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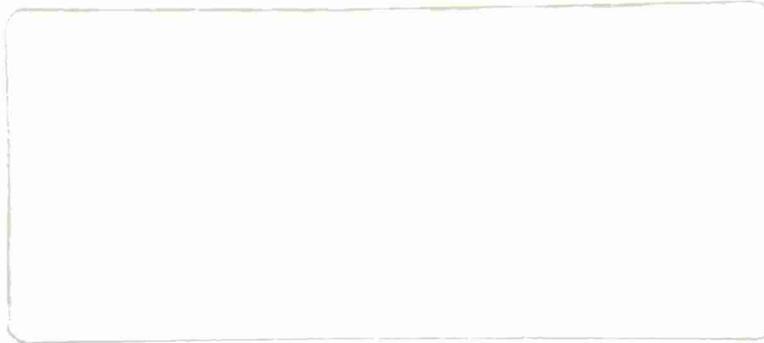
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⑥ U.S. MARITIME INTERESTS
IN THE SOUTH ATLANTIC.
Appendix II.

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⑩ Robert L. Pfaltzgraff Jr.
Geoffrey Kemp

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U.S. maritime interests in the
South Atlantic,
APPENDIX II.

1 October 1977.

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THE SOUTH ATLANTIC AS A GEOSTRATEGIC REGION

A Report on the Kemp Session
of the South Atlantic Study Group

November 9, 1976

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The first seminar session of the South Atlantic study group served as an introduction to the region by highlighting the important issues and raising the fundamental questions that must be addressed during the course of the study group's meetings. The session was divided into two parts: a formal presentation by Professor Geoffrey Kemp of the Fletcher School of Law and Diplomacy and discussion by discussants Alvin Cottrell (the Center for Strategic and International Studies, Georgetown University) and Harlan Ullman (the National War College) and other members of the study group.

In his formal presentation, Professor Kemp offered the following argument:

The South Atlantic is a region deserving of attention for very pragmatic political and economic reasons. For example, the "agenda of issues" confronting the new Democratic administration in Washington will include South Africa as a focal point of attention given President-elect Carter's empathy with the blacks in that country. The Carter Administration will also face a serious dilemma in attempting to reconcile the increasing requests from Black African states for U.S. military assistance with Carter's personal commitment to reduce arms sales.

A more conceptual argument can also be made for directing attention to the South Atlantic region. In light of the "new emerging geostrategic environment," four dynamics must be considered in any assessment of the U.S./Soviet military relationship for the next decade. First, the world is witnessing a diffusion of political, military and economic power, not only in terms of the proliferation of the number of states in the international system, but also in the redistribution of wealth among states and the unprecedented diffusion of military power, both nuclear and nonnuclear.

Second, the pattern of U.S. base rights overseas is changing radically. Over the past three years the trend has been one of a precipitous decline in Western access to overseas bases. Not only has the West lost access to facilities in Portugal's former colonies in Africa but questions about the status of American bases in Thailand, the Phillipines and elsewhere in Asia are also being raised. Simultaneously Soviet activity is increasing, to the point where they can be said to be in the ascendancy in regions hitherto unknown as a scene of Soviet action.

The third and perhaps most complex dynamic in the new geostrategic environment is the increasing interdependence between the West, the Soviet bloc, and the non-industrial states for scarce resources. The West is obviously interested in

importing oil and minerals from the non-industrial world. The Soviet Union meanwhile, has turned to the West to meet its urgent needs for food and technology. The more affluent Third World States also seek technology from the West while the poorer states need its food. The fourth and final trend is the emergence of a startling and dramatic new maritime region. The extension of territorial waters to the 200-mile limit, changing jurisdictions over straits and other maritime developments will fundamentally change patterns of freedom and movement on the high seas.

The emerging world environment represents a much more complex strategic milieu than the previous bi-polar configuration of the 1950's. Greater attention must be focussed on the operation of these dynamics in new regions of the world: the Middle East (including the Persian Gulf and the Indian Ocean), the Northern Seas, the South and East China Seas, and the South Atlantic.

Historically, the strategic value of the South Atlantic was aptly demonstrated during World War II. Of considerable relevance to the current issue of the security of commercial traffic around the Cape of Good Hope were the attempts -- first by the German navy and later by the Japanese -- to interrupt the sea lines of communication linking Europe, the United States, South America and South Africa to their valuable trading partners in the Middle East, India and the Orient. Several of the South Atlantic littoral states were of considerable strategic importance,

particularly Brazil which aided the United States in maintaining hemispheric defense and served as a bridge to Africa, and South Africa which conducted naval and air patrols and convoy missions to safeguard the sea lines around the Cape. In addition various British- and French-owned islands off the West Coast of Africa played an important role.

During the post-war period and until 1967, the South Atlantic received virtually no significant attention. However, growth in traffic passing through the Suez Canal and its subsequent closure during the 1967 Middle East war, as well as the development of the super tanker, focussed attention once again on the vulnerability of oil transportation routes around the Cape of Good Hope and through the South Atlantic.

Today, the four trends previously mentioned can be seen at work in the South Atlantic region. A dramatic proliferation of political and economic power has already occurred and may be expected to continue. In some respects the region represents the "last stomping ground of genuine anti-colonialism." Militarily, however, the area remains somewhat of a vacuum (Brazil, Argentina and South Africa being the exceptions). Nevertheless, there are indications that the current lack of military prowess characterizing many states in the region is changing: the growth rates of defense budgets are some of the largest in the world (though many states are expanding

from quite underdeveloped foundations); defense funds are increasingly being earmarked for maritime expansion; there is a strong potential for nuclear proliferation with Brazil, Argentina and South Africa currently possessing the basic infrastructure. Given this strategic milieu, in a conflict situation, small increments of power and military equipment on one side or the other could have a major impact upon the outcome (witness Angola).

With regard to U.S. access to bases in the South Atlantic, profoundly negative consequences would follow closure or denial of the area to the West. Access to Portuguese bases is already lost. If South Africa were to become anti-Western, the situation would be extremely serious. Consequently, Brazil and Ascension Island remain particularly strategic pieces of real estate for the United States and their future will be very important.

Regarding the issue of competition for scarce resources, though minerals and oil are generally considered of primary importance (and will be considered at later seminar sessions), fish must also be seen as a resource of considerable importance, particularly to the Soviet Union. The fishing industry is of considerable political significance since fish are the major source of protein for the Soviet population. The South Atlantic as a source of fish assumed significance in the early 1960's as fishing rights in the Pacific were increasingly denied. In 1967, the region witnessed a major shooting

incident between Argentina and the Soviet Union that resulted in the decision by Argentina to extend its territorial sea to 200 miles. Soviet vessels then proceeded to Brazilian coastal waters without announcement where they were taking 450,000 tons of fish per year, provoking Brazil in 1970 to extend its limit to 200 miles as well. Over the last ten years Soviet fishing activity off the African coast has grown, though direct movement into these areas is now being prefaced by bilateral negotiations to avoid conflicts such as those in South America.

The importance of the South Atlantic as a fishing region will not diminish in the future. For example, the area off the extreme southeast coast of South America could possibly supply as much as 100 million tons of the shrimp-like krill per year. The question of Soviet fishing activity tends not to be discussed in the context of general Soviet naval activities, and the relationship between Soviet commercial and naval activities must be further examined.

Oil deposits in the South Atlantic region could also be very important in the future. Exploratory drilling in the area is widespread tending to cluster along the West coast of Africa from Nigeria to Angola, the east coast of South America especially in Brazil, and in the very southern tip of South America, including some in the Magellan Strait near the

Falkland Islands. Minerals from Southern Africa of interest include manganese, chrome, diamonds and gold.

Finally, the states of the South Atlantic are contributing to the emergence of the new maritime regime. Most are extending their limits to 200 miles and the interest of the littoral states in preservation, protection and control of their offshore resources has intensified considerably. The increased maritime activity of these states, therefore, must also be taken into account.

Though we are witnessing an increase in maritime activity in the South Atlantic region it remains an open question whether or not a transcontinental flow will develop. Brazil's current orientation toward Africa and Europe may be seen as one indication that such a trend may increase. At the very least one can argue that consciousness of the oceans is growing while their commercial and military importance is also increasing. In the future, the South Atlantic cannot be divorced from any discussion of the Indian Ocean and the Persian Gulf, or of the security of oil supplies and other vital raw materials to Europe and the United States.

Following the formal presentation, discussion by both the discussants and the members of the study group focussed on four general topics: 1) the geostrategic importance of the South Atlantic region and trends within the area; 2) the Soviet presence and Soviet intentions in the region; 3) the American policy toward South Africa; and 4) the question of whether an optimistic or pessimistic attitude toward developments in the region is warranted.

Historically, the strategic importance of the South Atlantic has been well recognized, especially by the British. In the interwar years a debate took place in Britain between the proponents of the "Mediterranean School" and the advocates of the "Cape School" over which route was more important. With the closure of the Suez Canal in 1967, any residual debate was settled and the Cape route became vital for both naval and commercial vessels.*

Between 1967 and 1973 a typical journey for a U.S. destroyer moving from the eastern United States to the Persian Gulf would include stops at Puerto Rico, Recife, Monrovia, Luanda, Laurenço Marques, and possibly Diego Suarez or Mombasa. The loss of some of these facilities was seen as serious,

* Although the Suez Canal has since reopened, it was argued that the Mediterranean route will never resume its old importance for reasons that include the escalating costs of insurance for vessels going through the Canal, the doubling of tolls and the risk of trapping a ship of a high unit cost in the Canal.

especially in the context of the developments in U.S. basing arrangements throughout the world. Lingering questions over the future of American facilities at Subic Bay, Diego Garcia and elsewhere in the world, when combined with the loss of some facilities in the South Atlantic, were viewed by a number of members in the study group as seriously curtailing the ability of the United States to project a presence into the South Atlantic and Indian Ocean.

Alternatives to facilities on land, such as oilers and replenishment ships, were considered. They could be deployed, it was argued, but at an extremely high cost. It was strongly suggested by one discussant that facilities in the South Atlantic will be important for a long time to come.

The question was raised, however, whether the loss of facilities, especially in Portugal's former colonies, really constituted a constraint on the United States in periods of war when the South African facilities were likely to be available. Three answers to this question were given. First, while the constraint imposed by a lack of facilities might be somewhat eased by the availability of South African ports, other constraints were constant. In particular, it was pointed out that the Cape of Good Hope would always be a choke point since inclement weather forces ships to stay within fifteen to twenty miles of the shoreline. Second, the purpose of projecting a presence into the region was to serve as a naval deterrent to

war. The loss of facilities impaired the activities of U.S. naval units in the South Atlantic and, therefore, diluted any deterrent function those units could perform. Third, the problem was not so much one of the dichotomy between a peacetime and a wartime scenario, but of the grey area of conflict that falls between them. In a situation short of war, where it is perceived to be in the U.S. interest to assert a presence in the South Atlantic region, given the loss of the former Portuguese facilities the United States could probably use the South African ports. The price in terms of U.S. relations with Black Africa and other countries, however, could prove to be too high. The analogy was drawn between this type of scenario and the dispatch of the Enterprise into the Bay of Bengal in 1971. At that time, the strong negative reaction of the littoral states was not anticipated. It could be argued that today the constraints on deploying highly visible naval units to serve political purposes are even tighter than in 1971.

The geostrategic importance of the South Atlantic region was further highlighted in the discussion when one member of the study group noted Western Europe's dependence on natural resources that transit the South Atlantic or that are extracted from countries surrounding it, particularly in southern Africa. Approximately 70 per cent of Western Europe's oil supplies pass through the region. The figure is even higher for the supplies of vital raw materials and minerals that come from southern

Africa. It is not surprising, therefore, that West Europeans of most political persuasions viewed developments in Angola with considerable alarm. The point was made that American policy toward the South Atlantic must be conditioned not only by its own security and economic concerns, but also by its interests in the Atlantic Alliance.

A final aspect of the discussion of the South Atlantic as a geostrategic region addressed the growing interaction among the states in the area. Particularly noted were the discussions among Brazil, Argentina, Peru and South Africa -- primarily on a military level thus far -- of a "South Atlantic Pact." Discussions between Brazil, Argentina and South Africa about the exchange of nuclear technologies were also mentioned, as were the South African-Iranian exploratory talks regarding the exchange of nuclear technology for oil.

A second major topic addressed during the discussion was the problem of assessing Soviet intentions in the South Atlantic region. One study group member argued that much of the Soviet activity, in southern Africa particularly, was a response to Chinese initiatives in the region. Another noted the legitimate commercial interests the Soviets have in the South Atlantic -- particularly fishing interests -- and pointed out the potential for commercial ventures to be misinterpreted as possible

military bases.* Uncertainty over the mission of Soviet naval forces in the area was also expressed, and one discussant suggested that these units had a "bifurcated mission," that is, in time of peace their role was to perform political functions while in wartime the primary function was probably to go out and get Polaris, Trident and the follow-on classes of submarines.

