CHAPTER - I

UNITED STATES POLICY TOWARD LATIN AMERICA: ASSUMPTIONS AND OPTIONS

(with brief historical sketch and especial reference to Cuba, Chile and Argentina)

The theorists of foreign policy and international relations have dimensional visions of the International System. Bipolar visions tend to stress the existence of a fairly static division of international power, centering on the United States and the Soviet Union. Some describe an inter-imperial system in which United states and Soviet "empires" are in equilibrium. Latin America and East Europe are considered secure core areas for each power. Few see a socialist Camp whose objective is expansion under Soviet hegemony and a capitalist camp engaged in 'imperialism' to assure markets and supplies of raw materials.

What matters for Latin America is the hegemony of the United States. United States policy toward Latin America is widely believed to be both more rigorous and more extensive then it is toward other parts of the Third World. Adherents of this belief claim that there is a special tutelary relationship between the United States and Latin America, and this results in a much tougher stance toward its hemispheric neighbours than toward other areas. In addition, it is also
believed that a tough corporate policy of the U.S. giants of industry toward Latin America exist. In other words, it is assumed that the United States emerged in the post-war world as the strongest of foreign investors in the private sector after years of struggle against foreign especially European corporate interests.

However, from the beginning of this century until World War II, Latin American diplomacy has been mostly "prebandry worked for the sale of raw products to the United States. World War II changed this situation. The perception of the world as divided into two irreconcilably antagonistic blocs which permeated the cold war line of thought, considerably tightened the inter-American alliance system which was primarily built under the leadership of the United States. The Soviet Union on the other side tightened its own pact in Eastern Europe. Consequently, the area open for international negotiations jeopardized. Before this constriction, Latin American's regional comprehension had served to introduce extensive trade with the United States. Americans gradually gripped Latin American economy. They began to believe their "birthnight" to exploit and explore regional economy according to United States terms. But, the world power arena deviated from its original course after second world war. Equally competent and advance trade markets emerged in the world as a consequence of intensive industrialisation in Europe and Japan.
Latin American States would have benefited their economy by establishing trade with the new emerging industrial states in the world but the U.S. superiority technological and economic always discouraged nationalist ambitions of the Latin American States.

An analysis of the formulation of U.S. policy towards Latin America as a whole in new post-war political environment requires brief acquaintance of historical background which U.S. decision makers inherited from the period prior to the war.

MONROE DOCTRINE: FOUNDATION STONE OF THE U.S. LATIN AMERICAN POLICY:

Monroe Doctrine is, in a sense, biblical for the White House officials in formulating U.S. Latin American policy. The U.S. policy toward the region stems out of the attempt of President Monroe in 1823 to separate regional affairs from vicissitudes of European politics. Monroe assumed that two distinctive and implacably hostile systems existed in the Atlantic region. One existed in Europe and the other in Latin America. Monroe perceived that in Europe, legitimate, monarchical regimes, having Napoleonic experience, would no longer tolerate revolution and democratic republican governments in their continent, while the Latin Americans, under the guardianship of the United States had ultimately gained independence.
and established republican regimes in almost all the countries of Latin America through revolutions against European monarchies. Monroe portended any European endeavour of expansion towards Latin America would be undesirable. He justified America's claim over the Western Hemisphere, on the basis of geographical proximity and similarity of systems for which Americans themselves have shed their blood. He unilaterally declared in 1823 that the U.S. government would consider any attempt on the part of the European powers" to extend their system to any portion of the hemisphere as dangerous to our peace and safety.  

Significantly, the Monroe Doctrine is being reinterpreted and reinforced by the actions of succeeding U.S. administrations.

PAN-AMERICANISM IN LATE NINETEENTH CENTURY:

Monroe Doctrine was first reflected in the U.S. policy in late nineteenth century when the Pan-American movement


2. Ibid.
was initiated by the United States. The movement emphasized the "special" relationship between the United States and the Latin American nations and promoted the idea that the nations of the Americas formed a political system distinctive from Europe. In fact U.S. dominated Pan-Americanism was another instrument for extending United States political influence in the region. In other words, Pan Americanism laid the more strong foundation of U.S. hegemony in Latin America.

