

Treasurer Dilson Funaro Resigns

Dilson Funaro, author of Brazil's controversial Cruzado Plan and its technical moratorium on debt payments, was forced to resign as finance minister at the end of April. He had been under strong criticism from many quarters, including fellow officials in José Sarney's government. The likelihood of his resignation had been rumored since late last year. Funaro's departure brings to a close a period of unprecedented economic growth, which at the same time presaged falling hopes for this year.

Detractors of the *Plan Cruzado* believed it was incapable of mobilizing the nation's resources against inflation, and the policy was not supported by the powerful business sector, which eventually boycotted it. Pressure was also exerted by the international banking community in the belief that Funaro was an obstacle to reaching an agreement with the Sarney government to end the technical moratorium. Yet despite the heavy criticism, International Monetary Fund sources have said Funaro "was one of the best finance ministers Brazil ever had." These sources emphasized the importance of an 8% economic growth rate in the last two years and how thanks to Brazil's moratorium the banks made unprecedented concessions to other Latin American debtors, especially to Argentina.

Despite Funaro's removal, new minister Luis Castro Bresser is expected to continue to carry out the current economic strategy with only slight changes. And the final outcome of this episode—whose political overtones clearly outweigh its economic reasons—is no doubt the further erosion of the Sarney government. Some analysts believe that a weakened government tends to strengthen the movement toward early presidential elections, which if they are held in 1988 would shorten Sarney's presidential term from six to four years.

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Easter Mutiny in Argentina

Rebellions in the military barracks threaten the civilian government of Raúl Alfonsín

The recent military rebellion in Argentina has demonstrated one undeniable fact: the young democracy in that country, scarcely three and a

half years old, has to coexist with an army which has shown signs of recuperating its vitality. The so-called "Easter crisis" has given President Raúl

Alfonsín a stern reminder that the Armed Forces have the power to alter the political situation when their interests are endangered. The military mutiny caused widespread shock among Argentinians, and awakened fears of a new breakdown in the constitutional order, such as occurred in 1976.

The insurrection began on the night of April 14, when Army Major Ernesto Barreiro informed his superiors that he would not appear before the civilian court to answer charges of human rights violations—kidnappings, tortures, and assassinations of left-wing political leaders—committed during the period of bloodshed and repression known as the "dirty war" (1976-1982). Next day, Barreiro took over the airborne regiment officers' club in the city of Córdoba, approximately 465 miles northeast of capital Buenos Aires, where he succeeded in gaining the support of several fellow Army officers.

Alfonsín's response was to dismiss Barreiro for insubordination, declaring that "democracy is not negotiable" and that "the time of military coups is over". In Buenos Aires, thousands of Argentinians took to the streets to protest the insurrection and support Alfonsín.

Faced with the overwhelming popular support for the government, Barreiro abandoned his occupation of the officers' club and headed for parts unknown. However, his example of insubordination was followed by Lieutenant Colonel Aldo Rico and a group of some 67 troopers,

who took over the Campo de Mayo infantry school in Buenos Aires. These new rebels, with bold effrontery, paraded publicly carrying rifles, in jungle combat camouflage uniforms and bulletproof vests, with their faces painted black.

The infantry school occupants, however, sought not a coup so much as the replacement of the heads of the Armed Forces by officers involved in the "dirty war" and the Malvinas (Falkland Islands) conflict. Other demands were the resignation of General Héctor Ríos Ereñu, military Head of Staff, and an amnesty or political solution for those charged with human rights violations in civilian courts.

On Saturday April 18, troops and tanks belonging to Army units loyal to Alfonsín advanced on Campo de Mayo. The original order was to obtain the rebels' surrender, with or without bloodshed. But something went wrong. The forces loyal to the government stopped some 37 miles from the infantry school and went no further.

Meanwhile, a light tank in the power of the rebels pointed threateningly at the thousands of demonstrators who had gathered outside Campo de Mayo, singing the national anthem and demanding the surrender of its occupants. This aggressiveness was a true reflection of the mood of the rebels, who knew that no matter how great the popular opposition to their stand, the real forces involved, the troops loyal to the civilian regime, would not join combat against them. As Rico announced to the press: "We have support in all Army units. Among those sent to evict us, there are hundreds of our comrades, of officers who share our point of view."

Next day, Alfonsín announced to a cheering crowd that "in order to avoid bloodshed", he had sent the order not to attack the rebels, and that he himself would go to seek their surrender. After 45 minutes of "dialog", Alfonsín returned in the same helicopter that had taken him to Campo de Mayo, to tell the

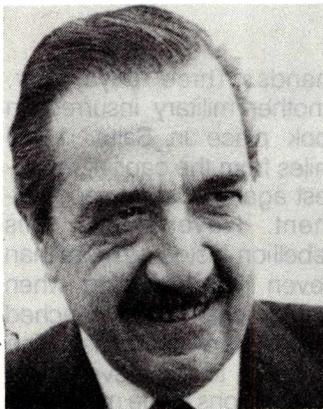


Photo by Rogelio Cuéllar

Argentinian President Alfonsín

Latin American Issues

crowd gathered in Buenos Aires' Plaza de Mayo that they could now go home, since the rebels had surrendered and democracy been saved.