Problems in divining Soviet intentions are complicated by "mirror imagery" and "worst case analysis." Western analysts have a tendency to attribute to Soviet decision-makers behavior patterns characteristic of policymakers in the West when, in fact, such attribution may not be warranted. Western analysts also tend to plan for worst-case scenarios without attaching any probability to them, thereby further clouding actual Soviet intentions. It was argued by one study group member that the strategic location of the present Soviet facilities in the South Atlantic -- many of them near choke points with respect to SLOCs -- suggested a premeditated calculated effort by the Soviets. The future implications of that effort, however, were held to be uncertain. A general consensus appeared to exist within the study group on the point that, in the future, Soviet intentions in the South Atlantic region will become increasingly difficult to determine.

* Competition in fishing between the Soviet Union and Japan could also have an effect on U.S.-Japanese relations if their policies toward the Soviet fishing activities were significantly different.

Given the uncertainty of Soviet intentions a number of options were suggested for U.S. policy. First, Soviet anti-SLOC operations should be made increasingly difficult by exploiting their geographic weaknesses and our technology. Second, diplomacy could be employed to play on Soviet political uncertainty. For example, in the Persian Gulf diplomatic overtures could be used to secure low-key access to some facilities.

A third major topic of discussion was the American role in recent developments in southern Africa in general and U.S. relations with the Republic of South Africa in particular.* It was proposed that Henry Kissinger's policy in southern Africa was aimed at insuring access to the region through the application of pressure on the white Rhodesians to transfer power to a black government. There was speculation, however, that an undeclared entente existed between Secretary Kissinger and John Vorster in that the pressure would stop at the South African border. It was further suggested that the South Africans continued to hold out hope that the United States would make frequent use of the Simonstown naval base.

Vorster's motives in working with Kissinger to achieve a settlement in Rhodesia were portrayed as multifaceted. It was

* It was pointed out that the general approach of the study group, that is, looking at African developments from the perspective of their strategic implications, runs counter to Senator Dick Clark's enjoinder to the African Studies Association to view Africa in an African context without emphasis on strategic considerations.

suggested that Vorster was worried about Rhodesia becoming "South Africa's Vietnam" and that Kissinger could get an agreement that Vorster himself could not. Under pressure from more hard-line factions in South Africa (and possibly the South African military) to be more supportive of the Smith regime, Vorster has attempted to use Kissinger to resolve the problem for him. The collapse of the Geneva discussions and increased guerrilla warfare in Rhodesia would place South Africa in a difficult dilemma: South African support of the Smith regime -- especially military support -- which some white South Africans view as a moral and cultural imperative would shatter Vorster's policy of detente with Black Africa which had been hurt by South Africa's involvement in Angola but which Vorster has been working to restore. It was suggested that "selling out" Rhodesia was in South Africa's short-term interest in that it bought time for the detente policy to be furthered and South Africa's domestic policies to become more widely accepted.

Finally, the implications for U.S. policy of recent developments in the South Atlantic was a major focus of the discussion. On one hand, there were those who argued that the Soviet Union has made major gains in the area while the United States is in worse shape than ever before. The loss of the facilities in Angola and Mozambique and the potential loss of other facilities

has seriously diminished the capability of the United States to project its presence into the area and thereby protect the strategic lines of communication through the region that it considers vital. Options available to the United States include finding facilities elsewhere in the region (which has high political costs) or, perhaps, to alter the force structure of the navy (which is unlikely). It was suggested that perhaps the United States does not have the necessary tools to implement the maritime policy that is required in the South Atlantic. Any large-scale structural change in the U.S. Navy, however, was not considered very probable.

In response to this view were those who took a less pessimistic attitude. A number of study group members pointed out that the situation in the South Atlantic region was so fluid that in five years the whole environment might change. Soviet gains and American setbacks could not necessarily be considered permanent. In the present situation, some factors could even be considered positive, e.g., Gulf Oil's continuing operations in Angola, the active U.S. diamond interests in Angola, the termination of the twenty-five years old "mistake" of U.S. support for the Portuguese in Africa and so on. Rather than emphasizing differences, the thrust of U.S. policy should be to highlight the commonality of U.S. interests and those of the countries of the South Atlantic, including the continuing flow of oil and the exchange of vital raw materials. Options should be developed to exploit that identity of interests.

Other points raised in the course of the discussion included the following:

With respect to the minerals in southern Africa, greater attention must be paid to the implications of substitutability. As low cost minerals are used up and the shift is made to higher cost minerals, the potential for substitutability increases. The United States must evaluate the implications of this trend in terms of the alternatives to the raw materials in southern Africa that will become available.

In light of the discussion of Soviet fishing in the South Atlantic, it was noted that the Soviet need for fish as a source of protein will become increasingly vital. The Soviets recognize this and are attempting to shift to cattle as a substitute. Since the Soviets will probably not be able to provide the grain necessary to feed the cattle, they are likely to turn to the United States. However, long-range meteorological predictions portend gloomy crop harvests, and consequently a potential for conflict on this issue could emerge.

With respect to more purely military matters, it would be relatively easier for the United States to deploy ballistic-missile submarines in the South Atlantic than for the Soviet Union, since the range of the new Trident subs would allow them to target Moscow, Leningrad and other targets west of the Urals from this station. In addition, it is somewhat easier for conventional U.S. naval forces to go to the South Atlantic given the shorter distances they would have to travel.

The purpose of the first session of the South Atlantic study group was to raise questions about future developments in the South Atlantic region and their implications for U.S. policy. Rather than providing any concrete answers, most of the issues that were considered in the course of the presentation and discussion stimulated further questions. It is those questions that the members of the study group will address in the subsequent sessions.

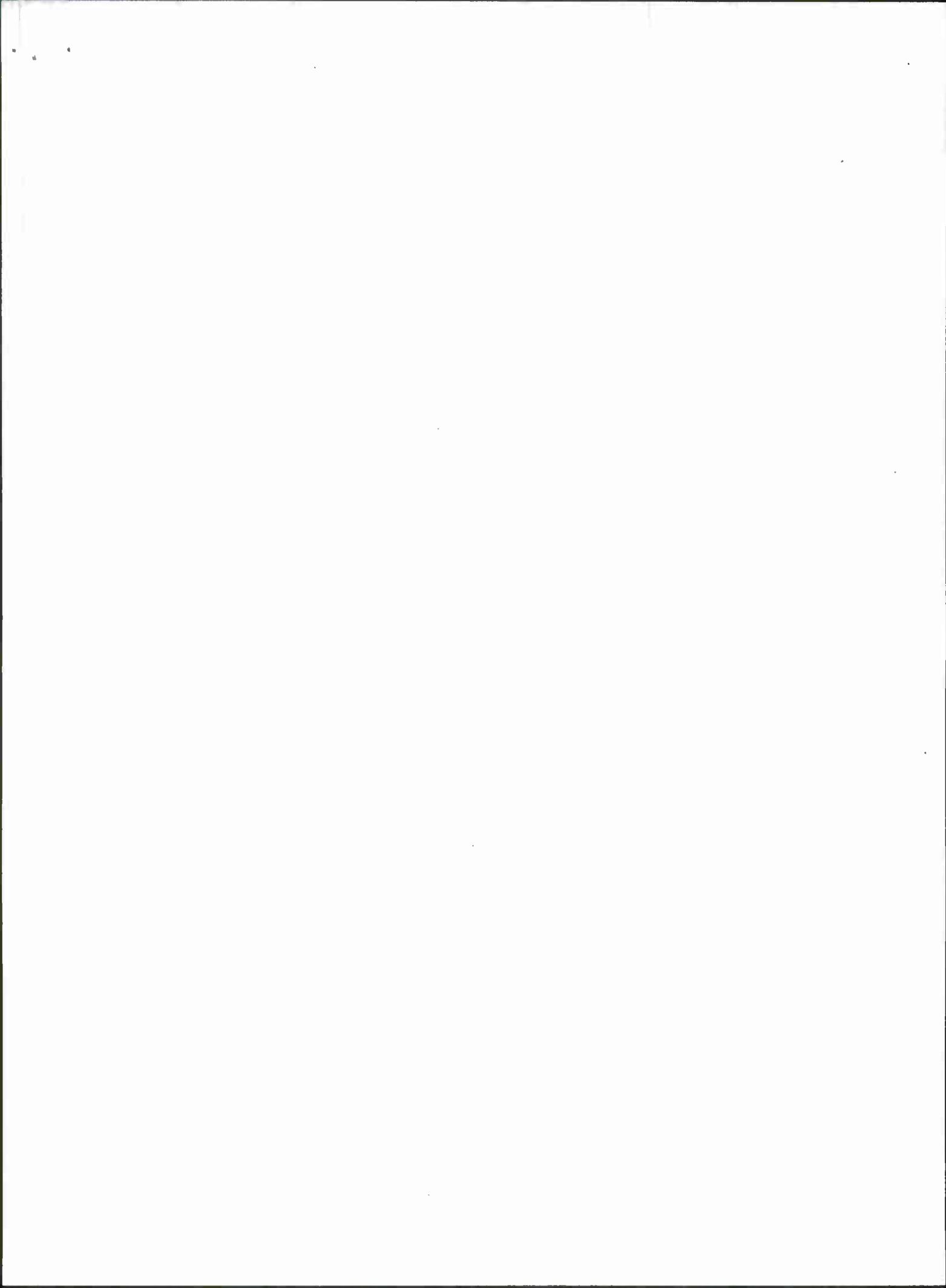
MAJOR REGIONAL POWERS AND THEIR INTERESTS,
GEOSTRATEGIC PERSPECTIVES AND CAPABILITIES:

NIGERIA

A Report on the West Session
of the South Atlantic Study Group

December 14, 1976

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Major Regional Powers and Their Interests, Geostrategic Perspectives and Capabilities: Nigeria

The second seminar session of the South Atlantic Study Group addressed the economic environment in the South Atlantic region, with special emphasis on the role of Nigeria. Dr. Robert L. West (Professor of International Economic Relations, The Fletcher School of Law and Diplomacy) made a formal presentation which which was followed by discussion by the discussants, Professor William S. Barnes (The Fletcher School of Law and Diplomacy) and Mr. Robert Ward (The First National Bank of Boston) and by questions and comments from other members of the Study Group.

In his formal presentation Professor West identified the major economic patterns in the South Atlantic region and provided important data regarding resources, trade flows and agricultural and industrial production in the area. Professor West has prepared a paper for limited distribution to members of the Study Group based on the data and his remarks at the seminar.

The discussion following the formal presentation addressed three principal subject areas: (1) Nigeria's economic, social and political concerns in the South Atlantic, (2) Brazil's role as a model for African economic development and as an important economic

actor in the South Atlantic region; and (3) the growth of Brazilian-Nigerian relations as an illustration of the potential for "east-west," as well as "north-south," transatlantic collaboration.*

The significance of Nigeria's indigenous resource endowments, oil in particular, was a major theme of the discussion. One member of the study group noted certain similarities between the Nigerian and Iranian cases, with each country having large populations and currently spending revenues in a productive manner, but he queried Nigeria's sensitivity to the price of oil: could Nigeria's "house of cards" collapse in response to declining oil prices? Might Nigeria not also engage in overspending similar to that in which Iran has indulged? While there are some similarities between Nigeria and Iran, significant dissimilarities also exist. Whereas Iran is currently at the peak of its development program, spending its total revenues, Nigeria still has a long way to go to match demand to income. It was able to spend only 65 to 80 per cent of the \$5 billion budget allocated in its second Seven Year Plan, and there was speculation that the third economic plan

*The decision to emphasize the "Brazilian-Nigerian connection" is a natural one, given the size, location, rapid growth, and increasing importance of both states within their respective spheres of the South Atlantic region. However, it should be kept in mind that the commercial relationship between Brazil and Nigeria is now, and will remain for some time, quite small (both in absolute and relative terms), and that it is far from the only transatlantic link that can be expected to emerge in the South Atlantic region. Dr. West's paper, then, serves as a necessary complement to this summary, in that it explores the prospects for alternative "east-west" relationships in some detail.

would result in a similar pattern of underspending. Iran is in need of cash presently, while Nigeria simply cannot absorb revenues completely at this time, and would prefer to defer major cash inflows until the 1980s. This absorption problem is reflected in Nigerian oil strategy to constrain price rises or maintain them at a moderate level in order to encourage long-term dependence. It was argued that in the context of the ongoing OPEC negotiations, Nigeria and Venezuela would be Saudi Arabia's most effective allies in urging moderate price increases, with Iran, Iraq and Libya aligned in opposition.*

Essentially, Nigeria faces the option of either following the Saudi expenditure model and investing excess funds overseas, or leaving the oil in the ground to be extracted in the 1980s. It was pointed out that if Nigeria is required to produce at levels higher than justified by current revenue demands, the central government is confident in its ability to utilize and manage surplus revenues in the next decade. A more pessimistic perspective must at least be considered, however, and there is ample evidence of misspending and wastage occurring in Nigeria today. It was also posited that schemes for the efficient absorption and utilization of oil revenues could very well evolve more slowly than

*At the December OPEC meeting, however, neither Nigeria nor Venezuela joined the Saudis in their decision to limit the price increase to only 5 per cent. Only the United Arab Emirates followed the Saudi example, with the other OPEC members agreeing to a 10 per cent increase in January, and an additional 5 per cent increase later in 1977.

planned figures for expenditure, enhancing the possibilities for corruption and wastage (as in the cement fiasco).

