

CONTEMPORARY INTER-AMERICAN RELATIONS

CHANGING
RELATIONS IN
A CHANGING
WORLD



THE
UNITED STATES
AND
ARGENTINA

DEBORAH L. NORDEN AND ROBERTO RUSSELL

THE UNITED STATES
AND ARGENTINA

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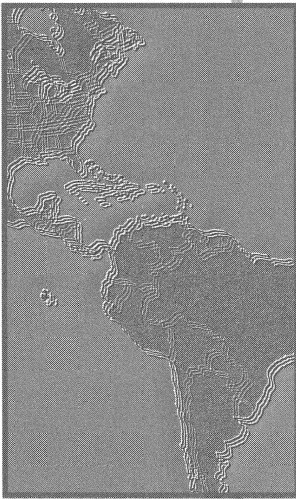
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 **Routledge**
Taylor & Francis Group
NEW YORK AND LONDON

Published in 2002 by
Routledge
711 Third Avenue, New York, NY 10017

Published in Great Britain by
Routledge
2 Park Square, Milton Park, Abingdon, Oxfordshire OX14 4RN

Routledge is an imprint of the Taylor & Francis Group.

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10 9 8 7 6 5 4 3 2 1

Cataloging-in-Publication Data is available from the Library of Congress.
Norden, Deborah L. and Roberto Russell
The United States and Argentina: changing relations in a changing world
ISBN: 0-415-93279-3 (hardback)
ISBN: 0-415-93280-7 (paperback)
Includes references and index.

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ACKNOWLEDGMENTS

This book was initiated at the invitation of Jorge Domínguez and Rafael Fernández de Castro, for their series on U.S.-Latin American relations. It was an unusual inception, since the two authors had never even met, and it led to a somewhat rough beginning. However, we have spent the past few years getting to know each other's work and working habits, learning to respect and trust each other, and finally, learning to actually collaborate as partners on this project. It has been a productive partnership for the authors; we hope that our readers will also find it valuable. With a few thousand miles between Buenos Aires and California, most of this process has occurred through e-mail.

We owe much of the success of this project to Jorge and Rafael. Not only did they originate it, but they also organized the Mexico City conferences that allowed us to begin exchanging views and to gain crucial feedback and ideas from our other colleagues involved in this project. (Relaxation, however, was certainly not a large part of those meetings!) In addition, Jorge and Rafael provided us with their substantial insights along the way, as well as with an inspiring example of two extremely dedicated and hard-working professionals. We thank them for this opportunity. We also wish to acknowledge the very thoughtful and helpful comments of an anonymous reviewer.

Deborah L. Norden: I would like to express my appreciation to my colleagues at the University of California-Riverside and Whittier College for their support during the creation of this book. In particular, my thanks to my research assistant, Barry Peterson, for his invaluable help at the last stages of this project. Most of all, however, I wish to thank my family. The first meeting for this project began only a couple of months after my first daughter, Meghann, was born. The book goes to press just a few months after the birth of my second daughter, Rebecca. It would never have been completed without the help of my husband, Frank Bright, who

cheerfully shouldered far more than his share of child-care responsibilities during this time, and still managed to discuss the substance of the book with me.

Roberto Russell: I wish to thank Veronica De Majo for her invaluable help typing numerous revisions and for helping enormously with the frequent e-mails between the authors; Analía Trouvé for her constant assistance in searching for data and bibliographic information from the library of the Institute of Foreign Service, Argentina; my colleagues from the Universidad Torcuato Di Tella for their astute comments. Finally, I wish to thank my wife, Marcela Gianzone, for accompanying me in this effort, for her intelligent critiques of the first drafts, and especially, for entertaining and taking care of our small son, Guillermo, during the many weekends I spent writing this.

The transition from authoritarian rule to constitutional government.

The continent-wide economic depression of the 1980s and the subsequent shift toward more open-market-conforming economies.

The end of the Cold War in Europe.

The transformation of relations with the United States.

Each of these major events and processes was an epochal change in the history of Latin America and the Caribbean. What is more striking is that all four changes took place within the same relatively short time, though not all four affected each and every country in the same way. They became interconnected, with change on each dimension fostering convergent changes on other dimensions. Thus at the beginning of the new millennium we witnessed an important transformation and intensification in U.S.–Latin American relations.