**ROOSEVELT COROLLARY AND U.S. INTERVENTIONS IN LATIN AMERICA:**

In addition, in the late nineteenth century and early twentieth century, the United States envisaged the danger of establishment of naval bases by the European powers specifically in the Caribbean region. The turbulent tiny islands of the Caribbean might invite European powers, specially Britain, to protect their citizens and their internal systems. The U.S. fear reflected in the formulation of Roosevelt Corollary in 1905 whose provisions allowed the United States to intervene in the affairs of any Latin American nation unable to face its own problems and which might unintentionally attract or encourage European intervention. Dominican Republic, Nicaragua and Haiti were 'assisted' by the United States in this respect, turning them as the U.S. protectorates.

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In Consequence of Roosevelt Corollary, the United States had been successful upto 1920s in minimizing European influence in Latin America and maximizing its own influence in the region. The U.S. position enhanced by the rapid expansion of its economic relations with Latin Americans in result of gradual withdrawl by the Great Britain which had preeminent economic hold over the region. But the early two decades of the twentieth century, in which U.S. made many Caribbean nations her protectorates in the implementation of Roosevelt Corollary created suspicious and fears among the Latin American nations about U.S.intentions. Denouncing U.S. move in the Caribbean region as "Yanqui Imperialism", they began to pressurize in order to amend the structure of Pan-American movement, to provide equal voice to all members in the affairs of Latin America.

GOOD-NEIGHBOUR POLICY - AN ATTEMPT OF RECONCILIATION OF US INTERESTS WITH THE LATIN'S:

The U.S. policy-makers predicting coming difficulties with Latin Americans, during the following decade formulated "Good-Neighbour Policy," in substitution of Pan-Americanism. This policy was committed to the doctrine of non-intervention. As a proof of the same U.S. government freed the Cubans from Platt Amendment provisions and also withdrew U.S. marines from Haiti. Good-Neighbour policy apperently aimed at reconciling
U.S. interests with the interests of Latin American nations and factually exploiting Latin Americans in a different way. Apart from this, gradually declining influence of the League of Nations especially in the event of Japanese attack on Manchuria in 1932, and the rising aspirations of Fascist and Nazi forces, were signalling an imminent world conflict. The "Good Neighbour Policy" was also the reflection of U.S. desire to keep away the whole Latin America from any external war. Under the banner of this policy, Washington sought the co-operation of all Latin American in order to create peaceful atmosphere in the entire region so that the region could isolate itself from any future external conflict. The United States seemed during this period to abandon its traditional dominant position, accepting the Latin American States morally and legally "equals". But, the outcomes of the second world war changed the entire international power scenario and the U.S. policy in Latin America started a new chapter in the history of the United States policy.

GLOBAL OUTCOMES OF THE SECOND WORLD WAR AND ITS IMPACT ON THE FORMULATION OF U.S. POLICY IN LATIN AMERICA:

The U.S. interests in Latin America waned after the second world war. Initially, the United States showed a modest concern for Latin American development. But, the U.S. and Latin American relations came under growing strains after the war. There were mainly two factors which intensified
tensions between them immediately after 1945:(1) The United states attained Super Power status in the world after the war. Her invincible and unassailable strength subsequently expanded her aspirations and her commitments throughout the globe. Notably, prior to the second world war, Latin America had remained a main subterranean passage through which varied United states interests were served. But the United States new status-quo tremendously increased her area of interests which required a wider region for their satisfaction, almost the whole world.

President Truman observed "Whether we like it or not, we must recognise that the victory which we have won has placed upon the American people the continuing burden of responsibility of world leadership." 4

The Americans didn't see the past, they saw the future. It became evident when the U.S. foreign policy touched global reach in its calculations. While, poor and developing Latin American states began to feel themselves as a second class states within the U.S. policy framework. They considered that the U.S. decision makers dashed their hopes.

(2) The rise of nationalism in the region added new dimensions and introduced new aspirations among Latin American states i.e. the desire for modernisation, reasonably good standard of living, and to become strongly based, independent nations. They sought all sorts of assistance from the United States in order to achieve these objectives. They justified their expectations on the basis of historic-geographical proximity with the United States. But the U.S. in her power conflict with the Soviet Union embarked in Europe and Asia during the initial post-war years. The conflicting worldwide interests of the super powers, their every possible attempt to expand and to strengthened their respective sphere of influence in Europe and Asia. In addition, the U.S. policy-makers quickly perceived urgency to up-grade the desperate European economy and they focussed their attention on Europe in particular and Asia in general. Latin America had already been regarded well within the U.S. sphere of influence, two oceans as barriers buttressed its defences and, therefore, the U.S. policy-makers had no ground to perceive any imminent danger from outside or within the region.