Alfonsín denied having negotiated with the rebels, and the image projected was that of a leader who had risked his life for the sake of democracy. But the arrogance of the ex-rebels, described by Alfonsín as "heroes of the Malvinas," as they drank vic-

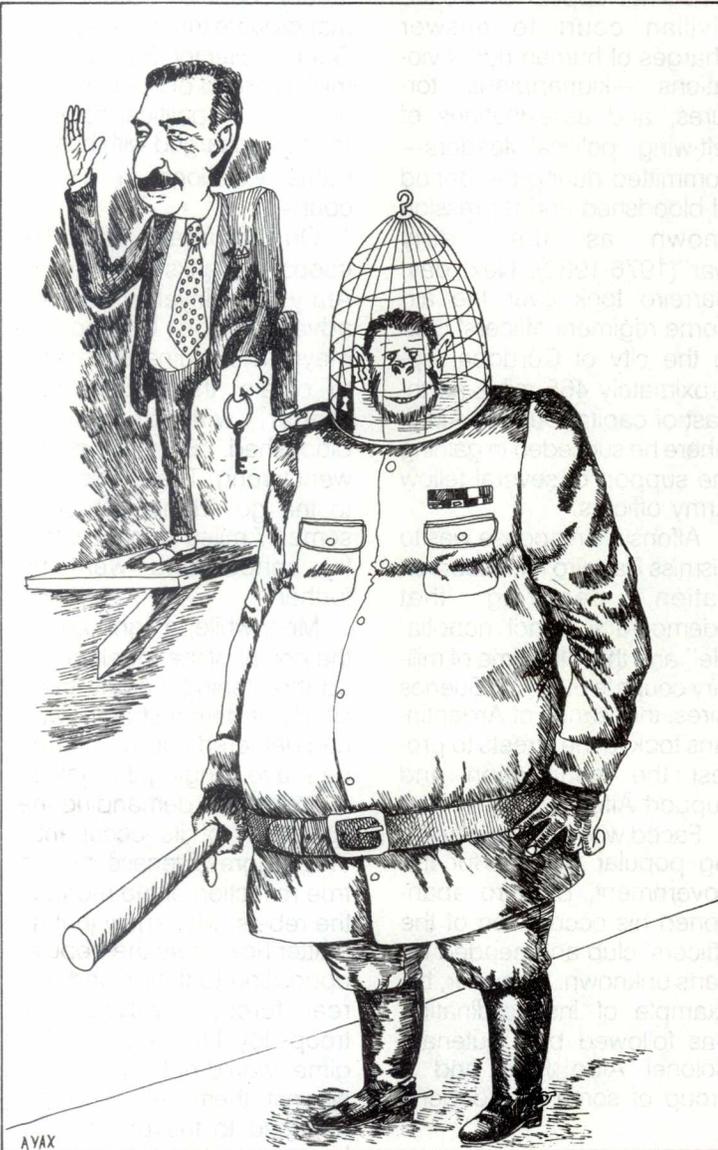
iceberg, Alfonsín may have opted to prevent the insurrection from spreading to other sectors of the Armed Forces and putting to the test the fragile foundations of the constitutional regime. On Monday April 20, only one day after the "agreement" between rebels and government, Ríos Ereñu was replaced as Head of Staff by José Segundo Caridi, thus putting into effect one of the Campo de Mayo de-

retirement of fourteen generals and the Supreme Court decision to grant a jurisprudence definition to the principle of "due obedience", thus providing an out for members of the Armed Forces involved in human rights violations.

So oil was thrown on troubled waters; though there are those who would maintain that the waters have remained somewhat clouded. The bloodless episode of the

Easter crisis demonstrated that popular mobilizations have become democracy's best defense in Argentina. But at the same time, it revealed that the Armed Forces, up till then believed weakened or even in full retreat, are still capable of reviving and wringing concessions from democracy when they see fit to do so. ★

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tory toasts in champagne, made it clear that the triumph had not exactly been democracy's. Rico told the press that "we reached an agreement with the President, in his capacity as Commander-in-Chief of the Armed Forces. We are satisfied; we fulfilled our aims; our demands have been met."

Aware that the 68 rebels really were only the tip of an

iceland. Three days later, another military insurrection took place in Salta, 1070 miles from the capital, in protest against Caridi's appointment. Nevertheless, this rebellion lasted no more than seven hours, ending when agreements were reached with military authorities. The corollary to the government concessions to the military rebels came with the enforced

Tall Ships Need Bigger Canal in Panama

Private negotiations are being held to plan a new interoceanic waterway

The Panama Canal and negotiations surrounding its use and administration have had significant effects on the country's political and economic development. The Carter-Torrijos Treaties which were finally approved in September 1977 after being amended and conditioned by what was a Democrat-controlled Congress, stipulate conditions that are undoubtedly more favorable to Panama than previously existing ones were.

At the time, Senator Jesse Helms, outspoken new-right figure who has also been an open supporter of President Reagan's aggressive foreign policy, stated on television that, "the United States must recover the Panama Canal and under no circumstances should it be handed over to Panama in the year 2,000 ..."

The same treaties that Helms condemned for handing over too much to Panama also stated that no other canal could be built in the country as long as the treaties were in force. This meant not until

noon on December 31, 1999, unless both parties previously agreed on different terms.

A New Canal For Whom

The project for a new canal contemplates joining the Atlantic and Pacific oceans through a huge channel, constructed in such a way as to level the heights of the two seas without the use of locks or floodgates. In theory such a project should benefit Panama's economy and overall development, but in fact it is conceived in terms that mainly favor the United States and go against Panamanian interests, as has been the case with the existing waterway.

One of the clauses referring to the construction of a new canal states that, "As long as this Treaty is in force the United States will be primarily responsible for protecting and defending the Canal" (Article IV, Numeral 2). In other words, this clause entails the U.S.' right to intervene in Panama to "guarantee" continuous