This book is part of a series of ten books on U.S. relations with Latin American and Caribbean countries. Each of these books is focused on the fourth of these four transformations, namely, the change in U.S. relations with Latin America and the Caribbean. Our premise is that the first three transformations provide pieces of the explanation for the change in the United States' relations with its neighbors in the Americas and for the changes in the foreign policies of Latin American and Caribbean states. Each of the books in the series assesses the impact of the epoch-making changes upon each other.

The process of widest impact was the economic transformation. By the end of 1982, much of North America, Western Europe, and East Asia launched into an economic boom at the very instant when Latin America plunged into an economic depression of great severity that lasted approximately to the end of the

decade. As a consequence of such economic collapse, nearly all Latin American governments readjusted their economic strategies. They departed from principal reliance on import-substitution industrialization, opened their economies to international trade and investment, and adopted policies to create more open-market-conforming economies. (Even Cuba had changed its economic strategy by the 1990s, making its economy more open to direct foreign investment and trade.)

The regionwide economic changes had direct and immediate impact upon U.S.–Latin American relations. The share of U.S. trade accounted for by Latin America and the Caribbean had declined fairly steadily from the end of World War II to the end of the 1980s. In the 1990s, in contrast, U.S. trade with Latin America grew at a rate significantly higher than the growth of U.S. trade worldwide; Latin America had become the fastest-growing market for U.S. exports. The United States, at long last, did take notice of Latin America. Trade between some Latin American countries also boomed, especially within subregions such as the Southern Cone of South America, Venezuela and Colombia, the Central American countries, and, to a lesser extent, the Anglophone Caribbean countries. The establishment of formal freer-trade areas facilitated the growth of trade and other economic relations. These included the North American Free Trade Agreement (NAFTA), which grouped Mexico, the United States, and Canada; Mercosur, the southern common market, with Argentina, Brazil, Paraguay, and Uruguay; the Andean Community, whose members were Bolivia, Colombia, Ecuador, Peru, and Venezuela; the Central American Common Market; and the Caribbean Community. U.S. foreign direct and portfolio investment flowed into Latin America and the Caribbean, financing the expansion of tradable economic activities; the speed of portfolio investment transactions, however, also exposed these and other countries to marked financial volatility and recurrent financial panics. The transformation in hemispheric international economic relations—and specifically in U.S. economic relations with the rest of the hemisphere—was already far-reaching as the twenty-first century began.

These structural economic changes had specific and common impacts on the conduct of international economic diplomacy. All governments in the Americas, large and small, had to develop a cadre of experts who could negotiate concrete technical trade, investment, and other economic issues with the United States and with other countries in the region. All had to create teams of international trade lawyers and experts capable of defending national interests, and the interests of particular business firms, in international, inter-American, or subregional dispute-resolution panels or “court-like” proceedings. The discourse and practice of inter-American relations, broadly understood, became much more professional—less the province of eloquent poets and more the domain of number-crunching litigators and mediators.

The changes in Latin America's domestic political regimes began in the late 1970s. These, too, would contribute to change the texture of inter-American relations. By the end of 1990, democratization based on fair elections, competitive parties, constitutionalism, and respect for the rule of law and the liberties of citizens had advanced and was still advancing throughout the region, albeit unevenly and with persisting serious problems, Cuba being the principal exception.

Democratization also affected the international relations of Latin American and Caribbean countries, albeit in more subtle ways. The Anglophone Caribbean is a largely archipelagic region long marked by the widespread practice of constitutional government. Since the 1970s, Anglophone Caribbean democratic governments rallied repeatedly to defend constitutional government on any of the islands where it came under threat and, in the specific cases of Grenada and Guyana, to assist the process of democratization in the 1980s and 1990s, respectively. In the 1990s, Latin-American governments also began to act collectively as well to defend and promote democratic rule; with varying degrees of success, they did so—with U.S. support—in Guatemala, Haiti, Paraguay, and Peru. Democratization had a more complex relationship to the content of specific foreign policies. In the 1990s, democratization in Argentina, Brazil, Uruguay, and Chile, on balance, contributed to improved international political, security, and economic relations among these Southern Cone countries. Yet democratic politics at times made it more difficult to manage international relations over boundary or territorial issues between given pairs of countries, including Chile and Peru, Colombia and Venezuela, and Costa Rica and Nicaragua. In general, democratization facilitated better relations between Latin American and Caribbean countries, on the one hand, and between Latin America or Caribbean countries and the United States on the other. Across the Americas, democratic governments, including those of the United States and Canada, acted to defend and promote constitutional government. Much cooperation over security, including the attempt to foster cooperative security and civilian supremacy over the military, would have been unthinkable except in the new, deeper, democratic context in the hemisphere.