The Latin American states were regarded as satellites moving around Washington. The whole region was considered comparatively more secured in the U.S. strategic perspective.
For this reason, during first decade after 1945, Washington could not pay attention to Latin America as much as they legitimately deserved.

Thus, the second world war proved to be a turning point in the relations between the United States and Latin America. In the beginning, however, the U.S. did avoid any participation in the war.

LATIN AMERICAN SUPPORT TO THE U.S. IN THE SECOND WORLD WAR:

The United States was alarmed by the continuous victories of German "blitzkrieg" in Europe and perceived an imminent danger of German intervention in the Caribbean. Consultative Meeting of Latin American Foreign Ministers in Havana authorised United States to intervene in the Caribbean to prevent outside intervention and also promised all sort of support if the United States was attacked. The Second World War once again restored the U.S. hegemony over the region and provided a justification to the U.S. right to intervene in the region if necessary.

Pearl Harbour attack forced the United States into the war. In response Latin American nations formulated new policies in order to support their Big Brother. Rio de Janeiro Conference in January 1942 extended financial, technical, and military assistance to the United States. They
permitted U.S. troops on their land and establishment of strategic bases within their territories. However, the role of Chile and Argentina remained slightly different during the war. Chile and Argentina did not follow Rio meeting recommendations to sever relations with the Axis powers. Chile was nervous for his 2300 mile long undefended coast, which was quite open to Japanese assault. However, Chile overcame the fear later and its nominal relations with Axis powers came to an end in early 1943. While Argentina for quite the same reason, could sever her relations with the Axis powers in 1944, although she did not participate in the war.

The outcomes of the II World War shifted U.S. foreign policy towards worldwide commitments. The preceding years after the war evolved a bi-polar system of power politics. Engaged in Cold War, the United States and the Soviet Union seemed pre-occupied and threatened with each other. The United States considered Latin America as a relatively secure, therefore, assigned it a second priority. While, Latin American nations were more concerned with their overall development but perhaps not at the cost of relations with the United States. Significantly, they argued with the United States that Soviet influence in this region could best be contained by eliminating social and economic disparities and thus creating independent strong nations.
Almost all Latin American countries have a vast variety of raw materials but they lacked production capacity, technical skills and most significantly investment capital. For the foreign monopolies, Latin America serves as a reservoir of cheap raw-materials and agricultural products oil, coffee, bananas, sugar copper and iron ores, tin, bauxite etc. Consequently foreign investors had gained quite control of important segments of Latin America's export industries, as well as, of its public utilities. In 1970, U.S. direct private investments in Latin America were approximately $12.2 billion, compared to a total of $9.2 billion for all other developing countries throughout the world. Significantly, U.S. holdings constitute 80 percent of all foreign investment in Latin America. This dependence on one hand helped them in their development but on the other, helped the foreign investors, mainly U.S. and U.S. influenced international financial agencies, in acquiring an influential blackmailing power, which could bring these nations to the brink of an economic disaster. This power had been frequently used by the United States in its relations with Latin America.

America. Latin American nations and their nationalist leaders, therefore, had been always ambitious to turn their economic systems more self-sufficient and independent, and to develop their own industries, to exploit hitherto untapped resources and thus to reduce foreign influence over their economies. In this way Latin American nations started resisting U.S. imposed "free-enterprise" system whenever they could. But the super power interest of the United States and her fear-psychosis of Soviet penetration behind every marked change in Latin America always judged these nationalist feelings as the sign of disloyalty and, an attempt to join Soviet camp. That's why, US Administration supported the revolutions, and opposed the revolutions as well to set up the "dear government in the region. They favoured military regimes in the Dominican Republic, Peru, and Venezuela. Significantly, the aspirations of the Latin American nations to be self-dependent were regarded by the US vested interests as being inspired by the socialist or communist influence. They supported, therefore, the Batista dictatorship in Cuba but strongly opposed Castro's growing emergence in Cuban affâír in 1958.

Cuba was the first country in the Western Hemisphere that raised the triumphant banner of socialism, when Fidel Castro seized power in Cuba in 1959.
Cuban-American relations reached their tangled state of the early 1960s. However, Castro did not come to power only because of anti-Americanism, but also because of the revulsive dictatorships of his two principal predecessors, Gerardo Machado and Fulgencio Batista, whose names together were synonymous with Cuban politics from the mid - 1920s through the 1950s.

THE DICTATORSHIP OF MACHADO:

Machado entered the presidency in 1925. His dictatorship became oppressive when the worldwide Great Depression descended upon Cuba after 1930. At last he promised genuinely free elections for the year 1934, but in August 1933 a violent general strike paralysed the island and Machado was forced to retire. The maker of governments for most of the years thereafter, until the appearance of Castro, was Colonel Batista, whose rule, like that of Machado, became ever more oppressive until he too was forced from office.