Focusing on the distribution of Nigeria's indigenous resources, a study group member noted the vast disparity that exists in the division of resources among its ethnic groups. The hope was expressed that oil revenues would be used to develop those areas devoid of petroleum or other resources. (This also, of course, is the proposed strategy of the dissatisfied parties in Nigeria). Given Nigeria's current scheme of nineteen administrative areas, a special subsidized effort would be required, for example, for the east central state which completely lacks resources.

Nigeria's administrative structure has important social implications as well. Successive Nigerian governments have frequently "played with the Map," redrawing and reconstituting administrative subdivisions. In view of the fact that such fluctuations have not yet ceased, is it legitimate to consider Nigeria a single actor, and can we expect the dynamics of consolidation, which have heretofore been predominant, to be unilinear and irreversible?

A strong argument was made that the reformulation of the Nigerian map constituted a continuing endeavor to create a balance between local delegated autonomy and the authority of the central government. Thus, fluctuations in administrative

boundaries should not be regarded as a threat to the integrity of the state. As a result of the civil war and the struggle to gain control of oil resources, the Nigerians possess a vigorous sense of national unity that would, for example, defy any attempted foreign intervention. In fact, the future unity of Nigeria is the country's most sensitive international relations problem, and it frequently is defined in terms of a threat to the central government. As such, it represents a challenge to be met by the military -- the "protectors of the nation" -- at least for the foreseeable future. It was concluded that, for at least the next decade and a half, the disintegration of Nigeria was unlikely.

This by no means minimizes the considerable political, economic and social problems that will confront Nigeria in the coming two decades. Although a civilian government may emerge in Nigeria by 1980, tribalism, corruption, a bloated military establishment and problems of revenue absorption and resource management are representative of the magnitude of the problems that will face any Nigerian leadership. It was even argued that by the mid-1980s the world might witness a return to military rule in Nigeria if the strong "Young Turks," currently in the background, emerge as a dominant factor in domestic politics over the next six or seven years. Some concern was expressed regarding the nature of Nigeria's political leadership in the 1990s. The old politicians remain on the scene today, and a

new generation of leaders from any tribe has not yet emerged to gain international recognition. Most of the younger potential leaders, who generally held "super-permanent secretary" positions in the government, were sacked and have not been replaced.

In the economic sphere, the issue of the balance between the private and public sectors of the Nigerian economy remains ambivalent. Schedules for the "Nigerianization" of industries, for example, were provided in the Second Enterprises Promotion Decree according to which the federal government, state governments or private Nigerians were to own from 60 to 100 per cent of indigenous industries. In the banking industry, however, up until the last moment it was unclear whether or not private citizens would be able to participate. Finally, the military regime assumed control over 60 per cent of all Nigerian banks in an attempt to control the financial sector.* In addition, strict lending guidelines have been established: both commercial and merchant banks are required to lend specified percentages of their portfolios to small farmers and to various sectors of the economy -- the transportation industry, for example.** Equally stringent

* Apparently there has been talk recently of divestiture of the banks.

** The imposition of lending guidelines, however, should not be construed simply as an act by the federal government to gain full control over the banks. The United States, for example, has established certain lending guidelines for entirely different reasons; and one should expect similar developments in Nigeria, irrespective of the current regime's plans for broader government control over Nigerian financial institutions.

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time restrictions on loans are imposed. On an optimistic note, one Study Group member highlighted the fact that governmental control over the financial institutions has resulted in the direction of attention to neglected sectors of the Nigerian economy such as agriculture.

Nigeria will face its most severe crisis in the 1990s, however, if some adaptation is not made in the fundamental infrastructure of the economy. At present, the central core of the Nigerian economy consists of low-productivity agriculture and overseas earnings that are insufficient to support or sustain both current and forecasted Nigerian expenditures. Sometime in the late 1970s or early 1980s a decision will be required regarding the establishment of a major alternative central structure for the economy. Such a transformation could assume a variety of forms including the modernization of the agricultural sector or the acquisition of technology and the development of indigenous industry as in the Brazilian example.

In light of these not inconsiderable dilemmas it is important to remember, as one participant pointed out, the importance of education in Nigeria and its potential for facilitating development. Traditionally a requirement for entry into public life, formal education in Nigeria has been directed toward what was called a "civil servant state." It was suggested that the influence of the Ashby Committee -- a group of American and British academics

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advising Nigeria on education in the early 1960s -- is still too strong, with its emphasis on training in the liberal arts. Greater stress might be placed upon vocational training programs and development of management capabilities. The formal educational system must be reformed to meet the requirements of Nigeria's commercial life. Nigeria's ability to solve effectively the problems that will confront it in the coming years will depend significantly upon its ability to mobilize and train human resources and talent in vocational and managerial capabilities.

The second theme of the discussion focused on the Brazilian model of economic development as a potential alternative for African states like Nigeria to consider. It was argued that Brazil and other Latin American countries have ceased to be underdeveloped and have reached a stage of "middle development" analogous to that of the United States in the late nineteenth century. One discussant posited that, contrary to the impression conveyed during the formal presentation, Brazil's policy of import substitution and export subsidization has been successful in developing viable, saleable products. Brazil's pioneer licensing program has been somewhat successful as well, and tremendous production efforts in the Amazon indicate that industry can be encouraged by means of governmental efforts, even in environmentally "hostile" regions. Two principal outcomes were noted for Brazil's

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policy of "high-cost local production:" either that world consumers would come to accept higher Brazilian prices or that indigenous production would become so efficient that costs of production would decline. In the course of further discussion, a third possibility was suggested -- namely, that Brazilian production will remain high-cost, with protection.

However, the question was raised whether the Brazilian effort to promote its economy was not visibly starving and depriving the population. Despite the fact that Brazil is outselling Argentina in agricultural products and is exporting more soybeans than every other country in the world except the United States, Brazilians in the south are forced to form "bean lines." The Brazilian economic drive, it was feared, could result in social problems with a highly explosive potential. An aggravating factor is the marked disparity in wealth developing between north and south as the population migrates to growing urban centers in southern areas, with a consequent distortion in the distribution of resources.

One of Brazil's most serious problems concerns the supply of energy, which it either does not have indigenously or has been unwilling to develop. Nor do alternative sources within the South Atlantic region seem close at hand. While Argentina remains nearly self-sufficient in crude oil, there is little prospect that she could supply the energy products required by Brazil, or, for that matter, any other state. Offshore oil deposits were

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mentioned as one potential source, but its development would require a far more intensive investment of time and money than Brazil presently seems willing to commit. Nigeria, then, could play a major role in helping Brazil meet its future energy needs.

Given Brazil's energy shortage, the question was posed whether Nigeria could possibly attain any political leverage over Brazilian affairs if it was to become one of Brazil's major oil suppliers. Could the desire for Nigerian oil and a willingness to placate Nigerian views, for example, stimulate the withdrawal of Brazilian financial initiatives toward South Africa and the adoption of a more militant position by Brazil on the South African question? The development of Brazilian trading relations with Nigeria and initiatives toward the MPLA government in Angola, as well as Brazil's increasing political concern for its predominantly poor, black population, were cited as indicators of a new Brazilian orientation toward Africa.

Beyond the interruption of future bilateral plans, however, it was felt by some that the influence that Nigeria could exert, via "resource diplomacy," upon the activities of Brazil's foreign traders and investors was minimal, and that termination of trade with South Africa, as a result of Nigerian leverage, was a remote possibility. According to one discussant, the Brazilians perceived themselves as the principal protectors and advocates of disadvantaged peoples in the southern hemisphere,

and would not look with favor upon a Nigerian attempt to shape or define Brazil's responsibilities with respect to the blacks of Southern Africa. Therefore, even if Brazil were vulnerable to a Nigerian "cut-off" of oil supplies, the Brazilian leadership might be psychologically unwilling to respond to such leverage.

Others, however, expressed the sentiment that, in the event of a confrontation between Brazilian economists favoring trade relations with Black Africa and military technocrats proposing closer ties with South Africa, economic considerations would prevail. Consequently, Brazil may have to confront a very difficult choice. On the one hand, given the Brazilians' crushing balance of payments deficit, South Africa has been a good, if small, market for Brazil, offering inexpensive and secure access.* But, on the other hand, the Brazilian desire to import Nigerian oil will probably lead them to attempt to "keep a foot in each camp."

Irrespective of the "Southern African question," relations between Brazil and Nigeria are steadily developing, and there is tremendous potential for even greater bilateral interaction. Examples can be cited from a wide range of

*While South Africa is a "good market," it remains, for Brazil, a comparatively small one, comprising only a minor slice of worldwide Brazilian trade; and any discussion of a possible "break" between Brazil and South Africa should pay heed to the fact that the principal trade patterns of both states still run north-south, rather than east-west.

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activities: during 1976 there were five missions (two private, three public) from Nigeria to Brazil with 130 Nigerians visiting Brazil in an official capacity; Brazilians are participating in the development of various sectors of the Nigerian economy, especially the communications industry; a \$60,000,000 contract was signed for the construction of pre-fabricated homes in Nigeria; one Varig flight crosses the South Atlantic daily transporting beef from Brazil to Nigeria; and during the last six months, resolution of the problem of transportation between Brazil and West Africa was initiated through the creation of several new shipping lines.

Trade between the two countries increased fifty-seven times between 1972 and 1975; and based on trends established in the first six months of 1976, this year Brazilian exports to Nigeria may total \$100,000,000. Some Brazilian officials speculate that within the next five years Brazil will export more to Nigeria than to all other South American countries combined. Following the failure of the National Bank of Brazil to promote an exchange relationship, Petrobras -- Brazil's national oil company -- created a special export branch (INTROBRAS) designed to coordinate Brazilian export production with Nigerian needs on a one-to-one basis. The purpose of the plan is to reach out to the small Brazilian industrialist who is unfamiliar with the dynamics of the export business, and to match his production with Nigerian demands, thus circumventing the American multinationals.

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The Brazilian government-owned sugar industry is also currently investigating public and private investment opportunities in Nigeria. In addition, in an effort to help rectify its balance of payments deficit, the Brazilian government may pursue the novel idea of subsidizing its industrialists who invest in Nigeria by borrowing in the United States and on the Eurodollar market, thereby not incurring an outflow of funds from Brazil. At the very least, further investment by Brazil in Nigeria, and possibly even joint ventures with Nigerian concerns can be expected.

The session closed with a reminder to the study group of the "historic resonance" of relations between Africa and Latin America. The linchpin of African-Latin American relations, historically as well as presently, has been agriculture. The first major transatlantic trade relationship was the effort to transport a high-density good that would be relatively invulnerable to interdiction, across the Atlantic to solve the agricultural problems of the New World -- the slave trade from Nigeria.

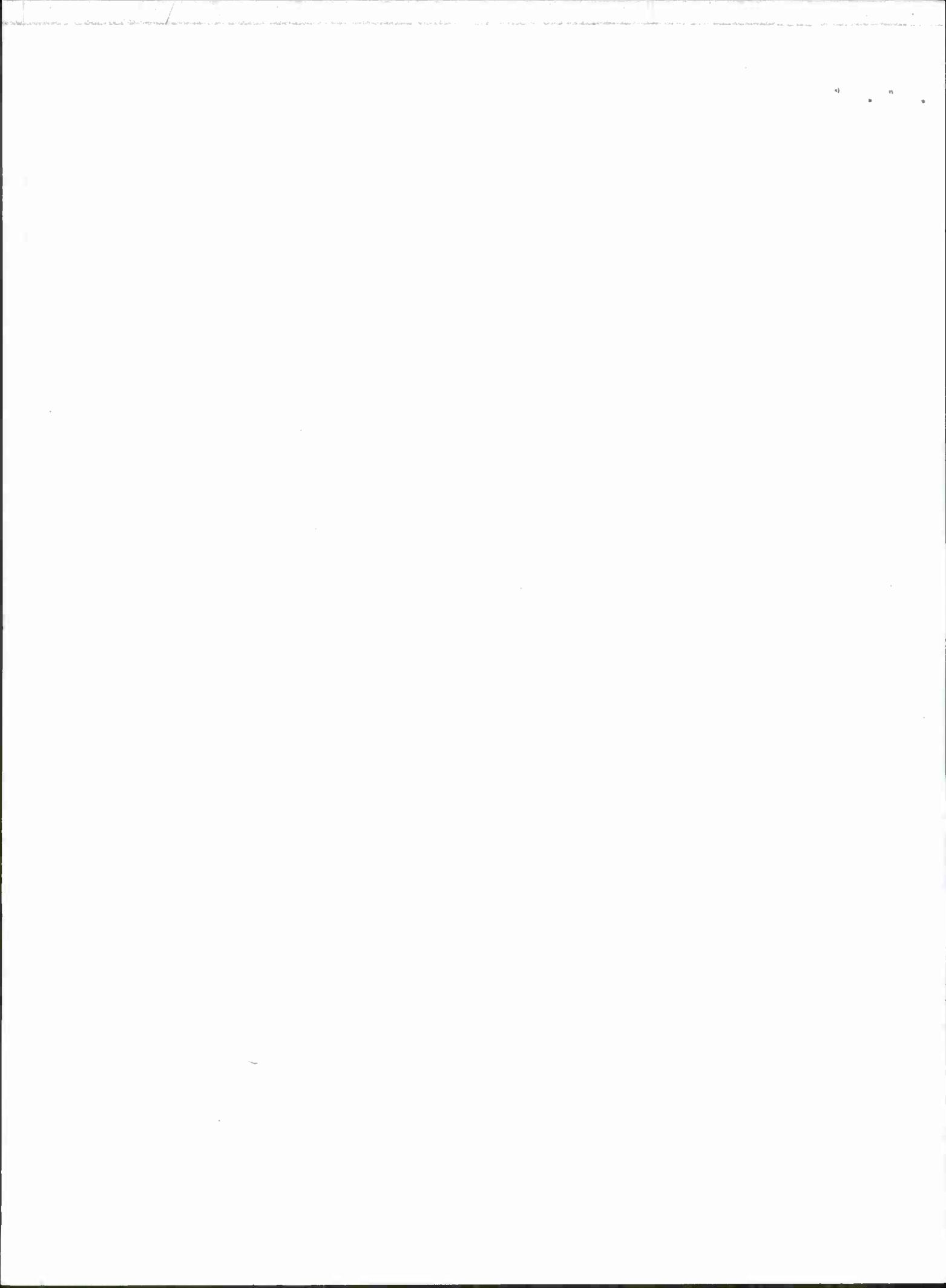
MAJOR REGIONAL POWERS AND THEIR INTERESTS,
GEOSTRATEGIC PERSPECTIVES AND CAPABILITIES:

BRAZIL AND ARGENTINA

A Report on the Schneider Session
of the South Atlantic Study Group

February 15, 1977

Institute for Foreign Policy Analysis, Inc.
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The third seminar session of the South Atlantic Study Group addressed developments in the "southern cone" of the Western hemisphere, with particular emphasis on the role of Brazil. Dr. Ronald Schneider (Department of Political Science, Queen's College, City University of New York) made a formal presentation which was followed by comments by the discussants, Dr. David Jordan (Chairman, Woodrow Wilson Department of Government and Foreign Affairs, University of Virginia) and Dr. Hans Tuch (United States Information Agency) and by questions and discussion from other members of the Study Group.

Professor Schneider based his remarks on a paper he prepared for limited distribution to members of the Study Group. In it, he addressed Brazil's interests and potential role in the South Atlantic area as well as Brazil's present and prospective policies regarding important issues in the region. A major focus of the presentation and the paper was the status and likely development of Brazil's important relationship with Argentina. The discussion of the South Atlantic Study Group members following Professor Schneider's presentation focused on four broad issues:

- 1) Brazil's internal political, economic and social conditions;
- 2) Brazilian-U.S. bilateral relations;
- 3) Brazilian hemispheric relations, especially its relations with Argentina; and,
- 4) Brazil's policy in Black Africa and the Republic of South Africa.

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Developments in the international economic system over the past two years have impacted severely upon Brazil's internal stability, leading one discussant to express a less optimistic view regarding Brazil's future than that suggested by Professor Schneider. Soaring oil prices resulted in a Brazilian petroleum bill that increased by 400 per cent in an eighteen month period following the October War of 1973 from \$800 million to \$3.2 billion. These skyrocketing prices have had tremendous repercussions for Brazil's situation. The Brazilian economy is extremely dependent upon export markets, and it has not been successful in offsetting the large balance of trade deficit incurred by the rapid rise in oil prices. Brazil's trade balance and its generally decelerating economy are new problems for the Brazilian leadership and it appears that they have not yet been able fully to come to grips with them. Signs of the severity of Brazil's internal economic straits may be seen in the fact that fully one-third of the populace is currently outside the country's economic life. Furthermore, as the attractiveness of Brazil as an investment milieu has diminished, it can no longer rely upon an influx of American dollars to soften its trade imbalance or general economic problems.

Deteriorating economic conditions have also hindered President Geisel's attempts to achieve a slow, deliberate "normalization" of internal political tensions. In the early

1970s since the Brazilian economy was going well and the country was getting things done economically, Geisel could afford to concentrate on Brazil's "redemocratization." With the onset of Brazil's economic problems, however, it was deemed impossible to address both economic ills and internal political problems simultaneously. Consequently, Brazil's movement toward "de-compression" came to an abrupt halt about eighteen months ago. Today Brazil stands at a critical juncture: the country could move toward either more repression or greater "democratization." Considerable skepticism existed, however, that the latter course will be followed. It was noted that even in the business sector, which had heretofore staunchly supported the conservative government, support is waning noticeably as frustration with economic problems and with an increasingly constrictive bureaucracy intensifies.

Brazil's unsettled internal political situation has given rise to questions regarding human rights violations by the Geisel regime. In light of the Carter Administration's strong stand on the issue, the question of human rights violations is likely to be a continuing source of friction between Washington and Brasilia. Relations between the United States and Brazil have progressively deteriorated over the last three years as sources of bilateral tension have proliferated. Issues over which there have been differences include not only the human rights question, but extend as well to trade problems, ranging from disputes over non-rubber footwear to the question of Brazil's nuclear development program.

The Brazilian decision to acquire a full nuclear cycle and the subsequent agreement with the Federal Republic of Germany has constituted the greatest source of tension between the United States and Brazil. Discussants agreed upon the importance of the "emotionalism" of the issue in Brazil: American attempts to forestall the West German sale of reprocessing and enrichment facilities to the Brazilians have been widely perceived as an effort to deny America's southern "cousin" a legitimate role as a significant hemispheric, if not world, power. It must be remembered that Brazil did not seek the agreement with the West Germans until after U.S. firms were prohibited from bidding on the construction of enrichment and, more important from Brazil's perspective, reprocessing facilities. Beyond the issue of weapons development, it remains compelling that Brazil desperately needs a source of domestic power. Nuclear energy would allow her an increased measure of independence in the world petroleum market, aid in reduction of its balance of payments deficit, increase economic industrial activity in the expanding export-oriented sector, etc.

Brazil's potential nuclear capability was also discussed in terms of its significance for Brazilian hemispheric relations. Acquisition of nuclear technology is likely to exacerbate the chronic problems Brazil has in conveying its

intentions to its Hispanic neighbors, especially Argentina, Venezuela and Mexico. Regardless of Brazilian policy statements denying expansionist desires, any increment in Brazil's capability to project power will heighten security concerns among its Spanish-speaking neighbors.

Brazil's nuclear policy will impact particularly on Brazilian-Argentinian relations. It was noted that from Brazil's perspective the time factor involved in nuclear development is critical. Argentina is currently substantially ahead of Brazil in the nuclear race as the Argentine nuclear facilities are free from external control. Brazilians also perceive the temptation that must exist in Argentina to close the "prestige" gap between the two countries and the role that nuclear weapons could play in doing so. In addition, Argentina's technology is in a relatively less vulnerable position. Brazil, therefore, cannot run the risk of Argentina acquiring nuclear weapons unilaterally. One discussant suggested that even if the Brazilian-West German nuclear agreement were abrogated or changed, the Brazilians would continue to pursue nuclear development. It might take longer, but they would be all the more determined. In the long run, neither Brazil nor Argentina needs to buy nuclear technology from anyone, but, given the time factor, Brazil cannot wait to develop indigenous capabilities.

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In Argentina, strategists have proposed essentially three options with regard to relations with Brazil: confrontation, yielding to Brazilian dominance, or cooperation. One discussant contended that in the nuclear arena, Argentina would clearly prefer cooperative relations with Brazil, presenting the thesis that the nuclear issue held potential for creative problem solving, if properly managed. The state closer to the nuclear threshold (i.e., Argentina) could offset certain disadvantages in diplomatic and strategic resources and achieve otherwise unattainable political-diplomatic goals -- in other words, "threshold nuclear diplomacy." It was proposed that such a technique could be used in order to emphasize the availability of the cooperative option, though some skepticism was expressed with regard to the thesis that states could approach the nuclear threshold only to allow each, in fact, to refrain from crossing that threshold.

Given increasing pressure on Brazil by the United States, the question was raised whether Brazil or Argentina would seek to cooperate with South Africa in nuclear development. The consensus of the panel was that possibilities for Argentinian-South African cooperation were highly likely, particularly if either country also became the target of U.S. pressure. Already, there has been a mushrooming of commercial relations between the two countries as tremendous numbers of South African business groups travel to Argentina.

With regard to potential Brazilian-South African nuclear exchanges, it was stressed that Brazil currently maintains a "holier than thou" attitude toward the white regime in South Africa (despite the fact that Brazil remains, according to one Study Group member, a rather racist society -- a factor that could jeopardize Brazil's relations with black Africa in the future). Prospects for Brazilian-South African nuclear cooperation were, therefore, generally considered much less likely, at least at the present time.*

Strains between Brazil and Argentina, of course, extend well beyond the nuclear question. Superimposed on their traditional rivalry are differences over specific issues such as Brazil's activity in the La Plata Basin, and the status of Antarctica (although one discussant demurred, indicating that the Antarctica issue was less significant than many people thought).

The Argentines are also very conscious of the differences in prestige that accrue to the two countries as a result of their respective economic performances over the last decade. In fact, one discussant linked the recent coup in Argentina to the disparities in the international roles played by Argentina and Brazil. It was suggested that the Argentine military allowed Perón to return in order to achieve a domestic political settlement

* It was noted by one participant that in recent weeks Argentina has voiced strong support for the Brazilian-West German nuclear deal in the face of U.S. counterpressure, which may be interpreted as an attempt to preempt future Brazilian-South African cooperation.

that would allow Argentina to pursue a more assertive international rôle. When it appeared that Brazil was the only power in South America being consulted by the United States on Cuban actions during the Angolan crisis, it became clear to the Argentine military that they had not achieved their objective. Consequently, they again took action.*

An underlying theme of the Study Group's discussion of Brazilian-Argentinian relations was the question whether Brazil and Argentina are likely to reach an accommodation during the time frame of this study. Differences of opinion, or at least of emphasis, emerged. On the one hand, there were those who thought it very unlikely that Brazil and Argentina would be able to resolve their differences. On the other hand, it was suggested that if the United States developed a creative diplomatic policy for the region a better relationship between the two countries could be forged. The difficulties in doing so should not be underestimated, but the situation was not necessarily impossible.

The interest of Brazil and Argentina in developments in southern Africa was another subject of consideration by the

* One panel member likened the recent coup in Argentina to the Brazilian coup in 1964: the passing of a popular demagogic leader, followed by his heirs who were eventually discredited, leading to a military takeover.

Study Group. In the event that conditions in southern Africa deteriorate seriously discussants speculated that Brazil could be inclined to intervene on behalf of black nationalists, but only in a very extreme case.* Argentina's action was seen to be dependent on its internal situation, although any Argentine action was viewed as unlikely. More generally, one discussant defined the current international system as one of "international feudalism" in which smaller powers offer their services to larger powers for mutual advantage. Given this characterization, Brazil and Argentina were identified as the only two Latin American states with the military capability to offset Cuban "knight errantry" in Africa and elsewhere. The United States was portrayed as having an interest in promoting stability in Brazilian-Argentinian relations in order to prevent such Cuban activities.

A final area of discussion was the Brazilian merchant marine and navy. Although Brazil's shipyards are privately owned, much of the merchant marine funding comes directly from government contracts (e.g., construction of a tanker fleet for Petrobras). Large-scale investment by the government has combined with funds from Japan and Europe to generate considerable expansion of Brazil's shipyards. Maintenance and repair facilities

* It is interesting to note that in comparing this hypothetical situation to the Dominican crisis, one discussant pointed out that the speed with which a Brazilian acted in the latter case was a result of what they thought Argentina was going to do.

for naval purposes are also being developed. The Brazilian shipyards are presently engaged in some building for export and are planning a major shift to emphasize exports as their merchant marine requirements are completed. Nigeria remains a potential recipient, they hope, though a world-wide export offensive is planned.

A Brazilian naval capability in the South Atlantic is not a major security issue for Brazil, and little can be found in Brazil's strategic literature regarding the topic. Though U.S.-Brazilian naval relations (characterized as "umbilical") have existed since 1921, doubt was expressed as to whether the United States considers the Brazil force a significant contribution to the protection of the South Atlantic region.

A thread that ran throughout the discussion was the question whether Brazil will become a first-rank international actor in the next two decades. For some members, the problems posed by Brazil's internal economic and political difficulties, its rivalry with Argentina and its strained relations with the United States create serious doubts about a major role for Brazil in the future international system. Other Study Group members, while not denying the problems confronting Brazil, argued that the country would overcome those obstacles and assume the status of a world power by the end of this century. One discussant noted that neither democracy domestically nor friendship with the United States externally constituted prerequisites for substantial international role.

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Brazil's international aspirations create some policy problems for the United States. It was argued that American lack of vision in giving emerging regional powers like Brazil a role in the international system could contribute to international instability. Brazil is obviously not the only country with which the United States must reassess its entire network of relations, and the view was expressed that the United States should not refrain from providing direction for the channeling of aspirations in countries like Brazil. If the United States does not resolve this issue of how to deal with regional powers expanding their political horizons, however, the stability of the international system could become very tenuous.