At its best, in the 1990s democratic politics made it possible to transform the foreign policies of particular presidential administrations into the foreign policies of states. For example, Argentina's principal political parties endorsed the broad outlines of their nation's foreign policy, including the framework to approach much friendlier relations with the United States. All Chilean political parties were strongly committed to their country's transformation into an international trading state. The principal political parties of the Anglophone Caribbean sustained consistent long-lasting foreign policies across different partisan administrations. Mexico's three leading political parties agreed that NAFTA should be implemented, even if they differed on specifics, binding Mexico to the United States and Canada. And the George H. W. Bush and Clinton administrations in the United

States followed remarkably compatible policies toward Latin America and the Caribbean with regard to the promotion of free trade, pacification in Central America, support for international financial institutions, and the defense of constitutional government in Latin America and the Caribbean. Both administrations acted in concert with other states in the region and often through the Organization of American States. Democratic procedures, in these and other cases, served to establish the credibility of a state's foreign policy because all actors would have reason to expect that the framework of today's foreign policy would endure tomorrow.

The end of the Cold War in Europe began following the accession of Mikhail Gorbachev to the post of general secretary of the Communist Party of the Soviet Union in 1985. It accelerated during the second half of the 1980s, culminating with the collapse of communist regimes in Europe between 1989 and 1991 and the breakup of the Soviet Union itself in late 1991. The impact of the end of the U.S.-Soviet conflict on the Western Hemisphere was subtle but important: the United States was no longer obsessed with the threat of communism. Freed to focus on other international interests, the United States discovered that it shared many practical interests with Latin American and Caribbean countries; the latter, in turn, found it easier to cooperate with the United States. There was one exception to this "benign" international process: the United States was also freed to forget its long-lasting fear of communist guerrillas in Colombia (they remained powerful and continued to operate nonetheless) in order to concentrate on a "war" against drug trafficking, even if it undermined Colombia's constitutional regime.

This process of the end of the Cold War also had a specific component in the Western Hemisphere—namely, the termination of the civil and international wars that had swirled in Central America since the late 1970s. The causes of those wars had been internal and international. In the early 1990s, the collapse of the Soviet Union and the marked weakening of Cuban influence enabled the U.S. government to support negotiations with governments or insurgent movements it had long opposed. All of these international changes made it easier to arrange for domestic political, military, and social settlements of the wars in and around Nicaragua, El Salvador, and Guatemala. The end of the Cold War in Europe had an extraordinary impact on Cuba as well; while it did not end the sharp conflict between the U.S. and Cuban governments, the latter was deprived of Soviet support, forcing it thereby to recall its troops overseas, open its economy to the world, and lower its foreign policy profile. The United States felt freer to conduct a "colder war" against Cuba, seeking to overthrow its government.

Two other large-scale processes, connected to the previous three, had a significant impact on international relations in the Western Hemisphere: these are the booms in international migration and in cocaine-related international organized crime. To be sure, emigration and organized crime on an international scale in the

Americas are as old as the European settlement that began in the late fifteenth century and the growth of state-sponsored piracy in the sixteenth century. Yet the volume and acceleration of these two processes in the 1980s and 1990s were truly extraordinary.

One effect of widespread violence in Central America and in Colombia, and of the economic depression everywhere, was to accelerate the rate of emigration to the United States. Once begun, the process of migration to the United States was sustained through networks of relatives and friends, the family-unification provisions of U.S. legislation, and the lower relative costs of more frequent international transportation and communication. By the mid-1990s, over twelve million people born in Latin America resided in the United States; two-thirds of them had arrived since 1980. The number of people of Latin-American ancestry in the United States was much larger, of course. In the 1980s, migrants came to the United States not just from countries of traditional emigration, such as Mexico, but also from countries that in the past had generated few emigrants, such as Brazil. As the twentieth century ended, more people born in Latin America lived in the United States than lived in the majority of the Latin American states. The United States had also come to play a major role in the production and consumption of the culture of the Spanish-speaking peoples, including music, books, and television. These trends are likely to intensify in the twenty-first century.