8. Batista rule in Cuba lasted from 1934 to 1944 and from 1952 to 1959.
BATISTA'S LAST DAY AND 'US ASSUMPTIONS:

As Batista's mandate began to run out in the 1950s, the American government made some efforts to persuade him to step down. There did not seem to be great danger whether Batista stayed or left. The State Department assumed that the US equipped Cuban army would prevent too far a swing to the left. Secretary of State Dulles paid little attention to Latin America. President Eisenhower likewise was more concerned with European and Asian problems. 9

Finally, Batista departed by plane on January 1, 1959, for the Dominican Republic, and Cuba suddenly belonged to Fidel Castro, a young lawyer who for five years had been carrying on an insurrection from the Sierra Maestra Mountains.

The growing strength of the movement placed considerable strain on the Eisenhower Administration, especially since it was obvious that millions of US dollars in military aid to Batista were being used to defeat Castro. 10 In March 1958 an embargo was ordered against further shipments of arms to Cuba, and in November 1958 news conference, Eisenhower announced that the United States would pursue a policy of nonintervention, unless the lives of Americans in Cuba were endangered. But by this time, CIA had become convinced that US interests

would not be served by a Castro victory. The US policy makers presumed that communists and other extreme radicals had penetrated the Castro movement. However, Eisenhower was not fully convinced by the CIA reports.

There were those in the Department of State who were sympathetic to Castro and argued that his greatest support came from the middle class doctors, lawyers, teachers, and other disillusioned and disgusted by the dictatorship and that it was the support of this group which made his victory possible.

**EISENHOWER RECOGNISED CASTRO:**

The Eisenhower administration, therefore, recognised the Castro regime six days after the fall of Batista, and American firms in Cuba hastened to pay their taxes in advance to show their approval.

President Eisenhower was however understandably displeased when, in that spring of 1959, the American society of Newspaper Editors invited Castro to Washington to give a speech. President Eisenhower did not invite him to the White House. Castro nonetheless went Washington, the erstwhile colossus of the north, and made the speech. He denied, notably, in his speech, any communist influence in his government.

11. Ibid., p. 380,


DETERIORATED RELATIONS BETWEEN CUBA AND THE US:

After Castro's American visit the relations between Cuba and the United States rapidly deteriorated. Shortly after his return to Cuba the revolution began to pick up speed and become not merely a Cuban affair but one for all of Latin American, even the world. In 1959, the Castro-styled Year of the Revolution, Cuban propaganda began to spread leaflets in Spanish and English in the American South and in New York's Harlem urging Puerto Ricans and American blacks to rise against oppression. The Cubans made contact with the native Americans too, and in July 1959, Castro received Mad Bear, an Iroquois nationalist, as a guest in Havana. Castro introduced the Agrarian Reforms in 1960, and before the year ended Castro had seized the approximately one billion dollars of US owned property in Cuba. 14

Fidel Castro again came to the United States in 1960, to attend the Assembly of the United Nations. When he spoke at the UN, Castro took four and one half hours to present his case. 15 At this UN Assembly session he met Khruschchew and physically embraced him.

The US, however, promptly recognised Castro regime, but within two years American feelings toward Castro changed from sympathy, to patience, to exasperation, and then to

14. Ibid.
15. His most memorable remark was that the two American presidential contenders of that year, John F. Kennedy and Richard M. Nixon, lacked "political brains," for which comment he was reprimanded by the chair.
anger. It soon became obvious that Castio intended to carry out a far-reaching social revolution. He particularly struck out against the United States as a symbol of past oppression and evinced a determination to free Cuba of its economic dependence on the United States. In addition to resenting Castro's expropriation of American property in Cuba on the basis of inadequate compensation, many Americans were alarmed by his tirades against the United States. They were also shocked by his summary "war crimes" trials and firing squads that killed hundreds of former Batista henchman. However, Castro became a symbol of protest to many Latin Americans against the past of right wing dictatorship, injustices, and low living standards.

SUGAR DEAL:

Castro's drift toward the Soviet Bloc became especially alarming in February, 1960, when Soviet Deputy Premier Anostas I. Mikoyan visited Cuba. He signed an economic pact with Castro regime in which the Soviet Union agreed to purchase Cuban sugar at a price lower than that being paid by the United States and extended $100 million in credit at 2 1/2 percent interest.\(^\text{16}\) The US

policy-makers feared that Cuba would become a fountainhead of Communism in the Americas and that Castro would export his revolution to other parts of Latin America. Thus, for the first time since the Second World war, Latin American affairs became of premost concern to United States foreign policy.

