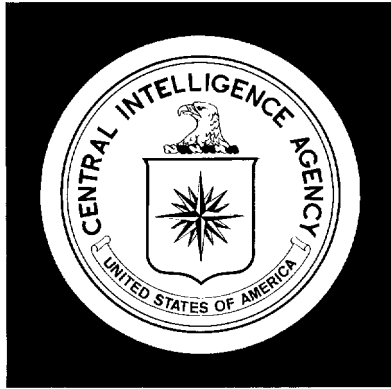


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Intelligence Memorandum

Latin America's Changing Foreign Relations

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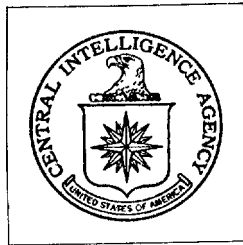
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Latin America's Changing Foreign Relations

Summary

A combination of forces has moved Latin America away from a generally passive view of world affairs toward an assertive, sometimes aggressive, activism abroad. Diminishing commonality of interests with the US has produced a centrifugal effect in Latin foreign policy, which traditionally followed the US lead. The relaxation of east-west tension and the subsequent turn to a north-south axis of confrontation in the UN and other international forums have significantly changed Latin American behavior in these political arenas and drawn the region toward a third-world viewpoint. The global impact of OPEC's oil politics has provided a new, probably unrealistic model for bloc action to achieve mutual national goals. All of these factors have stimulated reassessment of the constraints on and possibilities for activities overseas, with the result that Latin American governments now engage in international processes from which they previously felt excluded. They have emerged as actors rather than observers on the international scene.

This kind of response to external factors might not have occurred a decade ago. Latin America's "coming out" on the international stage has been possible largely because of a greatly altered political atmosphere and remarkably changed social and economic conditions in the hemisphere.

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This memorandum was prepared by [redacted] the Office of Current Intelligence and informally coordinated within CIA. Comments and queries are welcome and should be addressed to the author. [redacted]

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Latin America's New Politics

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The relationship between governments and the citizenry has shifted from estrangement to relative rapport. Government in the region is no longer typified by an oligarchic elite backed by a praetorian military. Far from the [redacted] stratum of society, military establishments are now commonly in control as leaders of a developmentalist national "revolution." Activism and political challenge by labor organizations, student groups, and insurgents are less and less seen by the common man or by the intellectual community as a legitimate struggle against oppression. Governments now are more typically reformist, engaged in fairly credible efforts that coopt the old revolutionary causes, and responsive to calls for change. The literati, traditional naggers of the government on social and political issues, are now more likely in tune with the official line.

Change, moreover, is visible. Economic development over the past decade has inspired considerable public confidence. Urbanization has been very rapid and, despite the problems it raises, provides tangible evidence that the country is on the go. New buildings, roads, traffic jams, busy commerce, and teeming street activity convey to the public symbols of modernization and hearten elements trying to improve their economic and social conditions.

Political and economic situations differ markedly from one Latin country to another, but the overall regional mood, which a decade ago could be characterized as besiegement, can now be described as upbeat. Latin governments today, whether the few elected ones or the more common military authoritarian kind, are typically secure, able to keep sight of freshly defined national goals, and relatively free to pursue them. The ideological warfare that raged through much of the region during the 1950s and 1960s is over. A new generation of political figures has built or imposed national consensus in a significant portion of Latin America.

For those governments operating from a base of political consolidation and toward more clearly formulated objectives, the opportunity to pursue a more expansive foreign policy arrived at a felicitous time. For other countries, however, the challenge of economic and political revisionism on the international scene has been painfully disorienting. The smaller, less developed countries can see only a modest place for themselves in world or regional affairs and look for security through alignment with an important nation or blocs of nations. Feeling compelled to participate in the new international dynamics in order to avoid isolation, they are seeking the new mainstream but are often confused by the changing pattern of global affairs.

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Combined, the efforts of the bolder governments bidding for leadership and the efforts of the others to keep in step with the changes around them have created a sometimes perplexing mix of regional behavior. Once a fairly reliable bloc led by the US, the Latins now rarely "line up," nor do they divide along predictable lines. They make a concerted effort, often successfully, to achieve consensus on certain economic issues so as to present a unified position in bargaining with the US or other parts of the developed world. On the highly charged political issues at the UN, the Latin governments prefer to abstain; when they choose sides, they find strange bedfellows. On the "Zionism is racism" vote recently, for example, the Latins voting in favor were Brazil, Cuba, Grenada, Guyana, and Mexico; ten opposed, and 11 abstained.