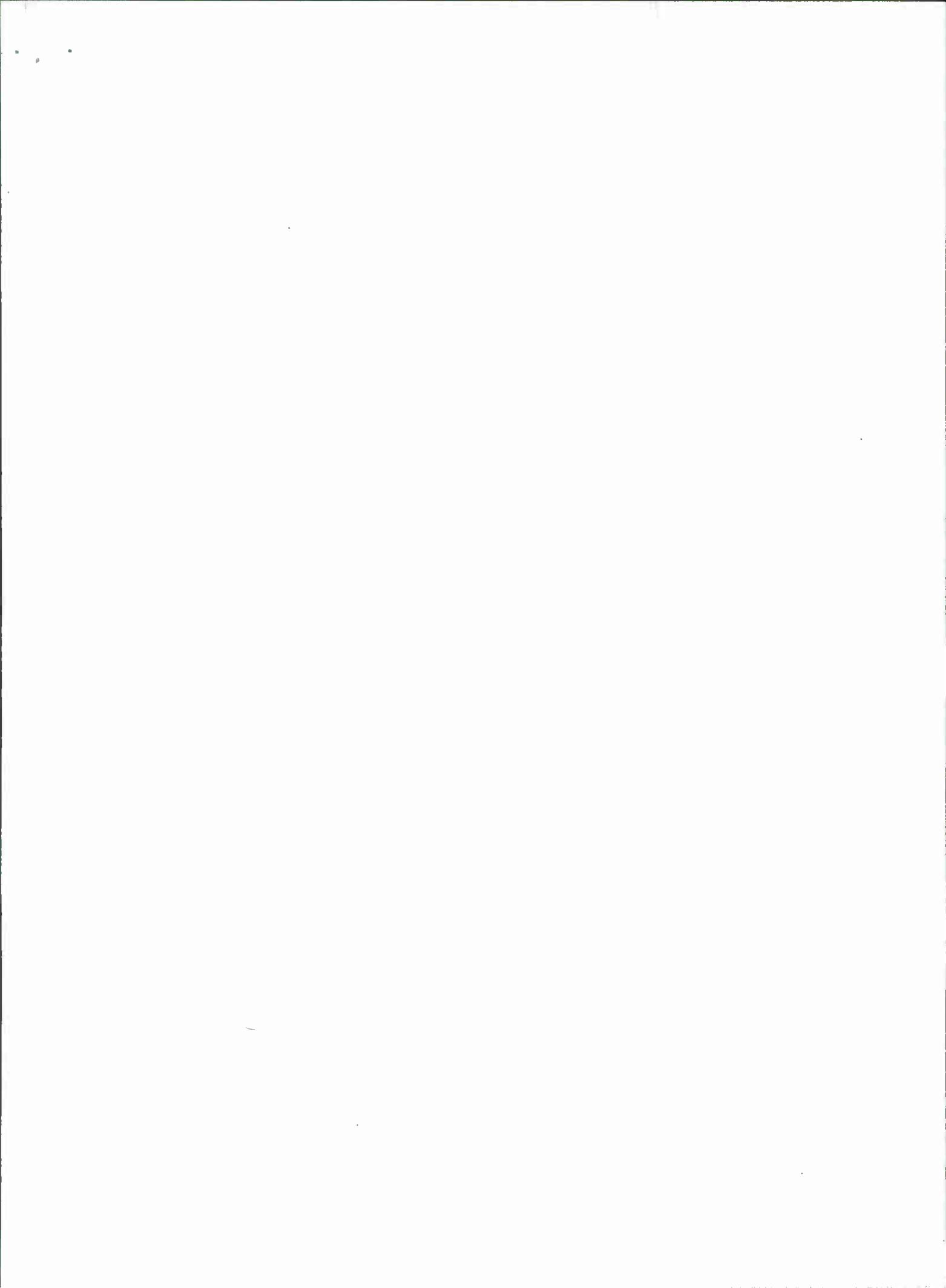
MAJOR REGIONAL POWERS AND THEIR INTERESTS,
GEOSTRATEGIC PERSPECTIVES AND CAPABILITIES:

SOUTH AFRICA

A Report on the Crocker Session
of the South Atlantic Study Group

March 8, 1977

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Focussing on the Republic of South Africa, members of the Study Group on the South Atlantic addressed developments in southern Africa and their implications for U.S. policy during their fifth meeting. Chester A. Crocker, Director of African Studies, Center for Strategic and International Studies, Georgetown University, prepared a paper for the session and made a presentation. Comments on the paper and presentation were offered by Jennifer Seymour Whitaker, Associate Editor, Foreign Affairs and Ernest Lefever, Director, Ethics and Public Policy Program, Georgetown University. The meeting was then opened to questions and discussion by other Study Group members.

In his paper and presentation Dr. Crocker emphasized that while South Africa is heading toward greater autonomy than it has hitherto enjoyed, it will be a focal point of hostilities in a region that will remain a zone of conflict throughout the 1980s. In terms of U.S. policy Dr. Crocker contended that the United States will pay a price because it cannot afford politically to develop closer relations with the white South African regime, but that the United States must pay that price. In the meantime, Washington is increasingly losing its leverage with a regional power that will very likely "go nuclear."

During the discussion that followed Dr. Crocker's presentation, four major themes emerged: 1) the nature of Western, particularly American, interests and priorities in southern Africa; 2) the criteria by which United States policymakers should evaluate U.S. policy in southern Africa, especially U.S. policy toward South

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Africa; 3) various scenarios regarding the evolution of events in southern Africa to which U.S. policy might have to respond; and 4) specific policy instruments available to the United States to influence developments in the region.

A variety of propositions regarding Western, particularly American interests and priorities in southern Africa were set forth by participants. First it was argued that if the United States was serious about its role as a world power, it should have an interest in influencing the course of events as they unfold in southern Africa. The transitions in Rhodesia and Namibia will not necessarily be peaceful; in fact, it is not unlikely that, at least in the case of Rhodesia, it will be just the opposite.

Inextricably linked to this concern is the U.S. interest in denying strategic access and control of southern Africa to any potentially hostile power. In other words, the United States must seek a preemptive presence to check Soviet pressure on the West's periphery. One Study Group member argued that the Soviet Union had clearly staked out its strategic priorities in southern Africa -- marking South Africa as the most important prize -- and that it has invested tremendous efforts in order to claim it when it falls. In response, another participant noted that one should be cautious in any assessment of the Soviet presence in Africa so as not to conjure up scenarios that might prove damaging to U.S. interests in the long run. What have the Soviets actually accomplished in Africa thus far? Can they deny the United States access to the

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continent? Somalia remains the only African country offering the Soviets basing rights, and they have use of facilities in Guinea and Angola. At the same time, the United States has access to facilities in Ethiopia and Liberia. The Soviet attempt to penetrate Africa further both politically and strategically cannot be totally discounted but one should carefully examine the advantages and disadvantages that such penetration would create for the Soviet Union in terms of their ability to deny U.S. access in Africa.

As an extension of this discussion, southern Africa was portrayed as having strategic importance for the United States in that what happens there, and what the United States does there, could have a major impact on events in the surrounding seas and in proximal regions. Distinguishing between "wartime" and "peacetime" scenarios, one participant argued that southern Africa, indeed central Africa, would not be important in wartime unless the Soviet Union established major bases around the African littoral or unless the superpowers became enmeshed in protracted warfare.* Southern Africa, does, however, become very important in the so-called "grey area" peacetime scenario of on-going tension and

* It was noted that in a wartime scenario, the U.S. position might actually improve since it would have access to South African facilities that, for political reasons, we now deny ourselves.

continuing crisis.** The compelling point was seen to be the geographic significance of southern Africa in terms of its proximity to Latin America, the Indian Ocean, and the Persian Gulf. The Indian Ocean and the Persian Gulf were viewed as of the utmost strategic significance to the United States, and it was argued that U.S. actions in southern Africa will have a profound impact upon the perceptions of observers in those nearby regions.

A third interest of the West in southern Africa was posited as South Africa's ranking as the non-communist world's fourth largest mineral producer. The extent of South Africa's mineral deposits, however, is a subject of some debate. One participant noted, for example, that statistics describing the extent of South Africa's uranium reserves frequently include Namibian reserve figures as well. Namibian reserves actually exceed those of South Africa -- although they are considered to be of a lower grade -- and he argued they should not be included in South African figures, since they will shortly be no longer under South African control. It must be pointed out that the United States with its own considerable mineral wealth could adjust to a rupture of South African mineral supplies whereas Western Europe and Japan remain

** It was postulated, for example, that the Cape Route was more important in a commercial rather than military sense, since the United States could utilize alternative routes -- such as the Suez Canal and Indonesian Straits -- to deploy forces in the Arabian Sea that completely by-pass the Cape (although these routes might not be available in some situations.)

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heavily dependent upon minerals from both South African and black southern African states. One participant also feared that Soviet control in southern Africa could result in the increase of southern African mineral prices, and perhaps even cartel action, given the considerable duplication of mineral resources in the Soviet Union and in southern Africa.

The attractiveness of South Africa as an investment milieu for the West -- offering high rates of return on capital -- was pinpointed as a fourth interest of the West in southern Africa. Britain, for example, has 25% of its overseas direct investment in South Africa. U.S. investment in South Africa, on the other hand, is actually less than might be expected, accounting for only 1% of total U.S. foreign investment and 14 - 17% of total foreign investment in South Africa. A critical factor in determining the future attractiveness of a particular country for investment, however, is the degree of political stability that prevails. As internal turmoil increases in South Africa one would expect new investment to decline, as the trend over the past several years in fact indicates.

Having addressed Western and U.S. interests in southern Africa, discussants and participants attempted to outline those factors they considered to be most important as criteria for U.S. policymaking in the region and toward South Africa specifically. One discussant reminded the Study Group that the United States

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must consider its relations with other African states in any future policy. In the long term, the maintenance of close relations with the present regime in South Africa would actually serve to undercut any future credibility that the United States may attempt to gain among black African states. Washington, therefore, must weigh its interests in the African continent as a whole. Nigeria, for example, was offered as a potential counterweight to South Africa from the U.S. perspective. Though currently behind in GNP by 10%, Nigeria is maintaining a substantially higher growth rate than South Africa and will soon overtake it. Also, U.S. trade with Nigeria -- given vital petroleum imports -- is twice the size of its trade with South Africa.

In light of the new administration's foreign policy emphasis human rights was also suggested as a policy criterion, and one discussant noted some of the complexities of that issue with regard to South Africa. Calling for a return to a geopolitical and strategic analysis of U.S. international interests, he strongly criticized the new preoccupation with human rights and racial issues as risking the subversion of "classical" strategic, political and self-interest factors that should be the bases of decision in foreign policymaking. Human rights were portrayed as having been arbitrarily linked to race in the South African case. It was suggested that the only plausible replace-

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ment to the present regime in South Africa was another minority regime approximating those in Black African countries, very few of which observed human rights. Citing statistics from Freedom House, he noted that 34 of 37 regimes in Black Africa (including Nigeria) are listed as violators of human rights. He cautioned that it was arrogant for the United States to involve itself in the reformation of other country's institutions and domestic affairs. South Africa was portrayed as a natural ally of the United States given its minerals, strategic position, governmental world view, disposition to cooperate with the West and commitment to Western values. If the United States considered South Africa in strategic rather than moralistic terms, he concluded, then U.S. policy would seek to take advantage of the positive benefits that relations with South Africa would provide.

In response to this argument it was contended that if, in fact, South Africans did share Western values, then we should hold them to those ideals. The gap between the ideal and the practice in the administration of justice in South Africa, between the "haves" and the "have nots" in terms of those who receive South African justice, is glaring. Furthermore, it can be argued that from the U.S. perspective the question is not so much one of justice as of politics. Certainly a black leadership in South Africa oppressing blacks and whites would be as condemnable as the present situation. This does not mean, however, that

the United States should not attempt to work for a peaceful change of the status quo. For reasons relating to internal South African politics and to the regional situation in southern Africa the present arrangements in South Africa cannot, and will not, endure. It is in the U.S. interest to recognize that change will occur and to be forward looking and come to terms with that change. Only by doing so will it safeguard its strategic, political and economic interests in the region over the long-term. Therefore, if U.S. policy has a human rights element as one criterion, it serves wider political and economic interests as well.

A third factor -- considered critical by some -- in the formulation of U.S. policy toward southern Africa is the impact of our actions or inactions upon our own domestic stability. The United States must be very careful to avoid a policy in southern Africa that might risk the polarization of the American society at home.

The Study Group necessarily gave some time to a discussion of potential internal political outcomes that may evolve in South Africa and their implications for U.S. policy. Several commentators noted the need for U.S. policymakers to acquire a greater appreciation of the historical background of the present South African system and its current internal conditions and problems. The United States was portrayed as too often comparing its own

experience with slavery to the South African case when they are markedly dissimilar; one comment from the floor expressed the view that the United States is perhaps trying to project its own guilt feelings regarding slavery upon the South Africans.

A clearer understanding of white South African sentiment, particularly among the Afrikaners, is also a necessity. That sentiment was described by one participant as the "immovable presence of white nationalism," bent upon survival and refusing to commit political suicide. Any pressure will be resisted and will, in fact, hasten the process of racial conflict that U.S. policy is trying to avoid. South Africa's "white tribe" will not disappear. For this reason, the homelands policy of separate development seemed to him the only possible course.