Alarmed by Havana's threat to the anti-communist tradition of the Western Hemisphere, Eisenhower embarked on a good will tour of South America in February of 1960. He attempted in this way to counteract the old feeling that the United States had been neglecting Latin America while courting other parts of the world.

EMBARGO AGAINST CUBAN SUGAR:

In June 1960, the state Department asked Congress to approve an embargo against Cuban sugar, which the President imposed in the following month. In response, Castro regime expropriated most of the remaining American property in Cuba. Khrushche also threatened to rain rockets on the United States if it intervened in Cuba. However, later Khrushcher said the rocket threat was merely symbolic, but he had made clear his view that the Monroe Doctrine was finished.

CASTRO DRIFT TOWARD COMMUNIST BLOC:

Significantly, Castro announced acceptance of Soviet protection, and established diplomatic relations with China. The foreign Minister Gromyke notably, claimed that the Soviet Union had the same right of intervention in the Americas as had the United States in Europe and Asia. With Soviet support, Castro had thus defied the whole idea of hemispheric security, as espoused by the United States and embodied in the Inter-American system. He had brought Cuba, in fact, directly into the cold war and contributed to making Latin America a new weight in the world balance of power politics.

Castro, thus, in his attempt of making Cuba completely independent of the United States, initiated deals with Communist Countries, and accepted Communist arms and technicians. The United States feared that Castro would use his soviet arms to bolster 'Fidelista' regimes in neighbouring states. The US, in response, imposed an embargo in October 1960, on all exports to Cuba except foodstuffs and medical supplies.18

18. Cuba had become a main issue in the presidential campaign between Nixon and Kennedy. Vice President Nixon, the Republican candidate, presented himself as the man best qualified to handle foreign Affairs in perilous times, while Kennedy accused the Republicans and said that Cuba had become a "Communist satellite" and the Republicans had failed to associate the US with the aspirations of the Cuban masses and dissipated the good-will built-up by Roosevelt's Good neighbour policy.
EXILES GATHERED AFTER FLEEING FROM CUBA

Gulf of Mexico

Atlantic Ocean

EXILE INVASION CRUSHED BY CASTRO

Guanabacoa Bay

THE ATTACK ON CASTRO'S CUBA
THE BAY OF PIGS FIASCO:

Early in 1960, notably, the CIA surreptitiously began to move against Castro. It led to the ill-fated Bay of Pigs invasion on April 17, 1961 by 1,500 CIA-trained Cuban exiles against Cuba. This expeditionary force, trained and equipped by the US, arrived at the Bay of Pigs in American ships. It had been expected that the invasion on the southern coast would encourage the island's presumably suffering millions to rise up and overthrow the Castro regime. These expectations were cruelly dashed when the anticipated uprising didn't occur, within three days the invaders were either killed or captured by Castro's still loyal militia. The plans for invasion were approved by the US joint chief of staff. Their execution was, however, delayed until after the inauguration of the Kennedy administration. President Kennedy approved the invasion project because it seemed so far along and because it had such august backing, not merely by Director Dulles but by the joint chiefs. He, however, did put a condition on the invasion, that the US forces must not be directly involved and there would be no air cover, that mainly turn the invasion a failure.

The failure of the Bay of Pigs invasion was a total disaster, a great embarrassment to the United States and a useful piece of propaganda for the Soviet Union. However, Kennedy took full responsibility for American involvement.

The Cubans brought the matter to the United Nations on the very day of the invasion, charging that the United States had violated two fundamental principles of the Inter-American system, political sovereignty and economic security. Castro, On May 1, 1961, proclaimed Cuba a socialist state and took other measures to tighten his left wing dictatorship.

THE ALLIANCE FOR PROGRESS:

Castro's announcement reinforced Kennedy's belief in the necessity of strengthening the social and economic structures of the other Latin American governments. Kennedy turned his attention to shoring up his Alliance for Progress through economic aid. Following the Bay of Pigs fiasco, an meeting of finance ministers and economic experts from all the American republics was scheduled on August 5, 1961 at Punte del Este, Uruguay, where the charter of the Alliance

was formalised. It offered Latin America a minimum of $20 billion for economic development spread over a decade. More than help would come from the United States and the remainder was to be supplied by international agencies, Western Europe, and private capital. Notably, Cuba was not included in the plan.