The US Angle

A Latin preference for a "special relationship" with the US lingers on but is no longer the motivating force behind the formulation of foreign policy. For a long time the Latins have sought, and many continue to seek, a formula for Latin-US cooperation that takes account of the overwhelming power and wealth of the US as well as the Latin requirement to avoid outright dependence. The Latins, always conscious of the long history of intervention, whether punitive or benign, by the region's superpower, and believing in the inevitability of their linkage with the US, have assiduously worked at shaping a relationship that ensured against patronage and bullying by Washington. They believed they had achieved the right balance with their 1969 Consensus of Vina del Mar, a document in which they detailed a concept of new bases for US-Latin relations.

The consensus clearly indicated Latin frustration with the state of the relationship but it also clearly indicated a preference for linking their future to the US. The Latins contend that Washington has never responded to their proffer of this design for a practical partnership, and many Latins date the intensified effort to broaden their foreign policy from this failure of the US to engage with them on the consensus.

The Vina del Mar analysis of where the inequities lie in the relationship and what can be done to correct them has continued to serve as a measuring rod for evaluating US performance and intentions toward Latin America. The discussion and debate that forged the Consensus served to sharpen Latin sensitivity to every US move, small and large, that might have some adverse effect on the region or on one country in the region. From this slant, the Latins have detected a long series of affronts, slights, and damage to their

well-being emanating from US policy. Tallying these has caused a re-awakening of the ever present but usually latent sense of victimization of Latin America by the US.

The political alliance with the US suffered, for one reason, as a result of Washington's shift to detente without prior consultation with the actively anti-communist governments of the region. The response to this has been varied. A number of Latin governments continue to regard the communist camp as ideological lepers, but on the whole the region is considerably more relaxed about treating with a variety of other governments, including communist ones. Opening normal diplomatic relations with a communist state was a bold move for a Latin administration only a few years ago. By now, the majority have diplomatic relations with the Soviets. A dozen have them with China and with Cuba. The US is no longer political mentor, and in fact the Latin countries take pride in diverging from the US in international politics. Some countries retain a certain measure of ideological purity vis a vis the Marxist world, and others try to stay ahead of the US in warming relations with Marxist governments.

Another manifestation of the political alienation is the revised definition of hemispheric solidarity. Until recently, Latin governments generally held to the long-established tradition of pan-Americanism, the community of South and Central America, Mexico, the Caribbean, and the US. Even during the past decade, as nationalism surged through Latin America, provoking a growing stream of anti-US rhetoric, Latin governments remained highly responsive to the US view on regional matters. The communal tradition was in some ways reinforced by Cuba's aberration from the Inter-American ideal. Cuba's realignment to Moscow was broadly denounced, leaving Havana marked as an outcast by most of the Latins for better than a decade.

The ideal now stresses the bonds among the countries south of the US and specifically excludes the US. Cuba is on its way to reintegration in regional affairs and has even emerged as a respectable model for other Caribbean countries. The Latins want to continue the old pan-Americanism on certain levels, for example retaining the Organization of American States and its suborganizations, but they are giving greater attention to Latin-only alliances.

The roughest road in the Latin-US connection is in the economic area. As dependents on US trade, many are alarmed at what they interpret as a growing protectionist bent by the US. A number have been irritated at the conditions on commerce imposed by various legislative amendments. The role of transnational corporations

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[redacted] has become a subject of serious concern. A few have come to feel that every ostensibly benign action toward them by the US is in reality another device for exploitation. AID programs are criticized in retrospect as outlets for surplus high-paid US administrators; conditions set for financing by international development banks are suspected as manipulative means to interfere in economic policy; and proprietary constraints such as patents are seen as efforts to maintain monopolies on technology that might be important for Latin development. The Latins are quick to read a retaliatory intent in actions from Washington. The exclusion of Venezuela and Ecuador (as OPEC members, although neither participated in the oil boycott) from the Trade Reform Act benefits is interpreted as the kind of punitive reaction that can be expected by Latin governments that follow an "independent" policy.

Governments inclined toward a hostile view of the US interpret these problems as a deliberate US effort to keep the weak countries down. Others interpret them as largely accidents born of US indifference toward and lack of understanding of Latin America. From their various points of view, most Latins would agree that the US is on a path chosen with little consideration for the rest of the hemisphere. And this judgment emboldens or forces them to look for other options in meeting the needs of interdependence.