If one assumes, however -- as a number of commentators did -- that white dominance in South Africa will not continue indefinitely, then there are many alternative futures for the country. The possibilities range from democratic majority rule or confederation to mass population movements and fragmentation. There seemed to be a consensus that a loose federation was probably the most viable alternative as it would allow the whites to retain the fruits of their labors. However, all agreed upon the considerable difficulties that would be encountered in achieving an effective confederation. In particular, given existing economic and political realities, a dramatic change of attitude would be

required of the white South Africans before they would consider relinquishing any land or resources now under their jurisdiction.

Discussants and participants were also uniformly pessimistic regarding the possible evolution of majority rule in South Africa. The prospects for its success are gravely complicated by the multiplicity of racial groups in the country. It is unrealistic to speak of "blacks" and "whites" in South Africa as monolithic units: differences between the "British" and Afrikaanen segments of the white population are very real as are those that divide the country's blacks. In addition, the three million "coloreds" in South Africa might not relish being ruled by a black regime, one participant noted, while some of its 800,000 Indians might also side with the whites after looking north. South Africa cannot be compared to Rhodesia where the pattern is much less complicated. Although South Africa's complex demographic map means that the political outcome cannot be predicted easily and will not be solved facilely, some members of the Study Group held that its racial multiplicity offered the opportunity for change and represented a pressure point that might be tapped in influencing transition in South Africa.

The transition of power in Namibia and Rhodesia was also of concern to Study Group members. While the possibility of the constitutional convention in Windhoek achieving some success was not completely discounted, the problems in Rhodesia were generally

perceived as very severe and the potential for further violence was held to be quite high. South Africa's politics toward its neighbors, especially its intentions concerning Namibia, were the subject of some debate.*** On one hand the view was expressed that South Africa would seek to limit the risk to itself in promoting the transition in Southwest Africa, and that it was committed to the timetable of granting independence by December 1978 if not before. On the other hand, there were those who argued that in the abstract and in the long-term South Africa recognizes and accepts the need for an independent Namibia. However, in the short-term, the Vorster regime remains ambivalent. Evidence suggesting that South Africa might not be as committed to Namibian independence as it claims can be found in Pretoria's discussion of the need to upgrade its maritime patrol capability with regard to Namibia's fisheries, an unusual claim given that these fisheries will soon be controlled by another independent sovereign state. South Africa's declared intention to retain the port at Walvis Bay on the Namibian coast and Pretoria's concern with the security of the border between Namibia and Angola are further examples of South African actions that raise doubts regarding policy toward Namibia.

*** It should be noted that South Africa currently perceives Rhodesia's security forces as some of the most competent counter-insurgency forces in the world and that barring significant Cuban involvement they will be able to maintain a stalemate well into the 1980s -- a perception not common in the United States.

Given the general characterization of South Africa's importance to the West and an appreciation for the complexities of the southern African region as a whole, the Study Group made an attempt to delineate specific policy instruments available to the United States to influence the course of events in the region. Of course, policy recommendations varied with the preferred political outcome of each commentator. If, upon accepting the inevitability of change, the goals of the United States are defined as the promotion of peaceful change and the maintenance of access to Southern Africa, how are these best secured?

Reminding the seminar of the military strength of the whites in South Africa, one discussant set the boundaries of U.S. policy by emphasizing that no one is going to coerce the white regime into anything. However, certain rather compelling political and economic vulnerabilities that currently beset South Africa were portrayed as potential avenues for the exercise of U.S. influence. South Africa's resource situation, for example, is less favorable than is generally believed. Heavily dependent upon foreign oil imports, South Africa maintains an unhealthy dependence upon Iran as its sole supplier.**** This relationship,

**** South Africa has one coal gasification project which supplies only 40% of its petroleum needs.

particularly should Iran become unstable, creates obvious dangers for various sectors of the South Africa economy, including its transportation systems, minerals production, etc. There are also problems with South Africa's dependence upon African labor that leave it vulnerable to boycotts and strikes that could paralyze the economy, assuming, of course, that such actions could be organized. ***** In addition, plummeting gold prices are hitting South Africa hard at a time when Pretoria sees the necessity to pour ever-increasing amounts of money into defense expenditures. The tension between the financial requirements of military preparedness and economic demands -- especially the homelands policy that will require massive outlays by the South African government -- constitutes a serious problem confronting the Vorster regime. Finally, perhaps South Africa's most striking vulnerability may be its extended border with Botswana, so near the South African industrial heartland. In light of these weaknesses, South Africa is now somewhat vulnerable to U.S. pressure.

The progressive actions of U.S. multinational corporations were approved by some, but not all, commentators as one kind of leverage the U.S. can exert, but they were held to be inadequate by themselves. The curtailing of further investment was suggested,

***** It must be mentioned, though, that South Africa reaps significant symbolic, diplomatic and economic benefits from this labor policy.

although the counter-argument can be made that such an action would dramatically penalize Black Africa as well, since diminished trade and investment with South Africa would shrink labor markets and thus undercut economic progress throughout the southern African region.

The fear was expressed that due to the extreme entrenchment of white opinion negative sanctions such as these would be counter-productive. Operating on the premise that the United States must adopt positive measures toward the South African regime, advocates of this position suggested reinforcement in the form of U.S. recognition of the Transkei, economic aid to the black South African homelands, or "bantustans", encouragement of the constitutional process currently under way in Namibia, and one participant even proposed that the United States sell Pretoria the maritime reconnaissance plane that it has requested.

Each of these options, however, has serious political difficulties. In recognizing the Transkei, for example, the United States would be doing very little to improve the situation of South Africa's urban blacks who are not provided for in the homelands policy. Such an action would leave the United States open to severe criticism from Black Africa and possibly even more extreme action, thus undermining long-term U.S. interests in southern Africa. A similar argument could be offered with respect to any sale of U.S. military equipment to the Vorster regime.

Recognizing the dearth of incentives the U.S. can now offer South Africa, commentators, nevertheless, emphasized the need to discover new "carrots" as opposed to relying solely on the application of punitive measures in a U.S. attempt to influence the South African regime. In order to initiate momentum in this direction several participants noted that the United States must endeavor to gain Pretoria's confidence by behaving as a reliable world power particularly with respect to Rhodesia and Namibia. If the United States tells South Africa that whatever it does will be wrong, then it is driving Pretoria to further self-sufficiency. If on the other hand, the United States appears to be reliable (e.g., by perhaps arguing with the OAU over South Africa's Namibian plans), then perhaps the white regime would have the necessary security to move toward gradually changing its internal political situation. At the same time, the United States must remain sensitive to the impact of its actions on the perceptions of Black Africans and take their goals and aims equally seriously.

Perhaps these requirements are mutually exclusive. Nevertheless, a useful role that the United States might play in unfolding events would be that of mediator between black and white Africans. During this process the United States could continue to send moderate signals to both sides. Study Group participants

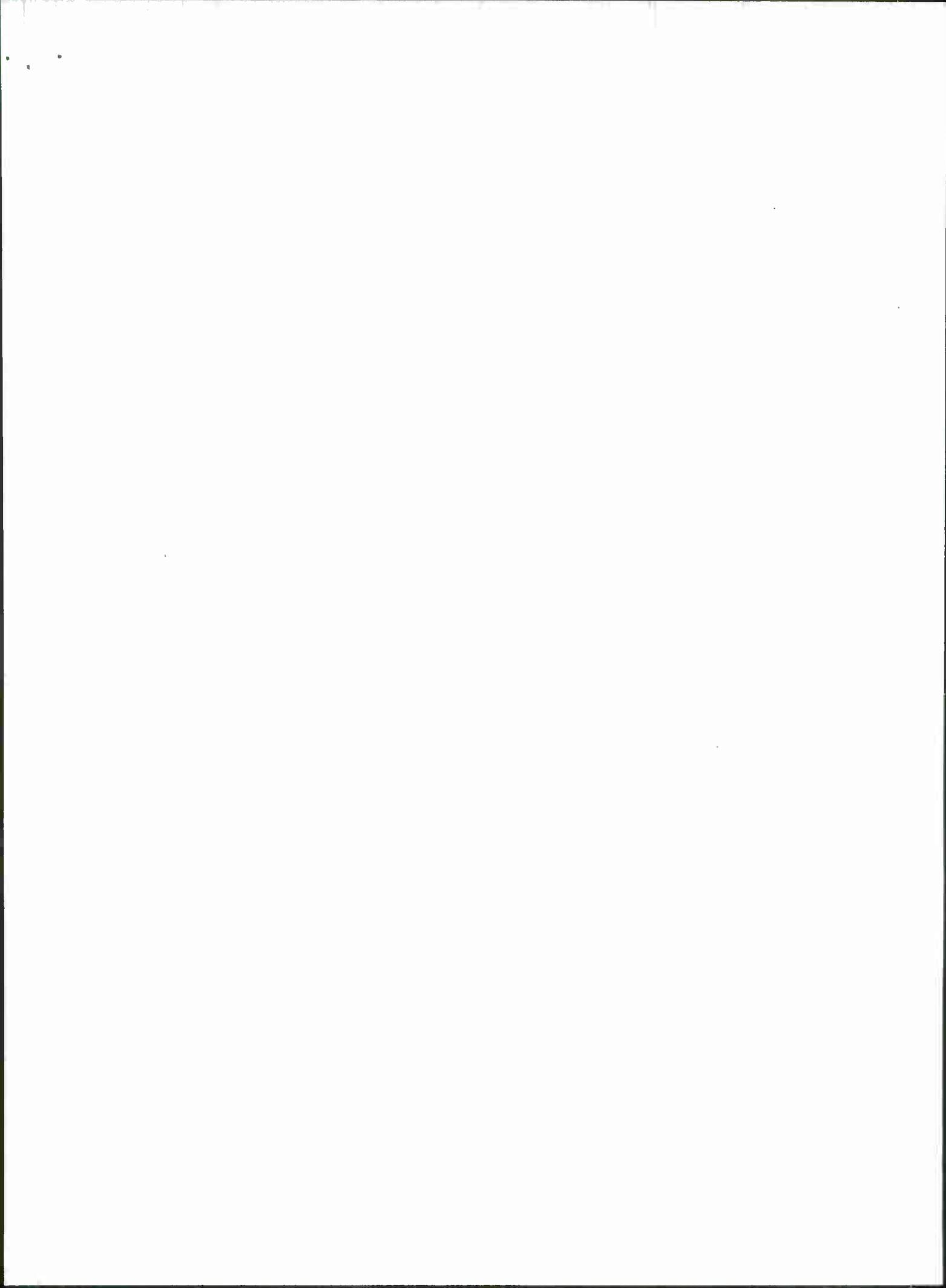
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seemed to all agree that part-and-parcel of any U.S. policy toward southern Africa should be the provision of economic aid to the front-line Black African states (as South Africa itself is doing), including Zambia, Botswana, and even Mozambique. In any case, the United States must take the initiative with an activist policy that aims at promoting peaceful change in southern Africa without jeopardizing long-term strategic and political interests.

SOVIET INTERESTS AND CAPABILITIES
IN THE SOUTH ATLANTIC REGION
A Report on the MccGwire Session
of the South Atlantic Study Group

March 2, 1977

Institute for Foreign Policy Analysis, Inc.
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The fourth seminar session of the South Atlantic Study Group considered the interests and activities of the Soviet Union in the South Atlantic area, and the role of the Soviet Navy in particular. A paper was prepared and a formal presentation made by Professor Michael MccGwire of the Department of Political Science, Dalhousie University. Discussants for the session were Professor Richard E. Pipes of the Department of History, Harvard University and Professor Uri Ra'anan, the Fletcher School of Law and Diplomacy, Tufts University. Following Professor MccGwire's presentation and remarks by the discussants, the session was opened to questions and comments from other Study Group participants.

In his paper and presentation Professor MccGwire focussed on the role of the Soviet navy as an instrument for the promotion of Soviet foreign policy objectives. He argued that the Navy's contribution in the South Atlantic region is limited and that, in fact, the South Atlantic should not be considered a strategic theater.

The discussion following Professor MccGwire's presentation coalesced around three broad issues:

- 1) Soviet geostrategic/political goals;
- 2) the Strategic importance of the South Atlantic region to the Soviet Union; and
- 3) the impact of Soviet activity in the South Atlantic area upon local powers and other international actors.

Despite Soviet blunders, foreign policy reversals, and significant technological weaknesses, one discussant emphasized the dramatic increase in Soviet world power and influence over the past two decades -- an upsurge that has occurred quickly and without great expenditure of resources. Owing to a centralized foreign policymaking structure that has generated long-term policy objectives (as evidenced in the naval buildup and nuclear stockpiling that began in the mid-1950s), the Soviet Union has been able to maintain a continuous momentum while learning from past mistakes.