Had this series of books been published in the mid-1970s, coca and cocaine would have merited brief mention in one or two books, and no mention in most. The boom in U.S. cocaine consumption in the late 1970s and 1980s changed this. The region-wide economic collapse in the 1980s made it easier to bribe public officials, judges, police, and military officers. U.S. cocaine-supply interdiction policies in the 1980s raised the price of cocaine, making the coca and cocaine businesses the most lucrative in depression-ravaged economies. The generally unregulated sale of weapons in the United States equipped gangsters throughout the Americas. Bolivia and Peru produced the coca. Colombians grew it, refined it, and financed it. Criminal gangs in the Caribbean, Central America, and Mexico transported and distributed it. Everywhere, drug traffic-related violence and corruption escalated.

The impact of economic policy change, democratization, and the end of the Cold War in Europe on U.S.-Latin American relations, therefore, provides important explanations common to the countries of the Americas in their relations with the United States. The acceleration of emigration and the construction and development of international organized crime around the cocaine business are also key common themes in the continent's international relations during the last fifth of the twentieth century. To the extent pertinent, these topics appear in each of the books in this series. Nonetheless, each country's own history, geographic location, set of neighbors, resource endowment, institutional features,

and leadership characteristics bear as well on the construction, design, and implementation of its foreign policy. These more particular factors enrich and guide the books in this series in their interplay with the more general arguments.

As the 1990s ended, dark clouds reappeared in the firmament of inter-American relations, raising doubts about the "optimistic" trajectory that seemed set at the beginning of that decade. The role of the military in the running of state agencies and activities that normally belong to civilians rose significantly in Colombia, Venezuela, and Peru, and in January 2000 a military coup overthrew the constitutionally elected president of Ecuador; serious concerns resurfaced concerning the depth and durability of democratic institutions and practices in these countries. Venezuela seemed ready to try once again much heavier government involvement in economic affairs. And the United States had held back from implementing the commitment to hemispheric free trade that Presidents George H. W. Bush and Bill Clinton both had pledged. Only the last of these trends had instant international repercussions, but all of them could affect adversely the future of a Western Hemisphere based on free politics, free markets, and peace.

THIS PROJECT

Each of the books in this series has two authors, typically one from a Latin American or Caribbean country and another from the United States (and, in one case, the United Kingdom). We chose this approach to facilitate the writing of the books and also to ensure that the books would represent the international perspectives from both parts of the U.S.–Latin American relationship. In addition, we sought to embed each book within international networks of scholarly work in more than one country.

We have attempted to write short books that ask common questions to enable various readers—scholars, students, public officials, international entrepreneurs, and the educated public—to make their own comparisons and judgments as they read two or more volumes in the series. This project sought to foster comparability across the books through two conferences held at the Instituto Tecnológico Autónomo de México (ITAM) in Mexico City. The first, held in June 1998, compared ideas and questions; the second, held in August 1999, discussed preliminary drafts of the books. Both of us read and commented on all the manuscripts; the manuscripts also received commentary from other authors in the project. We also hope that the network of scholars created for this project will continue to function, even if informally, and that the web page created for this project (www.itam.mx/organizacion/divisiones/estgrales/estinter/americalatina.html) will provide access to the ideas, research, and writing associated with it for a wider audience.

We are grateful to the Ford Foundation for its principal support of this project, and to Cristina Eguizábal for her advice and assistance throughout this endeavor.

We are also grateful to John D. and Catherine T. MacArthur Foundation for the support that made it possible to hold a second successful project conference in Mexico City. The Rockefeller Foundation provided the two of us with an opportunity to spend four splendid weeks in Bellagio, Italy, working on our various general responsibilities in this project. The Academic Department of International Studies at ITAM hosted the project throughout its duration and the two international conferences. We appreciate the support of the Asociación Mexicana de Cultura, ITAM's principal supporter in this work. Harvard University's Weatherhead Center for International Affairs also supported aspects of this project, as did Harvard University's David Rockefeller Center for Latin American Studies. We are particularly grateful to Hazel Blackmore and Juana Gómez at ITAM and Amanda Pearson and Kathleen Hoover at the Weatherhead Center for their work on many aspects of the project. At Routledge, Melissa Rosati encouraged us from the start; Eric Nelson supported the project through its conclusion.