AIMS OF THE ALLIANCE AND ITS CONSEQUENCE:

There was hope that the Alliance for progress, designed to promote social reforms and correct economic inequalities, would help to solve the perennial problems of Latin America. In fact, the Alliance raised high hopes among Latin Americans that Washington could not possibly fulfil. In the late 1960s, these hopes gradually expired due to lack of funds as well as mutual trust.

Significantly, gradual disillusion of Alliance for progress has been responsible enough to create strong tide of nationalism in Latin America in the early 1970s. Chile, Peru, Bolivia first reflected these sentiments. Allende in Chile came to power in 1970 as first freely elected Marxist President in Latin America. Army regimes with nationalist tones emerged in Peru and Bolivia. These three Andean Nations proceeded to break the way of

23. Latin America received $9,450 million under the Alliance for Progress Programme.
American large financial interests by expropriating US assets, and consequently increased serious strain in US - Latin American relations.

Castro's exclusion from the Alliance and his sensational December 1961 speech in which his conversion to a Marxist - Leninist philosophy moved the island nation closer to the Soviet Union and, correspondingly, increased the fears of those in power in the United States. This polarisation continued in 1962, for in January 1962, Castro signed a far-reaching trade agreement with the Soviet Union. It was also announced that the Cuban army had grown to 250,000. Later, Cuba received its expulsion even from the organisation of American States.

The Bay of Pigs fiasco and following Castro's drift toward the left later led directly into the most frightening international crisis since the end of the


second World War - the Cuban Missile crisis of October 1962.  

A major crisis loomed as evidence mounted that Russian-built missiles were being installed on the island. At first, U-2 surveillance flights revealed the construction of so-called surface to air missile sites, but their importance was discounted because of their relatively short range. But, in mid-October 1962 these U-2 photos disclosed construction of sites for medium range missiles capable of traveling approximately 1,000 miles. The threat to the United States was now apparent, and the Administration's anxiety was increased when intermediate-range missiles (over 2,000 miles) were sighted. The Soviets had never before stationed such strategic war material beyond their own borders, and even though the United States had missile installation in Turkey, none had been placed in East Europe.

The US Congress authorized Kennedy by joint resolution on Oct. 3, 1962, to take measures to prevent in Cuba, the creation or use of an externally supported military.


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creation or use of an externally supported military capability endangering the security of the United States."  

On October 22, Kennedy in a television speech announced his policy about the missiles in a tuff manner, it shall be the policy of this nation to regard any nuclear missile lanunched from Cuba against any nation in the Western Hemisphere as an attack by the Soviet Union on the United States requiring a full retaliatory response upon the Soviet Union. Thus, Kennedy raised up the national interest of the United States in a public showdown with the Russains. There always is danger that the extreme publicity in such a move will produce equal intransigence on the other side. In October 1962 there then could have been no recourse except Armageddon.

On October 24, 1962, the US government, with unanimous support of the organisation of American states, inaugurated a blockade of Cuban waters. The crisis wore on for several days as messages went back and forth between Kennedy and Khrushchev. Finally Khrushchev backed down and agreed to take the missiles out of Cuba. The Soviets dismelled their bases and hoisted their missiles into the holds of waiting ships.

After the Cuban Crisis, American prestige, so hurt by the Bay of Pigs invasion of 1961, was not only restored but mightily increased.

30. Ibid. Also see, Robert F. Kennedy, Thirteen Days, Boston, New York, 1969, p. 31.
31. Ibid., p. 780.
On thing became certain after the Cuban missile crisis that the US Administration would not like in future to repeat the kind of diplomatic deal between Kennedy and Khruschev by which the Soviet Union removed the deadly missiles in return for the expectation that the US would not invade Cuba. The succeeding US policy makers seemed determined to allow "no more Cubas" and suffocate any Marxist movement in the region, as led by Fidel Castro. The US administration had been more anxious to see regional developments in this particular perspective.

But after the Vietnam's bitter experience, public support to the militaristic moves had been considerably reduced in the United States. There were, therefore, not merely to be "no more Cubas" but there were to be "no more Vietnams either.