Soviet policy in Africa in the 1950s and early 1960s, for example, was described as an "utter fiasco." By learning from its early errors, however, and by adapting its policies accordingly, Moscow has subsequently scored significant African successes in countries such as Guinea-Bissau, Somalia and Angola. With active liberation movements in Rhodesia and a highly volatile situation in South Africa which could also foster a revolutionary nationalist organization in that country, there remain ample opportunities for the Soviet Union to exert its influence on the course of African events into the 1980s.* It was

* It was also suggested that a potentially unstable situation existed in Latin America that could be exploited by the Soviet Union. Native Indian and black discontent, it was argued, could lead those elements to seek the overthrow of the ruling Spanish or Portuguese elites. To what extent this division within society has been ameliorated by the mixing of the races and the assertion of a political leadership role by native Indian elements (as in Mexico) is a matter for further consideration.

suggested that Africa could become a Soviet "sphere of influence" as it was once a European domain during the period of British and French colonialism.

Some members of the Study Group took exception to this portrayal of the Soviet international advance. Twenty years ago, one participant noted, the Soviet Union enjoyed an apparently sound alliance with China, stood at the threshold of launching Sputnik, felt confident enough to undertake foreign policy offensives over Berlin and elsewhere, and had recently established a position in the Middle East. From this perspective, Moscow's international position was not considered to be significantly improved over the last twenty years. Further, the view was expressed that the Soviets are not as adroit diplomatically as they are often portrayed, especially in their relations with Third World countries.

Disagreement was also voiced over the interpretation of specific Soviet policy gains in Africa. One participant cautioned against the tendency to "write-off" much of Africa to the Soviet Union. It was noted that U.S. economic interests have not been eclipsed by the Soviet presence in certain African countries. In Guinea, for example, U.S. imports of bauxite have in fact increased, and in Angola, Gulf Oil continues to operate. Furthermore, in Angola fully 60 to 80 per cent of the Angolan population remains outside MPLA control, a fact that throws considerable doubt

on the long-term viability of a Soviet-supported MPLA regime.

In response to these examples, another participant pointed out that Soviet political control can be maintained without a commensurate need to dominate the international economic relationship of African countries, as in the case of Eastern Europe. Moreover, many commercial ventures with the West are conducted by Poland where 99 per cent of the population is outside the Communist party, yet no one can claim that the Soviet Union does not enjoy substantial political influence there. Careful attention must be paid to the internal political situations of African states in order to evaluate the extent of Soviet influence in any particular country.

Soviet motivation for its drive into Africa, for securing naval facilities in eastern Africa at Berbera, Somalia and for its concern with the Indian Ocean and the South Atlantic generally was a matter of controversy. In his presentation, Professor McGwire suggested that the Soviets perceived the United States as a waning threat and were more concerned with the potential threat to Soviet interests from the People's Republic of China. A number of Study Group members disagreed, arguing that China did not pose a credible threat to the Soviet Union on either a conventional or nuclear level, and that the Soviets perceived this to be the situation. In response, the point was made that Soviet military planners -- who, of necessity, must engage in contingency planning

and who, by inclination, emphasize worst-case contingencies -- view China as a traditional enemy that, in a worst-case contingency, could threaten Soviet east-west sea lines of communication. A general consensus emerged among the group that China was perceived by the Soviet Union as a long-term threat while the United States was viewed as a short-term menace. One discussant argued that Moscow viewed conflict with China as more likely and hostilities with the United States as more horrible.

In considering the South Atlantic region specifically the Study Group focussed on the importance of the region in Soviet planning. Viewing this question from the perspectives of Soviet domestic considerations, the military importance of the area, and the South Atlantic's role in Soviet "grand strategy," members of the Study Group gave very different interpretations.

One participant suggested that the inability of the Soviet Union to solve its problem of internal agricultural deficits -- particularly in protein provided by land sources -- will insure Soviet interest and activity in the South Atlantic. For ideological reasons, the Soviets remain wedded to heavily grain-oriented farming methods, and the oceans thus represent the principal source of protein for their diet. During the last decade the Atlantic has maintained the lead in Soviet fishery catches, providing around 55 per cent of the total fish supply of the Soviet Union.

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The southwest Atlantic has played a relatively minor role in this regard, providing only about 6 per cent of the total Soviet catch at its peak and, as a result of unilateral actions by Brazil, Argentina and Uruguay extending their economic zone to 200 miles (partly in response to Soviet behavior), it provides about 0.1 per cent of the total catch at the present time. With the decrease in Soviet activity in the southwest Atlantic came an upsurge of Soviet fishing off the African coast. At one stage Soviet catches in this area accounted for about 10 per cent of the total, but this, too, has fallen to its present level of about 5 per cent.

The Soviets could afford to be sanguine about their diminished fishing catches in the South Atlantic, but they are facing prospects of a similar development in the North Atlantic where Soviet fisheries are becoming increasingly constricted. Consequently, one participant suggested that, as the North Atlantic fishing areas provide less and less of the total Soviet catch, the South Atlantic will grow in importance to the Soviet Union. There may be an increase in the number of incidents at sea involving Soviet fishing vessels and those of South Atlantic littoral states.

While the South Atlantic was considered to be of growing importance to the Soviet Union for domestic reasons, the area was given a much lower priority in Soviet military planning. With

regard to the argument frequently advanced of Soviet interest in interdiction of the "Cape Route," differing views and explanations offered. Several participants noted that the Soviets would more likely look to the Persian Gulf itself or ports such as Rotterdam at the terminal end of the oil flow as the logical points of interdiction of oil transport, rather than in the South Atlantic.* The Soviets are aware that projections of military force are dependent upon their credibility and that they are restricted in resources and limited in capabilities in the South Atlantic. Therefore, Moscow is left in the position of gaining what it can there, while the region remains of secondary importance. Another discussant cautioned, however, that confusion and lack of resolve displayed by the West might mislead the Soviets into thinking that they could get away with more in the region, thus making exposed sea lanes a temptation.

Whereas from a military point of view the South Atlantic was considered a theater of secondary or even tertiary importance, in terms of Soviet "grand strategy" the region was seen as much more significant. If one assumes, as some Study Group members did, that the Soviet quest for world hegemony is genuine and that the

*The point was made, however, that this analysis would have to be re-evaluated if the Soviets were to gain access to the South African facilities at Simonstown.

United States constitutes the principal obstacle to their attainment of the "communization" of the world mandated by history, then the South Atlantic assumes considerable importance in the overall Soviet scheme. The Soviets recognized in the mid-1950s that a frontal assault upon the United States was not a reasonable option. Instead, an indirect strategy was developed to isolate the United States gradually from its allies and the Third World in general. The objective was to outflank the United States through Latin American and Africa -- areas ripe for Soviet activity due to tenuous governments easily overthrown. From this perspective, the South Atlantic may be seen as the only feasible assault arena for the Soviet Union, and Angola was portrayed as a "stepping stone" to Latin America and the South Atlantic. In other words, raw materials and the Cape Route are not the central issues -- the Soviet objective is to gain an entree into the South Atlantic so as to outflank the United States.*

Discussants noted that Soviet activities in the region are consistent with this theoretical interpretation. One participant pointed out that the growing Soviet naval presence in

* An analogy was made between this attempt to outflank the United States and the Soviet moves to leapfrog NATO, MEDO and subsequently CENTO in the 1950s by developing close relations with Nasser's Egypt.

the Indian Ocean is being used to buttress the littoral states' perceptions of the Soviet Union as the dominant power in the Indian Ocean/South Atlantic region.

The use of the navy as an instrument of Soviet foreign policy was a dominant theme throughout the discussion. It was strongly emphasized that in peacetime the Soviets are using their navy as a means of political influence-building among the Third World.* Concern was also expressed regarding the Soviet Navy's role in "surrogate operations" (e.g., the Cuban action in Angola), a strategic policy congruent with Moscow's "indirect approach." At the Moscow Summit of May 1972 the United States and the Soviet Union agreed in their Declaration of Principles that neither they nor their allies would engage in activities in regional crisis areas. However, Moscow interpreted the term "Allies" legalistically to include only the Warsaw Pact, and not North Korea, Viet Nam, Cuba or other "fraternal socialist countries." According to one participant, this interpretation left the Soviets free to try to "detach" important pieces of territory in regions such as the South Atlantic through intervention by surrogates like the Cubans.** The Soviet navy was said to perform

* In a wartime scenario, the primary mission of the Soviet navy was defined as anti-submarine warfare. One participant noted that as the West's land-based nuclear force becomes increasingly vulnerable, an improving Soviet ASW capability assumes a new dimension. He argued that an evaluation of the Soviets ASW capability cannot be made in isolation from trends in both conventional and nuclear defense.

** One participant pointed out that at least some of the Cuban troops deployed to Angola had seen action before as Soviet surrogates in Syria.

critical function of prohibiting counter-action by the United States or a regional power. By positioning naval vessels between potential counterinterventionary forces and the scene of the crisis, Moscow would, in effect, be creating a "picket fence" to cordon off the area, thereby placing the onus of initiating hostilities on the nation attempting to break through. A participant noted that, in fact, the onus of initiation -- in terms of firing first -- is upon the Soviet navy, since the United States could always challenge them to respond to a penetration of their picket fence. Nevertheless, by means of this "surrogate" strategy and the use of the Navy to help implement it the Soviet Union was viewed as being able to make substantive and/or psychological gains.

In order to support this view of the Soviet Navy's role during peacetime one participant quoted at length from the new book by Admiral Gorshkov, the "Father of the Soviet Navy." There was a difference of opinion among Study Group members, however, over the authoritativeness of theoretical strategic writings like Admiral Gorshkov's as definitive statements of Soviet defense policy. On one hand there were those who held Gorshkov's writings to be a meticulously conceived policy statement cleared at the highest levels of Soviet decision-making. On the other hand, some Study Group members contended that it is too early to tell if the Politburo has "bought" Gorshkov's arguments. Although Gorshkov has dominated the

Soviet navy for the last twenty years, the emerging reviews of his treatise indicate that, while it is considered a major contribution to naval science, it is still under consideration -- and probably the subject of considerable debate -- in the Politburo.

One discussant pointed out that there is no apparent evidence of Gorshkov policy statements being translated into new Soviet technological developments or deployments: the Soviet allocation of resources do not seem to be following the Gorshkov doctrine.* However, it was noted that for the performance of the picket fence type of operation emphasized by Gorshkov, demonstration of power -- dependent upon credibility and visibility -- is the key factor, thus obviating the need to acquire new forces. What changes in naval force structure based on the Gorshkov doctrine are necessary or can be expected?

In addition to considering the importance of the South Atlantic region to the Soviet Union, Soviet intentions, and the role of the Soviet Navy, the Study Group also addressed the critical issue of the perceptions of Soviet actions in the region by other international actors. One participant noted that greater concern was expressed by states in the Persian Gulf

*For example, in 1954 the Soviet Union shifted 60 per cent in tonnage from naval to merchant marine construction -- a pattern that still exists today.

regarding Moscow's increased presence in the Indian Ocean than by policymakers in the United States. Realizing that the transport of oil from the Gulf is highly sensitive to developments in the oceans, a non-response by the United States to a Soviet build-up in the Indian Ocean is understandably discouraging to states in the Persian Gulf region. If the United States does not respond to the increasing Soviet presence, over time the regional states will, of necessity, be required to respond to the primary power in the area, i.e., the Soviet Union.*

Beyond the regional powers in the South Atlantic, a participant noted that the subtle, progressive build-up of Soviet forces in the Indian Ocean impacts psychologically upon West European attitudes, perhaps feeding skepticism with regard to a U.S. commitment to counter Soviet momentum. These factors relate to that more elusive category of the U.S.-Soviet balance, namely, who is winning the psychological competition. From the U.S. perspective, a participant noted the need for the ability to react quickly and decisively in regional environments when our interests are in danger, in order to boost public morale. Citing the Entebbe raid as an example, he noted that the trauma and loss of confidence in the Israeli armed forces that followed the 1973 war was reversed by the lightning strike at the Entebbe airport. The United States must also have both appropriate forces and the will to use them in such a bold manner.

