

feats. A protected witness who had testified against Sinaloa, Édgar Bayardo, was killed in a Starbucks café in Mexico City last month. Just hours after the funeral of a marine, who died in the operation against Mr Beltrán Leyva, four of his grieving relatives were murdered. Some residents of Ciudad Juárez are growing restive over the government's failure to stem the violence.

Some analysts draw a parallel with Colombia. In the late 1980s and early 1990s its government pursued Pablo Escobar and his cronies in Medellín, whose terrorist violence brazenly challenged the state, while only later acting against the Cali mob, which like Sinaloa preferred bribery and legal business fronts. Others worry that Mexico lacks the capacity to take on Mr Guzmán's outfit. But sooner or later it will have to try. ■

### Lula and the generals

## Don't look back

RIO DE JANEIRO

### The army blocks a truth commission

IT IS 25 years since Brazil moved from dictatorship to democracy, but its army remains surprisingly unreformed. President Luiz Inácio Lula da Silva was rudely reminded of this just before Christmas when he signed a decree calling for a truth commission to investigate torture, killings and disappearances during military rule between 1964 and 1985. Within 24 hours the heads of the three armed forces threatened to resign along with Nelson Jobim, the defence minister. Lula seemed quick to retreat. He was reported as saying the government would think again.

Argentina and Chile have not only had such commissions, but have jailed many former military officers. Brazil's dictators were less bloodthirsty. Even so, 300-400 leftist opponents were killed or disappeared under the military regime and several thousand were tortured. But before gradually handing power back to civilians, the generals passed a blanket amnesty for "political crimes" by the government and by armed leftist groups. Their successors have allowed only limited civilian control over military affairs.

Brazil was one of the last South American countries to set up a unified defence ministry with a civilian minister. The army still has a hand in state police forces. Air force personnel control civilian air traffic, and a general oversees the main intelligence agency. Brazil's democratic constitution gives the army vague tutelary powers. Lula has upped military salaries and spending. The government has bought a

### Argentina's bank grab

## The reserves, or your job

PUNTA DEL ESTE

### The president's ultimatum to her Central Bank chief

TO SUSTAIN its expansionary fiscal policies, Cristina Fernández's government has developed an insatiable hunger for other people's cash. First she ramped up taxes on farmers, then last year she nationalised private pension funds. Now she is trying to lay her hands on the Central Bank's foreign-currency reserves.

Last month she issued a decree transferring \$6.6 billion of the reserves to a fund to service the public debt. Although the government has run a (now diminishing) fiscal surplus for years, it cannot borrow freely in international capital markets. This is both because investors mistrust its policies and because it has yet to settle with bondholders who boycotted a previous debt restructuring in 2005 under Néstor Kirchner, Ms Fernández's predecessor and husband.

The Central Bank is formally independent. By law any transfer of reserves requires authorisation by Congress. Martín Redrado, the bank's governor, stalled, awaiting legal advice and the outcome of a legal challenge to the reserve grab by the opposition-controlled province of San Luis. On January 6th the government ordered Mr Redrado to resign. He refused, saying he would serve until his term ends in September.

"It wasn't Redrado who accumulated the reserves," said Aníbal Fernández, the cabinet chief (who is not related to the president). "It was [the Kirchners'] government. In this country, it's not the governor of the Central Bank that makes the decisions." In fact it was Argentine exporters—not the government—whose



Redrado's pointed defiance

labours accumulated the reserves. And Ms Fernández, who is deeply unpopular, is finding her decisions contested. In June the government lost its legislative majority in a mid-term election.

Mr Redrado has hitherto gone along with the Kirchners' dash for growth, while trying quietly to moderate some of their policies. If he remains defiant on the reserves, Ms Fernández can oust him only by appealing to a special committee of Congress, which would probably be led by opposition legislators. Ironically, had she sought the approval of Congress for the reserve transfer she might well have got it. Few Argentine politicians are prepared to pay the political cost of spending cuts or tax rises to pay off bondholders. As it is she may have turned the Central Bank chief into a martyr for the cause of integrity in public policy.

French nuclear-powered submarine and plans to buy new jet fighters. In return, the army has accepted a supreme court decision creating a large Indian reserve on Brazil's northern border, a measure it had previously opposed.

Prominent members of Lula's Workers' Party belonged to guerrilla groups in the 1970s, and several were jailed and tortured. They include Paulo Vannuchi, the deputy justice minister responsible for human rights. He proposed the truth commission. He is also trying to obtain the military regime's files. He has been opposed by the defence ministry, which claims that many have been burned or lost. The government has run an advertising campaign not only seeking information about what happened to those who disappeared, but also calling the communist guerrillas who operated in the Amazon "heroes", and de-

scribing the dictatorship as "the Brazil where dreaming was prohibited."

All this has antagonised military officers, whose version of history holds that they saved Brazil from a communist threat. Some army sources say it would accept a truth commission but only if this also investigates crimes by left-wing militants. That was an apparent reference to Dilma Rousseff, who is Lula's anointed candidate in this year's presidential election and in the 1970s was a far-left activist. In another apparent sign of unrest, military sources this month leaked to a Brazilian newspaper information suggesting that the French fighters Lula wants to buy had scored poorly in a technical review by the air force. The army is popular in Brazil. It is also overmighty, which ought to worry Lula's political opponents however much they may relish his discomfiture. ■