

A new power in South America

An historic accord between Brazil and Argentina was forged at the end of July that could profoundly alter the economic and political landscape of Latin America. Remarkably, our media were too preoccupied frothing at the mouth over distant South Africa to even take note of an event of great importance for our own hemisphere.

Such inattention is not unusual. South America seems to occupy a sort of never-never land in the minds of most North Americans, a little-known continent made up of exotic locales and mercurial people. Argentina is the land of Eva Peron, tangos and the gaucho. Brazil the home of Carnival, the samba and Pele.

What most people do not know is that slowly but surely, the advanced core of South America formed by Brazil, Argentina and Uruguay is emerging as one of the world's new powers.

For the past century Brazil and Argentina have often been bitter rivals. The Argentines have been scorned by the Brazilians as Spanish-speaking Italians trying to look British. The Argentines reciprocated by calling the Brazilians half-breeds or Africans. Powerful military establishments in both nations heartily encouraged this rivalry; without it, neither would have had much reason for keeping large armies or heavy weapons.

The military's fall from power in both Argentina and Brazil opened the door for new civilian governments to begin negotiating an end to the traditional rivalry. After two years of talks, Brazil and Argentina have signed 12 major agreements covering a wide scope of economic



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and trade issues. They are aimed at forging the economic integration of South America's two largest nations.

Such integration makes excellent sense.

Brazil has 130 million people and a powerful industrial base that has made it a leading exporter of arms, aircraft, machinery, iron, steel and chemicals as well as its traditional exports of coffee, soybeans and sugar.

Argentina, with only 30 million inhabitants, is one of the world's great agricultural producers, exporting wheat, meat, fibres and vegetable oils. The Soviet Union, it should be noted, is now Argentina's leading export customer.

Economic integration for the two nations means each specializing in a particular type of production. Brazil, for example, might produce light aircraft while Argentina makes rail cars. Expensive and inefficient duplication in industry — particularly those in the hi-tech area, will be eliminated, provided all goes well.

Relying on a former rival to produce vital goods requires a great deal of good faith — particularly in the case of Argentina whose economy is one quarter the size of Brazil's. Its president, Raul Alfonsin, will be hard-

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pressed to allay fears of his countrymen that Argentina will be swamped by much-larger Brazil.

In a similar manner, Brazil's president Sarney will have difficulty forcing the nation's exuberant capitalists to adhere to the agreements with Argentina that specify what each nation can and cannot produce.

To grasp the magnitude of this accord, one need only think of the much less comprehensive trade proposals now being hotly debated between Ottawa and Washington. Unions in Brazil and Argentina will fight just as hard as those in Canada to save featherbedding and protectionism. That Brazil's President Sarney could take such a bold risk in an national election year stands in sharp contrast to the dithering and timidity in Ottawa.

The Brazil-Argentina accords will go far beyond economic agreements. What they mean, if successful, is that a new political giant is being born in a continent of weak, unstable and generally poor states. Combined, the two nations will have a population of 160 million and a gross domestic product of \$387 billion, or about 60% of South America's total economic power. Little Uruguay is also expected to soon join the new Latin common market.

These united "older brothers" of South America will force other nations like Venezuela and Colombia, and the poor relations, Peru, Ecuador and Bolivia, into a quagmire. Failure to co-operate with the new economic union of Brazil and Argentina will leave them increasingly impoverished and isolated. Joining the accord could mean a possible loss of jealously guarded independence. Whatever happens, South America will never be the same again.