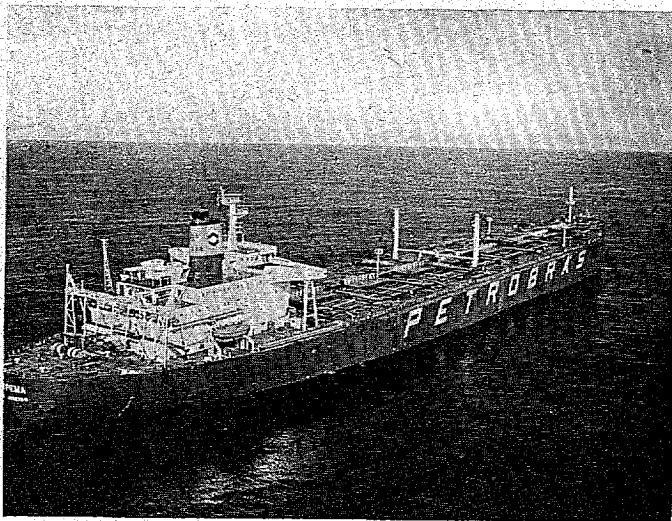


Latin America

percent of Brazilian exports to Canada from the "new" industrial state, were manufactured products.

The Brazilian industrial strategy, now a decade old, indicates two developments which Canada also must face when government takes the Brazilian route: the ruthless selection of industries to be favored, and continued state support for the successful ones. In terms of Canadian needs, we should look very closely at the establishment since 1967 of Brazil's shipbuilding industry and expanded merchant fleet. Where Canada has almost no deep-sea fleet and very few bulk cargo carriers under the Canadian flag, the Brazilians operate about 8.2 million deadweight tons of shipping, including medium-sized cargo ships strengthened for ice to operate in our St. Lawrence Seaway. PETROBAS (Petroleos Brasileiros) or Brazilian Petroleum, the country's state-owned oil company equivalent to Petro-Canada, is the Third World's largest owner and operator of a super-tanker fleet. Its ore ships designed and built in Brazilian shipyards. The reason for a government tanker fleet is to meet a pressing need which Canada



A Brazilian-owned oil tanker

so far has not experienced, that is to guarantee maritime transport for the country's vital Middle Eastern oil imports. The Brazilian formula for financing and creating the second largest merchant fleet in the Western Hemisphere (after the United States) has made shipping an essential part of the Brazilian world identity.

Brazil's success with shipping has clear application for any future Canadian policy on funding and building a deep-sea merchant fleet. Under the formula, which has little to do with the politics of the government implementing it, whether military or elected, a tax was placed on all imports arriving in "non-Brazilian bottoms," with the funds from it to be placed in a ship escrow fund. From this fund, Brazilian as well as foreign entrepreneurs could borrow funds at low interest rates to build domestic shipyards. With major inputs from skilled Japanese and Dutch shipyards, which took advantage of the escrow financing, the country's shipbuilding take-off was assured. A new state agency SUNAMAM (Superintendência Nacional da Marinha Mercante), or National Merchant Marine Superintendency, was established in Rio de Janeiro with a mandate to publicize Brazilian maritime expansion. Linked to a clear-

cut naval policy to build sovereignty-surveillance warships abroad to protect the nation's seacoasts, Brazil has created an integrated maritime policy which has so far evaded Canada.

The inference persists that this strategy, as well as the initiating land role of the Brazilian Army in building an Amazonian infrastructure of highways, townsites and public administration, would have been impossible without the long era of military rule, now 18 years old. Brazil had a merchant fleet before the arrival of the present industrial strategy. Indeed her shipping losses by U-boat action in the South Atlantic during World War Two were the main reason for Brazil's role as a belligerent. The early activities of the army's engineering battalions in opening up the interior, which began before 1964 and concluded in the mid-1970s, have been replaced by the functions of civilian managers of the many vast, state-run extractive corporations made possible by such infrastructure building. During the next quarter century, huge amounts of hydro power, iron ore, bauxite and gold will be produced from these immense, government-controlled corporations, regardless of who rules in Brasilia.

The colonial background

The paradox (for us Canadians) of Brazil's rapid industrial emergence and geopolitical thinking is that this has come from a national society whose roots are similar to our own. Our European colonial heritages, French and English in Canada and Portuguese in Brazil, embellished by the immigration flows of the early twentieth century after the imperial period had ended, created basically conservative communities. In both Brazil and Canada these have developed without the violent and disruptive social revolutions which have swept Hispanic American countries. Historians in both Brazil and Canada have determined that the peaceful changes of government (including the Brazilian army's coup d'état of 1964) were a result of the stability and continuity of a similar monarchical experience which marked the histories of the two countries. This has remained true, even though the Brazilian Empire came to an end in the late 1880s. The Brazilian Empire of 1822 to 1889 existed at the height of the British Empire of which Canada was the major North American colony. Brazil created a national aristocracy around a national throne ruled over by two emperors. Moreover the Brazilian throne of Emperor Dom Pedro I — an unpopular philanthropist — and his son Dom Pedro II, modernist and technocrat, who asked Alexander Graham Bell to install his new telephone throughout his empire, had been detached from the founding Portuguese monarchy in 1808. The imperial aristocracy, of which today there are only small surviving vestiges, owned and dominated a comfortable plantation society. Relations between the "masters and slaves," as the renowned Brazilian sociologist Gilberto Freyre called them, were established by consensus between the classes and the races, rather than through the brute force characteristic of the neighboring Spanish-language countries.

In both Canada and Brazil the peaceful accomplishments of the colonial era have become part of the modern state. In Canada these included the British heritage of constitutional government. In Brazil, despite two centuries