Third Worldism

The search for alternative alliances abroad continues to put distance between the US and Latin America. The fruitfulness of the effort to identify a range of options varies considerably from country to country, but in general the entire region shares a certain success. Extrahemispheric governments no longer treat the area as a bloc of US satellites impervious to outside influence. The huge increase in the number of diplomatic and commercial missions traveling between Latin America and all other parts of the world testifies to the broad recognition of the region's new ecumenism. The frequency of contact and the high level of foreign officials who have come visiting have boosted the Latins' confidence in their ability to act on the larger stage, even when little of substance has resulted immediately from such interchange.

Reaching for a variety of international outlets has served several purposes. Psychologically, it symbolizes the breakaway from a satellite role. Politically, it emphasizes the safety and maneuverability afforded by the principle of "no automatic alliances." Economically, it represents a pragmatic approach to the need for export markets, improved terms of trade, and development assistance. Latin American governments by now

have an array of technical and commercial agreements and development projects with a full range of the industrialized world, including the EC, Eastern Europe, the Soviet Union, China, Japan; and they are engaged in negotiations with numerous LDCs in attempts to work out joint positions at international conferences and in efforts to form blocs among raw material producers.

Experiences in dealing with the broad spectrum of political and economic interests led Latin America to take a second look at the "third world," long epitomized by the nonaligned conference. Cuba had joined the nonaligned in 1961, but through most of that decade Latin America generally regarded the group as a collection of international misfits and visionaries—a lunatic fringe. Cuba remained the sole Spanish-American country in the nonaligned movement until 1973. The Latins found no affinity with the much less developed countries of Africa and Asia and tended to look at Middle East countries through an Israeli prism. More recently, the general submergence of east-west divisions and the focus on the north-south differences in terms of wealth and power have made the Latins see a large area of mutual interest with the third world.

The impact of OPEC's oil politics has, at least for the time being, encouraged a continuing reassessment of foreign policy and made the third world still more attractive. The Latins' interpretation of the oil boycott, the high fuel prices, and the world response to the problem reveals how different their interests are from Washington's. On one level, OPEC's unity—and the strength in unity—was inspiring to the Latins. They were impressed by the fact that the squabbling Arabs could achieve solidarity, an often elusive goal for the Latins. They were further impressed with the clout achieved through solidarity. The Latins have tended to generalize unrealistically, appreciating the lesson of *bloquismo* and the possibilities of cartels for their products, but sometimes ignoring the uniqueness of oil.

Despite their own problems directly caused by OPEC, both the shortages and the financial bleeding they suffered, the Latins have been loath to criticize OPEC except obliquely. The Latins are betting that in the long term, their own interests will be better served by OPEC's jolting of the rich countries and are therefore encouraged to make their own contributions to LDC pressure on the industrialized world.

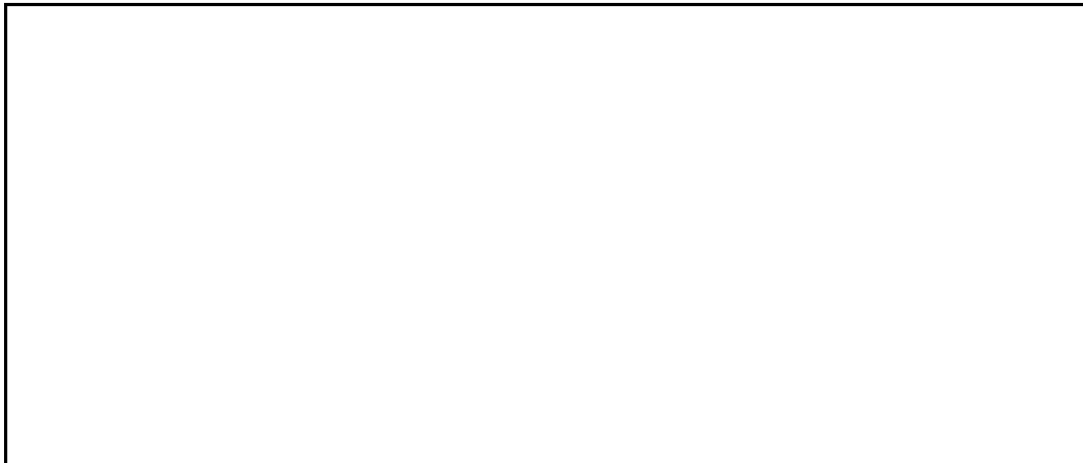
Another aspect of great interest was US "retaliation" against OPEC countries, which were excluded from the benefits of the 1974 Trade Reform Act. The fact that denial of the trade preferences was indiscriminate—and so encompassed the two Latin members despite their innocence of the boycott—came across to the Latins as a very threatening turn of US policy. They

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expect the US and the rest of the industrialized countries to subvert other bloc efforts that assist smaller or weaker countries to operate from a basis of equality with the rich.

