

Searching for A Latin Policy

"Latin America and the End of the Cold War" by Jorge Castañeda, in *World Policy Journal* (Summer 1990), 777 United Nations Plaza, New York, N.Y. 10017, and "Rediscovering Latin America" by Abraham F. Lowenthal, in *Foreign Affairs* (Fall 1990), 58 E. 68th St., New York, N.Y. 10021.

Will the end of the Cold War finally free the United States of its last inhibitions against wholesale military intervention in Latin America? That, apparently, is what some Latin Americans fear.

Castañeda and Lowenthal both cite this minority view to show how low Latin-Americans' trust in the United States has sunk. In fact, they agree, the future is likely to be quite different. What the end of the superpower conflict really means, writes Castañeda, a political scientist at Mexico's National Autonomous University, is that "Washington's accustomed ideological justification for involving itself militarily in Latin American affairs is simply no longer available or credible." But there the two part company.

Last December's U.S. invasion of Panama suggests to Castañeda that Washington may temporarily replace the specter of an "evil (Soviet/communist) empire to the east [with] the evil (drug-producing/immigration-generating) slum to the south." But over the long term, he predicts, Latin America will find itself in the unaccustomed position of worrying about U.S. indifference to its fate, especially as Eastern Europe's appetite for U.S. trade, investment, and (particularly) aid grows.

Lowenthal, a political scientist at the University of Southern California, is more optimistic. At first, he says, the Bush administration seemed happy merely to get Latin America—especially the sticky situations in Nicaragua and El Salvador—off the front pages. But last June, the president delivered a speech that seemed to

promise a new U.S. attitude. He sketched a tantalizing vision of a regional free-trade zone. He also promised \$100 million to promote privatization and other reforms by Latin America's new market-oriented leaders, such as Carlos Salinas de Gotari of Mexico and Fernando Collor de Mello of Brazil. And he made what Lowenthal considers the first step toward a realistic approach to the region's \$400 billion foreign debt by promising to seek legislation in effect forgiving \$7 billion of it.

"The U.S. government now recognizes, after nearly a decade of tacit denial," writes Lowenthal, "that Latin America's economic downturn is the fundamental problem that needs to be addressed." More and more issues are "'intermestic'—based on the international spillover of domestic concerns." When the United States worried only about such matters as obtaining military bases and access to raw materials in Latin America, it could afford to ignore internal conditions. But today's Latin American problems (economic stagnation and poverty, the drug trade, political instability) rapidly become the United States's problems. The renewed U.S. emphasis on trade likewise is bound to put Latin America in the spotlight. During the late 1970s, before the debt crisis, it was the fastest growing market for U.S. exports.

But Lowenthal warns that the ball is now in Latin America's court. If the region's leaders want a true partnership with the United States during the 1990s, they cannot afford to stand around and wait for Washington alone to create it.

Missile Envy

"Third World Ballistic Missiles" by Janne E. Nolan and Albert D. Wheelon, in *Scientific American* (August 1990), 415 Madison Ave., New York, N.Y. 10017.

By now the world is painfully aware of Saddam Hussein's stockpile of ballistic missiles. It is not generally recognized, however, that many other Third World

countries have also built large arsenals.

Nolan, a Fellow at the Brookings Institution, and Wheelon, a former U.S. Central Intelligence Agency analyst, point out that

the number of countries armed with missiles more than doubled during the past decade, to 18. The United States and the Soviet Union began developing ballistic missiles in 1953, and until recently they shared the missile manufacturing monopoly only with France and China. All four became active missile merchants. And now new missile makers are emerging.

The list of Soviet customers is daunting. Libya, Syria, Iran, North Korea, Algeria, Egypt, and Iraq are among those who have obtained the Soviet Scud B. The North Koreans made an enhanced version of the missile, with Chinese help, and now they are peddling it in the world arms market. Iraq also modified the Scud B, doubling its range to 375 miles, and is working on three other missiles based largely on Scud technology, including the three-stage Abid, which was successfully tested last December. Iraq, of course, is also working on nuclear weapons.

In 1972, the United States provided Israel with 160 Lance missiles, which can travel up to 70 miles. In 1988, China sold Saudi Arabia powerful CSS-2 ballistic missiles, putting parts of Europe, the Soviet Union, and much of the Middle East within the Saudi's range. And while the French have so far refused to export ballistic missiles, Argentina used a French-built Exocet cruise missile to sink a British cruiser during the 1982 Falklands War, and an Iraqi Exocet badly damaged a U.S. destroyer five years later, during the Iran-

Iraq War.

Recently, some smaller countries have launched their own missile development programs. Israel's nuclear-tipped Jericho II can fly 900 miles, far enough to reach Egypt, Syria, Jordan, Iraq, Iran, the Gulf States and parts of the Soviet Union. With a range of 1,500 miles, India's Agni missile, based on French and Soviet technology, can easily reach Pakistan, India's long-time antagonist.

Pakistan's less powerful Haft I missile can destroy a target 62 miles away, and the Haft II, which is under development, reportedly can fly 180 miles. And India and Pakistan are both believed to be capable of manufacturing nuclear weapons. Meanwhile, building on technology from their own space programs, Argentina and Brazil are developing missiles intended primarily for export. Argentina's Condor I has a 60-mile range, while Brazil's forthcoming Avibra has a range of 180 miles. Libya and Iraq are interested in buying it.

Unfortunately, the authors say, it is much too late to put the genie back in the bottle. The U.S. strategy of trying to prevent missile proliferation is obsolete. Rather, they conclude, the major powers must work harder to prevent regional conflicts from erupting into war. And they ought to try to reduce military uncertainty—perhaps by making satellite surveillance data available to all—that might encourage Third World leaders to launch their deadly new weapons.

ECONOMICS, LABOR & BUSINESS

A Century of Scandal

"Is Deposit Insurance Necessary? A Historical Perspective" by Charles W. Calomiris, in *The Journal of Economic History* (June 1990), Folsom Library, Rensselaer Polytechnic Inst., Troy, N.Y. 12180-3590.

Greedy bankers, sleepy regulators, and sleazy politicians are the usual villains of America's savings-and-loan debacle. Maybe so, many economists say, but the real root of all evil is far more banal: government deposit insurance.

Such insurance encourages high-risk ventures, especially by banks with little capital left to lose. Calomiris, an economist at Northwestern University, writes that it also allows "unscrupulous, or simply inexperienced, entrepreneurs to enter