CHANGES IN THE SOVIET MILITARY PROFILE IN CENTRAL AMERICA:

Even after the missile crisis, the relations between Cuba and the Soviet Union gradually strengthened. It also led to changes in the Soviet military profile in Central America and the Caribbean. The Soviet Union acquired a new and significant naval presence, made possible by its expanding global capabilities and by the existence of the Castro regime. Nineteen naval and naval air deployments to Cuba
took place between 1969 and 1976, of which eleven also entered the Gulf of Mexico, with the quality of the ships being upgraded on each occasion. The Soviet naval presence grew from nothing to an annual average in the 1970s of well over 1000-ship-days in the region. This represented no more than an average of 35 ships on station, of especial sensitivity to the US. The region has also now the presence of Soviet submarines. Between 1958 to 1963, Soviet hydrographic research and acoustic survey ships had sailed extensively in the Caribbean. Two diesel submarines and a submarine tender were included in the first naval squadron to visit Cuba in 1969. The US also reacted strongly in 1970 to Soviet attempts to construct a permanent base for nuclear submarines in Cienfuego Bay. Submarine tenders and ballistic missile submarines continued to be deployed in Cuban waters until 1974, when a brief attempt at "rapprochement" began between Washington and Havana. In 1978, the year of the largest Soviet naval deployment to date and the first Soviet naval deployment to date and the first patrols flown by Soviet pilots from Cuba, the Castro government received its first submarine from the Soviet Union. In addition, Cuba's overall forces were substantially strengthened by the Soviet Union in the early and late 1970s to include, by 1979, three fighter-bomber and eight inter-

ceptor quadrons also including 20 MIG-23s, 2 submarines, 18 large patrol craft, and 62 first attack craft.\(^{34}\)

However, neither the Soviet presence, nor the Cuban inventory posed any immediate threat to the US, but the time when the US could militarily take the Caribbean for granted was understandably gone.

ENHANCED SIGNIFICANCE OF THE REGION:

In addition to Cuban tangle, the general deterioration of the international position of US monopoly capital in 70s by the increased competition for markets from its imperialist rivals, particularly West Germany and Japan, and the weakening of the dollar greatly magnified the importance of Latin America in the eyes of Washington. It was visibly reflected when Secretary of State William Rogers declared at the First Special session of the General Assembly of the OAS in 1969 that no other region in the world had greater significance for the United States than Latin America.

Chile, a country of diversified and progressive interests, is one of the best examples of the victims of US sharp edged pre-dominance in Latin America and her thrust

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for economic exploitation to protect her own national and super-power interest.

SOCIALIST CHALLENGE TO US DOMINANCE IN CHILE:

The electoral defeat of US supported rightist regime of Eduardo Frei and the victory of Marxist and Socialist popular unity Coalition headed by Salvador Allende, in the presidential elections of Chile in September 1970 brought serious strains in US-Chilean relations. Allende was a product of the Chilean middle class and an active politician since thirties. His experiment to develop socialist system in Chile, popularly known as "Marxism in liberty", his successful attempts to expropriate foreign assets including American, without "adequate" compensation created threatening sound, in Washington, of an emerging second Cuba in Latin America. Rise of a socialist government in Chile attracted

35. Socialism in Argentina, in comparison to Chile, was to a very large extent on imported product which took roots mainly through the activities of immigrant European workers while in Chile, a generation before the Soviet Revolution and many years before the Mexican revolution, a number of political parties and other groups with distinct socialist outlook were already operating. The Radical Party in Chile was founded over a century ago; the social Democratic Party can trace its origins to the Democratic Party founded in 1887, while the Socialist Workers Party, a precursor of the later Socialist Party, was founded in 1898. See, Claudio Vehiz, "Centralism and Nationalism in Latin America," in Foreign Affairs Vol. 49, No. 2, January 1971, "Fundamentals of Marxist-Leninist Theory and Tactics of Revolutionary Parties, Institute of Social Sciences, Progress Publishers, Moscow, 1985, pp. 296-304.

36. See, Robert Kuttner, Chile is not Cuba or is it? in Commonweal, Vol. XCIA, # 17, August 6, 1971.
worldwide attention, for, Latin America has been too much under the shadow of the colossus to the North to afford a fair chance of survival to any form of socialist rule. Eventually, the U.S. Unassailable hegemony in the region, her influence over international financial institutions, and her tight grip over financial investments in chile stifled Allende's socialist government to death by a military coup only after three years of its birth.

As Allende assumed power, the U.S. policy makers framed an aggressive policy towards Chile. U.S. government efficiently utilized two major instruments in its offense, (1) impelling firm pressure for debt payments on Chilean govt. and (2) designing strategy of interception and interruption of new credits and loans to Chile.