Rafael Fernández de Castro
ITAM

Jorge I. Domínguez
Harvard University

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INTRODUCTION

FOR MOST OF ARGENTINE AND U.S. HISTORY, ARGENTINA HAS defined its relationship with the United States in terms of autonomy. This did not necessarily mean confrontation or hostility, but it did mean independence. Argentine leaders retained the right to choose—based on their own perceptions of national interest—when cooperation with the United States might be desirable, and when more distance might be preferable. Such an option has never been available to the smaller and closer countries of Central America and the Caribbean, which have been compelled historically and geographically to make very definitive decisions about their relationship to the United States. Countries such as Nicaragua and Cuba have had the choice between allegiance and confrontation (when another protector was available); autonomy in these countries has been virtually inconceivable. In contrast, Argentina has always had size, distance, and in Latin-American terms, a relatively high level of development and productivity in its favor.

Thus, Argentina's post-Cold War transformation to among the most devoted of U.S. allies stands as a major break with historical patterns of U.S.-Argentine relations. Under President Carlos Menem (1989–1999), Argentina developed a bond with the United States unlike it had ever had before. Once Latin America's strongest voice against United States intervention in the Americas, now Argentina loyally accompanied the United States on numerous international military missions. Once inclined to shun the United States in favor of European trade partners, now Argentina closely followed U.S. recommended economic policies and pursued improved trade relations within the Americas, albeit while retaining important ties to Europe.

This period of close relations endured even as Menem passed the reins of government to Fernando De la Rúa, and, in the United States, as the presidency passed first from George Bush to William J. Clinton in 1993, and then to George

W. Bush in 2001. Only an extreme political and economic crisis—catastrophic even by Argentine standards—sufficed to challenge this friendship. In December 2001, soaring unemployment and frustration with unrelenting recession finally propelled Argentines into the streets in uncontrolled protests, complete with rioting and looting, De la Rúa abruptly resigned. As a series of interim presidents rapidly passed the hot potato of Argentine government from one to another (five different people occupied the presidency over the course of two weeks), Argentina's leadership was forced to reconsider its resolute economic liberalism, and, in conjunction with this, its strong allegiance to the United States. In the end, the United States' friendship had not been enough to salvage Argentina's economy, nor to compel the northern state to offer a life raft to its rapidly sinking Argentine partner. Yet, in many respects, economic necessity prevented a true rupture in the relationship. Argentina could not afford to entirely turn its back on potential support from the United States, or the U.S.-dominated International Monetary Fund; likewise, the United States could ill afford Argentina's default on its debt.

This study seeks to understand why this friendship occurred, and what some of its limits were. Why did one of the strongest and historically most independent countries of Latin America develop a foreign policy during the post-Cold War period characterized, above all, by strong allegiance to the United States? We look at a variety of possible causes to explain this. What impact did changes in the international system, and in Argentine and U.S. domestic politics, have on this relationship? Should the transformation of U.S.-Argentine relations be seen as an indicator of declining Argentine power in the international system; a shifting Argentine culture and identity; or as a more deliberate Argentine policy choice, based on either changing needs or a new assessment of the potential benefits of friendship?

After briefly assessing the nature of post-Cold War relations between Argentina and the United States, the project first turns toward the past, looking at the long history of conflict between the two countries. We then look at some of the possible sources of the current transformation in U.S.-Argentine relations, considering such factors as the "new world order" and domestic politics and policymaking in both the United States and Argentina. Finally, we explore more extensively the nature of U.S.-Argentine relations, looking at the issues that have shaped and stood out in the dialogue between the two countries, and how the shifting U.S.-Argentine relationship has been played out in international institutions.

We argue that Argentina's dramatic policy shift emanated, above all, from the country's overwhelming need to address its profound economic crisis, and the government's pragmatic assessment of the strategic options available to help it do so. In the early 1990s, Argentina desperately needed to reestablish its international credibility, largely destroyed by economic and political instability, as well as past