Latin America hardly serves as only another group of followers for the third world, though for the sake of "consensus" it will often go along with positions that matter to some other regional bloc. With its greater and longer experience in many economic areas, Latin America frequently sets the tone and identifies the issues for the underdeveloped world. Many of the current third world issues were picked up from the Consensus of Vina del Mar: transfer of technology, sharing of scientific data and methodology, a code for transnational enterprises, the obligations of rich nations toward the less advantaged. Particular Latin American governments also are way out in front as long-time advocates of principles currently under international debate, such as Mexico on denuclearization and Ecuador on the 200-mile sea. The Charter of Economic Rights and Duties of States adopted by the UN is a creation of Mexico's President. President Echeverria has also begun to promote a larger third world version of the Latin American Economic System, and Brazil has offered a proposal for establishing new "north-south" rules of the game for economic relations between developed and developing countries.

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On the other side of the coin, the Latins tend to believe that pressure from the less developed world is having a positive effect: much of the industrialized world has subscribed at least in principle to such statements as the charter of economic rights and the call for a new international economic order; some developed nations have agreed with the third world position that oil price rises are not the cause of world inflation; and the US, they find, is slowly becoming isolated in resisting third world pressure.

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Regionalism

As Latin America has enlarged its view abroad, it has arrived at a new appreciation of its own special regional interests. Even the distinction between Latin America and the Caribbean has in some ways become sharpened. The small non-Latin entities of the Caribbean see most broad issues from a different slant. The burden of their long dependence, for one thing, is not related to the US but rather to Europe. They can take their conformance or divergence with the US in stride, since there is no "special relationship" to be affected. Their different situation has been emphasized for the Latins by the fact that the European powers have responded to the Caribbean's bargaining for economic privileges, while the Latins have been unable to get special concessions from either Europe or the US.

One spin-off from the broad foreign policy reappraisal is intraregional fence-mending. In a period when the potential for rivalry and hostility is at a high point, the level of cooperation has probably reached new heights. At some levels ostensible agreement blankets deep and bitter grievances which the Latins themselves recognize as probably not containable in the long run. Yet all are anxious to seize this moment in time which promises a bigger payoff from unity than from indulgence in particular grievances.

Despite what they say to the contrary in private, officials of almost every Latin government will stand in public defense of a neighboring country's pet aspiration. All will speak for Panama's rights in the canal negotiations, for Venezuela's prerogatives as an OPEC member, for Guatemala's claim to Belize, for Bolivia's need for an outlet to the sea. Governments favored by US trade practices will condemn the exclusion of another country from those benefits. Each contestant for regional leadership—Echeverria, Perez, or Morales Bermudez—will endorse the other's bid for that role. Latin leaders are speaking of various forms of substantive economic cooperation, such as multinational businesses of various kinds, communications networks, an information clearinghouse for matters of common concern such as data on transnational corporations, and Latin-only associations in various categories such as labor and news media. An umbrella Latin-only organization, the Latin American Economic System, to which 25 governments have subscribed, is a recent creation.

No small factor in the move toward unity is the fact that Venezuela, one of the primary advocates of solidarity, has made effective use of its oil wealth, showing itself willing to fund multilateral enterprises and to give special assistance to countries in the region most hurt by the oil price rises.

Granting these favors, Venezuela has on its side a group of indebted governments which, satellite-like, feel obliged or motivated to fall in line with Caracas on particular issues. Venezuela has been the most successful of the Latin countries ambitious for a leadership position, but Brazil, Mexico, and Cuba are also potential centers for orbits of influence. These emerging new spheres of political prestige or economic power contribute to the continuing diffusion of foreign policy interests in the area.

Particular Viewpoints

Each government of Latin America judges its own well-being and the state of its relations with Washington and the rest of the world from its own particular point of reference. Almost all, however, are dissatisfied, in varying degrees, with the US. Depending on the circumstances of the moment, these governments tend to shift from one to another of two broad camps with respect to the US. One camp plays out an adversary relationship to its own advantage, finding the pose as "victim" of some US policy to be a political gold mine at home and internationally. The other camp detects a hostile attitude from Washington which it believes is unwarranted. This second group, which usually includes most of the small nations of the region, feels that it has reaped guilt by association with the more assertive governments of the area. Finding a coolness from Washington, the small countries fear isolation and therefore do become willing to join the adversary camp, providing "solidarity" even on issues that make them uncomfortable. They often hope that by attracting Washington's attention to a deteriorating state of relations in this way they can impress on US officials the need to remedy the situation.


