. Further, it does not interpret American military aid to El Salvador as interference, because it was officially requested.

Future Trends. Some skeptical observers saw the unusual series of security-related issues as merely transitory or random events, but they have been taken as indicators of future trends by enough decision makers in Brazil to foresee the gradual emergence of a national security component in Brazilian foreign policy in South America and perhaps the Caribbean. Some bolder analysts are questioning the wisdom of Brazil's characteristic avoidance policy of aloofness from regional flashpoints, such as the Beagle Channel (Argentina–Chile) and the Essequibo (Guyana–Venezuela) cases, even though national interests and the local peace are at stake. With peaceful borders on all South American states except Chile and Ecuador, Brazil is a territorially satisfied and nonconfrontational state whose pro-stability orientation gives it an interest in preventing the eruption of border skirmishes. Because its status as guarantor of the 1942 Treaty of Rio de Janeiro, for example, Brazil played a constructive mediator role between Ecuador and Peru after a border clash in 1981.

Political competition among South American states could well intensify, with accompanying increases in force capabilities and probabilities of conflict. Brazil is now more disposed to act on its own should security interests become threatened, but most of these threats will be political rather than military because direct attack is improbable. Doctrinal suppositions are being re-assessed, and an international dimension is being elaborated for national security policy. Brazil is not actively seeking a role as regional hegemon or balancer; however, and still much prefers to consolidate its continental status gradually and in economic terms. Low-key political rather than military solutions will be sought for most of its incipient international security problems in order to resolve matters before they reach the level of a real threat.

As a rule, the military and civilian security establishment will continue to be attentive to matters concerning political stability of neighboring states, border disputes, the control of Brazil's own borders (including the 200-mile maritime limit), and Cuban and Soviet political and military activities in South America, the South Atlantic, and Angola. Argentina will remain the main foreign frame of reference on the continent, but increased attention will be paid to Paraguay, Uruguay, and Bolivia (all with a significant Brazilian presence), and Suriname. Brazil's first expedition to Antarctica in December 1982-January 1983 and accession to the Antarctica Treaty in September 1983 added that continent to the list of priorities in which the military plays a role. The military will use its withdrawal from politics to catch up somewhat on its capital capabilities, which have fallen behind national growth. Navy and air force allotments have recently been increased more than the army's, to redress long-standing imbalances. Whereas military garrisons are now located relative to an internal security mission, there will be a future strengthening of the military presence in border areas. Also to be expected are measures to increase armed forces size and professionalization, inter-service rivalries as roles are redefined, and the roles of the National Security Council and the National Intelligence Service in policy formation for continental affairs. The government's image of Brazil still does not include military strength commensurate with national economic and political size. The military will continue to operate within a modest sense of mission and an acute awareness of self-imposed economic and technical limitations. These conditions, and a narrow definition of national interest, for example, caused the government in 1982 to refuse a UN invitation to be part of a multilateral peace force for Namibia and a Lebanese request to consider similar activity in that country. Cost and mission considerations were also the determining factors in the September 1982 decision not to build a naval base on Trinidad Island, to monitor South Atlantic traffic and aid in coastal defense.

Political-security considerations will soon become evident in arms sales as Brazil becomes a larger market factor, both generally and as an important supplier to countries in conflict, such as Iraq and Libya. An interministerial commission coordinated by Itamaraty examines political implications of sales, belying the supposedly "purely commercial" policy. Refusals of sales to South Africa, Rhodesia, and Somalia have already come to public notice. Sales to Paraguay, Guyana, and Suriname have had domestic and international impact, as yet largely symbolic. Future and broader sales and service relationships, such as the one Brazilia hopes to establish with Nigeria, could be extensive enough to affect the tone of the whole bilateral relationship. Not to be discounted is recipient influence on the seller desirous of continued business, especially if the recipient is an activist state prominent in regional disputes. It will certainly be increasingly difficult for Brazil to ignore political ramifications of arms supply within South America; when this realization occurs, arms sales may come to be accepted as an instrument of influence.

**RELATIONS WITH THE UNITED STATES**

A number of favorable circumstances converged to produce the U.S.-Brazilian rapprochement, visible in the intense official interchanges of late...
configuration of officials and could suffer reversals before it is institutionalized. Above all, follow through is needed, particularly by the private sector.

For Brazil, the essence of the matter is extended resolution of the debt issue. Over the Falklands War, Argentine unpredictability, and the progress of military occupation all combined to make the U.S. government focus more on Brazil. Although the Reagan administration did not adopt a demonstrative attitude toward Brazil, in contrast to the Carter administration, Brazil could not identify with the Central American and Cold War focus of Secretary of State Haig's view of Latin America.

With the inauguration of Secretary George Schultz in June 1982, Brazil found an official with concern for economic factors and a knowledge of Brazil. It also received several other signals, from Vice President George Bush and Assistant Secretary of State for Inter-American Affairs Thomas Enders, among others, that Washington was prepared to concede enhanced importance to Brazil, differentiate it from the Central American problem, and open new possibilities. An exchange of presidential visits in 1982 created a more personal working relationship, with subsequent directives to subordinates to find more compatibilities between the two countries. An activist U.S. ambassador with direct contacts in Brasilia's presidential palace was vital to the tactical engineering of closer relations.

Brazil's side the U.S. option became attractive for a number of reasons. The overwhelming weight of the debt called for broad solutions, and American banks and officials were considerably more forthcoming than the West Europeans and Japanese. Contrary to the earlier hopes of the GNP government, the investment and technical assistance which Brasilia had expected from other Western partners did not prove as generous as originally envisioned. At the same time, the Third World trade successes of 1981 impeded during 1982. The U.S. market became one of the most promising. Consensus grew in the economic area that relations with the United States had gotten too far out of hand, that they needed to be respected for their significance and managed without polemics. Rapid growth of export to the U.S. in 1982 and accumulation of a trade surplus confirmed this view.

Reconciliation with Washington came to be supported by widening sectors of the elite as a way of encouraging the U.S. government to undertake a new United States in 1982 and accumulation of a trade surplus confirmed this view.

Brazil and to pressure the banks into negotiating more viable terms for the national debt. They hoped in this way to be able to ease up on economic stringency and foster economic growth to avoid loss of political control in presidential succession or as a result of mass action. Much of the opposition became convinced that no other options were open. They were less likely to be thankful for U.S. help, however, because they repudiated the economic policies of the government and saw American policies as a large part of the problem.

The creation of five binational working groups to explore new complementarities in technical areas and avoid old irritations implied a dedication to action rather than merely consultation. If the effect is successful it will put relations on a more positive note and in a more imaginative context. Basically sound mutual attractions appear to have overcome the antagonisms, but a number of cautions are in order as the process moves forward. Because of the changes analyzed above, the relationship will become more complex to manage, with more points of conflict and troublesome bureaucratic turf battles on both sides. The relationship is still dependent upon a specific