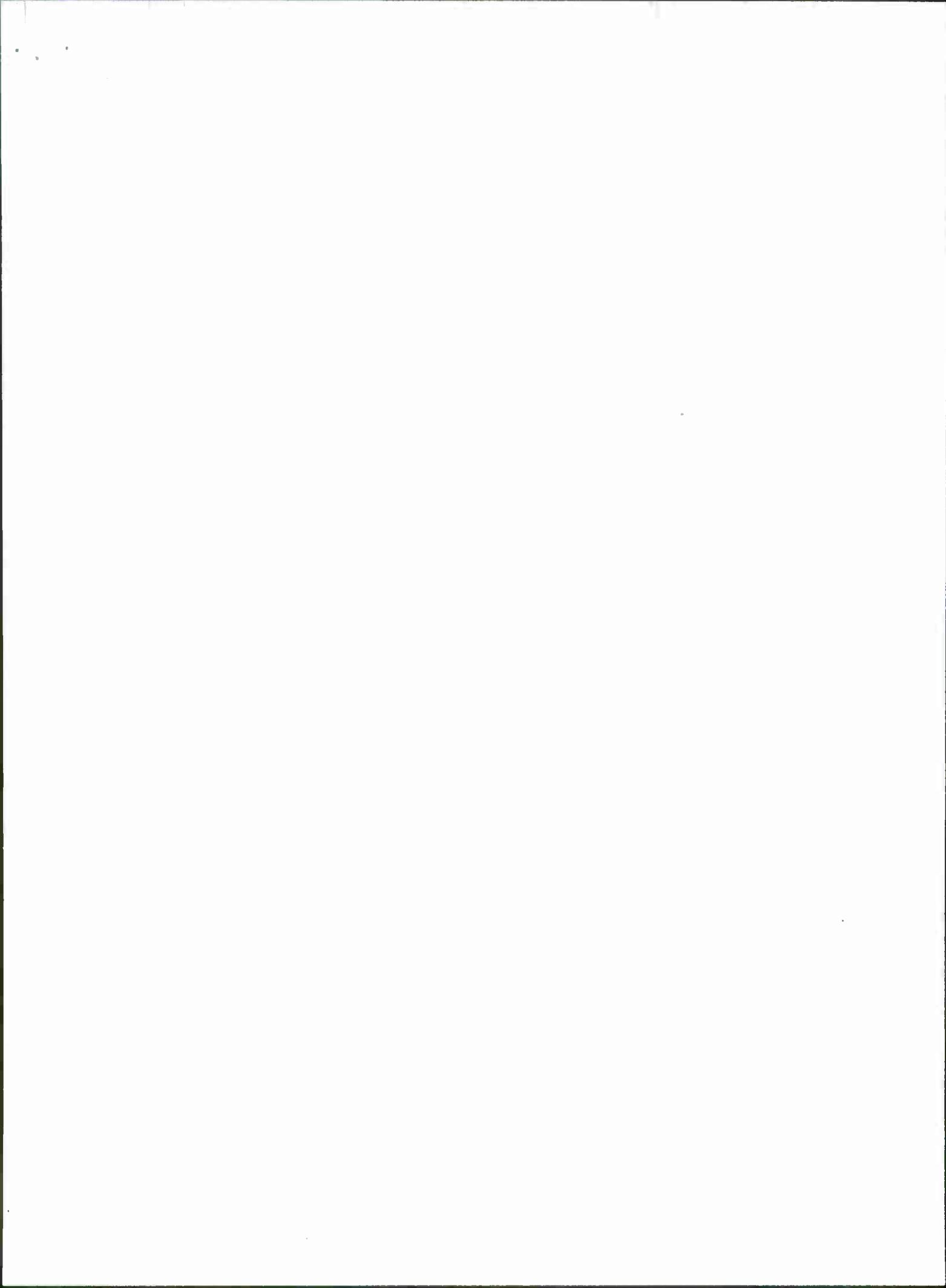
*This point lends considerable insight into the rationale for Iran's arms acquisitions, for example: Spruance Class destroyers, blue-water navy development, etc.

NEW MARITIME TECHNOLOGIES AND THEIR IMPLICATIONS
FOR THE INTERESTS OF MAJOR POWERS AND REGIONAL
POWERS IN THE SOUTH ATLANTIC REGION

A Report on the Kassing Session
of the South Atlantic Study Group

April 28, 1977

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II-E-1

The sixth session of the South Atlantic Study Group addressed new maritime technologies and their implications for the interests of major powers and regional powers in the South Atlantic area. In lieu of a single paper and presentation, the session consisted of a panel discussion and questions from the floor. Members of the panel were: Dr. Reuven Leopold, Technical Director, Ship System Design and Development Center; Dr. David Kassing, President, Center for Naval Analyses; LCDR James Stark, Office of the Chief of Naval Operations and; Dr. John Devanney, Department of Ocean Engineering, Massachusetts Institute of Technology.

In the panel presentation and subsequent discussion, three major questions were considered: 1) the implications of new technologies for the operations of Soviet and American naval forces; 2) the impact of new technologies on the maritime capabilities of South Atlantic littoral states and the likelihood of their availability to those states; 3) the exploitation of offshore resources in the South Atlantic area, particularly oil.

Most of the new maritime technologies that will appear in the South Atlantic region will be the product of U.S.-Soviet technological competition. The Soviet Union has concentrated its efforts in a number of categories: satellites for ocean surveillance, anti-satellite systems, anti-ship missiles, ASW, a projection capability and support capabilities. The appearance of the Kiev in July of 1976 is indicative of the investment

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in time and effort that the Soviet Union has made in these areas. It has been described primarily as an ASW system, but one panel member suggested that it could very well prove more effective as a contribution to the Soviets' developing projection capability.

The United States presently enjoys a number of technological advantages over the Soviet Union in the maritime sphere, particularly in precision-guided munitions, the aircraft carrier and ASW operations. In addition, the United States is investing heavily in its anti-missile defense program. The U.S. anti-ship missile program, however, lags far behind (according to one panelist, 20 years behind) that of the Soviet Union which has at least nine different varieties in its inventory.

Present trends in naval technology have considerable implications for a potential U.S.-Soviet maritime conflict in the South Atlantic or elsewhere. First, new technologies will not change the missions of the superpower navies, but they might change their application in the South Atlantic area. The Soviet Union could intervene in a littoral state today, for example, whereas ten years ago it could not. Second, there will be increasing reliance on satellites for maritime surveillance, thereby making the conduct of warfare less dependent on geography than in the past. Third, command and control is likely to become more centralized.

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There was some disagreement among the panel as to whether new technologies will render large surface vessels so vulnerable as to be virtually no factor in a major maritime conflict. On the one hand, it was argued that large surface ships are unlikely to survive a war in great numbers and that both sides would lose their major surface forces. On the other hand, the contention was made that the vulnerability of surface ships has been overestimated. If, in fact, large surface ships are extremely vulnerable, then the force striking first will have a distinct advantage. A quick victory is unlikely, however, since the undersea battle would continue and would likely be protracted.

The impact of the environment on these trends generated by new technologies is limited. They will hold for a confrontation in the North Pacific as well as the South Atlantic. Technology and the environment can interact, however, in determining the types of vessels that could be operationally effective in a particular area. From the United States perspective, for example, the capabilities of its high performance ships currently being designed* are severely degraded in rough seas. Calmer areas like the South Atlantic expand the parameters of their effective performance. Consequently, for operations in the South Atlantic region the United States has a wider range of vessel types from which it will be able to choose.

* High performance ships currently under development by the U.S. Navy are the SWATH, hydrofoil, surface effect ship, air cushion vessel, and WIG (wing in ground) vessel.

The second major theme of the session was the spread of new maritime technologies to the littoral states of the South Atlantic area. Two aspects of the question were considered: 1) the impact of new technologies on the capabilities of the littoral states and; 2) the affordability of those technologies.

In general it was argued that new maritime technologies will not create new missions for local navies; their tasks will remain local, coastal defense, surveillance, anti-submarine operators and, in some cases, protection of offshore resources. New technologies will, however, enhance small navies' capabilities for those missions, even in operations against superpower naval units. Their ability to inflict damage on superpower forces engaged in presence, crisis management or limited intervention operations will be increased. Even with new technologies, smaller navies will be in no way able to destroy superpower forces and, in the long run, could not prevent the projection of forces by a superpower into a specific region. Exploitation of those technologies, however, will allow smaller navies to limit the marginal return to the superpower in using force by inflicting a potentially unacceptable level of damage when evaluated against possible political gains. At the very least the use of new maritime technologies by small navies will prevent the superpowers from taking a "free ride" in areas like the South Atlantic which was enjoyed in the past.

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Littoral states will benefit most from new technologies in four areas: submarines, anti-ship missiles, tactical land-based aircraft and mines. From the perspective of littoral states whose primary concern is coastal defense, the advantages of submarines derive not from their ability to carry out a protracted campaign (as might be the case with a larger navy), but from their threat of inflicting significant damage in a short time frame. For example, operating in relatively shallow coastal waters, diesel submarines pose a serious threat to amphibious forces committed to movement of troops ashore during a crisis. Difficulty in detection further enhances the submarines sea denial capabilities in littoral sea areas, and the anonymity inherent in a submarine attack creates difficult problems in identifying an attacker against which to retaliate.

Anti-ship missiles also offer littoral states a number of benefits. They are relatively cheap, can be adapted to a wide range of launch platforms, and are reasonably reliable. In addition, threats of their use are credible.* Mines, too, could be useful to littoral states in a crisis situation against either the superpower navies or some other potential challenger. Generally considered "a poor man's weapon," mines share the submarine's anonymity and are extremely simple to use. Finally, the Israeli attack on the Liberty in 1967 demonstrated that land-based tactical aircraft, even without precision-guided munitions,

*The sinking of the Israeli Eilat during the 1967 Middle East War, the successful use of ASM by the Indians against Pakistan in 1971 and the successful firings of the Israeli-made Gabriel in the 1973 Yom Kippur War are all used as evidence to underscore the credibility of ASMs by littoral states.

should not be underestimated as a useful instrument in a naval confrontation in littoral areas. To be sure, most littoral states have limited tactical air inventories. Nevertheless, if naval forces are not ready for them, they are difficult to defend against.

In looking at the weapons inventories of South Atlantic littoral states, the conclusion must be drawn that the diffusion of these new technologies has been limited. With the exception of Venezuela, Brazil, Argentina and South Africa, no countries in the region have submarines, although it is likely that Nigeria could provide enough funds to buy them. States with sophisticated anti-ship missiles are even more limited in number including only Argentina, Brazil and South Africa. While only South Africa has land-based tactical aircraft in numbers worthy of note, one panel member suggested that Angola, Nigeria and other South Atlantic littoral states are, or will be, concentrating on developing this capability.

The limited introduction of new technologies by South Atlantic littoral states raises the question of the affordability of these systems which, in turn, is related to the issue of national priorities. Brazil, Argentina and South Africa are the only South Atlantic states with shipbuilding and weapons assembly capabilities; all the others are totally reliant on weapons imports. Given other national goals such as economic development, these import requirements impose a serious constraint on the degree to which South Atlantic littoral states

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can introduce new maritime technologies. Even within the defense sector, naval forces have been given a secondary importance. Most South Atlantic states perceive the primary threat to their national security, not in maritime terms but as either internal in nature, or from a brodering state. Consequently, land forces have received the bulk of their defense expenditures.

Since funds allocated to naval forces in the South Atlantic are limited, the price of many new maritime technologies -- such as nuclear submarines, satellites and sophisticated ASW equipment -- puts them well beyond the reach of any South Atlantic littoral state. Most states will also have difficulty acquiring even the relatively cheaper technologies in sufficient numbers to fully exploit the advantages they offer. Those countries who can -- like Brazil, Argentina, South Africa and possibly Nigeria -- are already technologically well in advance of the other states in the region. The technological imbalance that results will serve to reinforce political and economic trends leading to the emergence of a few key regional actors.

The third major area of discussion during the seminar was the impact of new technology on the exploitation of offshore oil resources in the South Atlantic area. It was suggested that the recent OPEC price action has made the entire continental shelf in the South Atlantic a target for the economic recovery of

offshore oil, if it can be found in sufficient quantities.*
Consequently one may expect a drive by the littoral states in the region to explore further.

It was argued by one panel member that Brazil has probably already over-invested in its oil exploration. Petrobras has had twenty rigs drilling wells around the clock for the last four or five years, an effort that has yielded a very modest 400,000 barrels per day. Since it is the first wells that usually count -- given that they are directed at the largest fields which are easiest to find -- minimal production by Brazil suggests that future exploitation is unlikely to meet with overwhelming success.

Argentina is the best endowed of the South Atlantic littoral states in terms of offshore oil. Until recently, domestic oil production kept up with consumption, and it is only in the last few years that Argentina has become a net oil importer -- a trend that unfortunately occurred simultaneously with the OPEC price increase. Domestic political difficulties, however, have prevented the country from doing much about the problem.

*The unit resource cost of offshore oil depends strongly on the size of the find. If only 50 million barrels could be recovered, for example, high costs would cut off the development of a find. If one billion barrels could be recovered, however, unit resource costs drop to \$4-5/barrel which puts it within the realm of economic feasibility.

The area surrounding the Malvinas/Falkland Islands represents the best prospect for a solution to Argentina's oil problem. Geological and seismic readings have produced good signs. Exploration of the area has been limited, however, by the political dispute over the status of the islands between Argentina and Britain. While negotiations have begun, they are still in the initial stages, and one can assume that the presence of oil in the area will be an issue severely complicating the discussions.

Along the African littoral, the continental shelf is limited and what there is of it has been well explored. Offshore production in Gabon and Cabinda, for example, is relatively close to shore and now rather mature. The possibility of extending exploration to the continental slope, however -- a development made economically possible by OPEC's actions and for which the technology is available -- has some possibilities.* Nevertheless, one cannot be too hopeful of massive discoveries along the African littoral, or the South American littoral for that matter, with the possible exception of the Falklands.

One panel member addressed littoral states' defense of those oil and other offshore resources that do exist. To be totally effective, protection of offshore resources has several

*Exxon, for example, has begun to invest at the 3,000 to 6,000 foot level.

requirements: a large area of surveillance, effective command, control and communications capabilities and a high-speed response force backed by sufficient reserves. Obviously, the littoral states will face fiscal restraints in attempting to provide each of these capabilities, although they need not seek the most sophisticated systems available to perform each task. Surveillance, for example, can be undertaken by converted merchant ships. Access to offshore resources and their defense will both be parts of the new political-maritime regime in littoral areas. It is important to note that the extension of territorial seas and other aspects of that regime could be as significant in determining the rules of any future naval engagement in the South Atlantic littoral areas as technology or other factors.

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