Motivations and rationales that underlie the making of foreign policy vary not only from country to country, but within countries from one administration to another. Some of the more developed countries and a few of the small ones that have been spared political turmoil exhibit a certain consistency or hold to long-time traditional special interests in foreign policy. But for the most part, the president or prime minister operates fairly freely from his own particular view of the world and his country's place in it.

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Venezuela, like Mexico in this regard, expects a largess of sympathy and understanding from the US for its nationalist aspirations, based on a long tradition of friendship and mutually beneficial alliance. Venezuela by now feels its open political system is fairly secure but dependent on the government's responsiveness to the popular nationalist surge. Oil wealth provides transitory wherewithal for meeting nationalist and development needs and must be used to maximum political and economic advantage. Also somewhat like Mexico's Echeverria, President Perez has chosen an ambidextrous policy that tries to maintain vital links with the US while pursuing an expansive, third world tack on international issues. Increasingly, the relationship with the US has deteriorated as Perez has identified various US positions (e.g., the Trade Act) as "aggression" against the developing nations. In these circumstances, Perez has exploited the role of the harassed defender against US imperialism to great political effect.

Perez' performance is probably outdone by that of Panama's Torrijos. Panama's third world stance, its successful internationalization of the canal issue, and its unique dependence on US good will combine to grant General Torrijos great maneuverability in both foreign and domestic policy. With world opinion strongly backing its case against the US, Panama enjoys almost unlimited opportunity to attack the US rhetorically with impunity, activity which confers on Torrijos excellent third world credentials abroad and unassailable revolutionary credentials at home. At the same time, Torrijos can credibly explain his failure to follow through on any given particular by alluding to the constraints imposed on him by the negotiation process and by the power of the US.

Peru's revolutionary government was built around highly nationalistic political and social principles that tend to set the country on a course away from the US. Particularly under the leadership of ex-President Velasco, the revolution operated partly from the premise that the US meant harm to Peru, and the Peruvian leadership was probably the most paranoid among the Latinos in its conviction that US subversion was an everyday threat. Excepting Cuba, Peru remains, despite the departure of Velasco and the more discriminating attitude of his successor, Morales Bermudez, the most comfortable and accommodating Latin country in the company of the third world and the nonaligned.

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Argentina, for all practical purposes, is not in the international game. Internal chaos has left the nation without a coherent foreign policy. Argentina identifies itself as a "natural" leader in the region and beyond, but its long preoccupation with domestic affairs has meant a forfeiture of such a role.

Brazil has perhaps the most sophisticated and experienced diplomatic talent in the region and it makes the most serious effort to look at the changed world scene, and particularly at US-Latin American developments, in a constructive framework. Feeling generally superior to Spanish America and confident that it is at a significant take-off point in its development, Brazil views the new relationships as realistic. Brazilian leaders tend to interpret any hard knocks from Washington as proof that their nation is becoming truly competitive with the traditional world powers. They nevertheless resent the obstacles they believe the US deliberately puts in the way of their success, such as trade barriers and US reservations about Brazil's nuclear program.

Most other governments in the area are less confident of their ability to function successfully in the dynamic international arena without the protection of a reliable and powerful ally. The multitude of international conferences and issues strains their financial and human resources both in terms of fielding able delegates and in terms of keeping abreast of events. Having perceived diminishing US interest in Latin America as a whole and in their particular countries, these governments find security, if not content, in following the lead of the more assertive countries and by contributing to Latin solidarity.

Their reluctance to accept the idea that the US has "abandoned" the area definitively or permanently is obvious in their repeated expressions of concern over the unsatisfactory state of US-Latin relations. The Central American countries, Uruguay, Chile, and Colombia have all sounded this theme. All have conveyed in some detail the specific angles of their anxiety and deplored what seems to them a US failure to understand Latin America. The Chilean government is increasingly embittered over Washington's failure to embrace it, however, believing that it has earned US gratitude for freeing the hemisphere of a Marxist cancer.

Continuing Reappraisal

The Latin governments, whether operating from confidence or not in the present situation, see the entire international scene as still in flux. They

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are more firm than ever in the past about the essentiality of getting a better deal for the region in an interdependent world but recognize a need to stay tactically flexible. Few, and perhaps none, would judge a permanent rift between Latin America and the US as in the Latin interest. Yet the concept of multipolarity seems to them inescapable, and each country will continue to try to make the most of the new options available. The case of anti-Communist Chile's warming relationship with the People's Republic of China is instructive on this point. Latin America's own more catholic attitude toward the rest of the world will continue to attract the interest of extra-hemispheric powers seeking new outlets for their influence.

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