Significantly, Chile was breathing under heavy debts when Allende came to power. Most of the Chilean debts were entered into Chilean economy prior to Allende regime, specifically by U.S. influenced public, private and international banks. Payments of most of these debts ought to be rendered during the Allende term and proved unfortunate for him at last. The U.S. administration exploited the dependency of Chilean economy in the pursuit of U.S. objectives in Chile. They imposed economic embargo on Chile which proved disastrous
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<td>1929</td>
<td>$331</td>
<td>$7</td>
<td>$13</td>
<td>$72*</td>
<td>$423</td>
</tr>
<tr>
<td>1936</td>
<td>383</td>
<td>5</td>
<td>12</td>
<td>84</td>
<td>484</td>
</tr>
<tr>
<td>1943</td>
<td>215</td>
<td>28</td>
<td>15</td>
<td>76</td>
<td>329</td>
</tr>
<tr>
<td>1957</td>
<td>483</td>
<td>22</td>
<td>9</td>
<td>52</td>
<td>666</td>
</tr>
<tr>
<td>1960</td>
<td>517</td>
<td>22</td>
<td>12</td>
<td>188</td>
<td>739</td>
</tr>
<tr>
<td>1964</td>
<td>500</td>
<td>30</td>
<td>20</td>
<td>239***</td>
<td>789</td>
</tr>
<tr>
<td>1968</td>
<td>586**</td>
<td>66</td>
<td>39</td>
<td>271</td>
<td>962</td>
</tr>
<tr>
<td>1969</td>
<td>452</td>
<td>65</td>
<td>41</td>
<td>288</td>
<td>846</td>
</tr>
</tbody>
</table>

* of which utilities and transportation were $67 million.
** of which an estimated $320 million book value in copper.
*** of which utilities were $175 million.

SOURCE: Ian Roxborough ....... op. cit, p.52.
for the Allende government. The fact remained that the Chilean economic structure was well vulnerable to the U.S. assault, as the Chilean economy, in fact, had been growing on borrowed money. The foreign debt had entered into Chile throughout the sixties, and new credits and loans pursued old debts in a spiralling sequence and thus restricted the scope of any further investment for industrial expansion or agricultural development in the country.

The chart of Chilean economy in 1970 pointed out that total foreign investment in Chile was $1.672 billion, in which direct U.S. private investment constituted $1.137 billion. By the end of 1970, U.S. and other foreign corporations dominated almost all of the critical and dynamic sectors of Chilean economy:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) iron, steel and metal products</td>
<td>60 percent</td>
</tr>
<tr>
<td>b) machinery and equipment</td>
<td>50 &quot;</td>
</tr>
<tr>
<td>c) petroleum products</td>
<td>over 50 &quot;</td>
</tr>
<tr>
<td>d) industrial and other chemicals</td>
<td>60 &quot;</td>
</tr>
<tr>
<td>e) rubber products</td>
<td>45 &quot;</td>
</tr>
<tr>
<td>f) automotive assembly</td>
<td>100 &quot;</td>
</tr>
<tr>
<td>g) radio and television</td>
<td>almost 100 &quot;</td>
</tr>
<tr>
<td>h) pharmaceutical</td>
<td>nearly 100 &quot;</td>
</tr>
<tr>
<td>i) office equipment</td>
<td>nearly 100 &quot;</td>
</tr>
</tbody>
</table>

Table A-1 (ii)

CHILE

DISTRIBUTION OF FOREIGN INVESTMENT ($M)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0.11</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.11</td>
</tr>
<tr>
<td>Mining</td>
<td>2.25</td>
<td>-</td>
<td>0.57</td>
<td>73.23</td>
<td>10.83</td>
<td>56.54</td>
<td>143.42</td>
</tr>
<tr>
<td>Industry</td>
<td>9.24</td>
<td>5.07</td>
<td>9.27</td>
<td>30.02</td>
<td>42.29</td>
<td>45.05</td>
<td>141.54</td>
</tr>
<tr>
<td>Service and</td>
<td>0.35</td>
<td>0.01</td>
<td>0.02</td>
<td>0.57</td>
<td>2.47</td>
<td>-</td>
<td>3.45</td>
</tr>
<tr>
<td>other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>11.95</td>
<td>5.08</td>
<td>9.86</td>
<td>103.82</td>
<td>55.59</td>
<td>102.19</td>
<td>288.4</td>
</tr>
<tr>
<td>Category</td>
<td>Percentage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------</td>
<td>------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j) Copper fabricating</td>
<td>100 percent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k) tobacco</td>
<td>100 &quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>l) advertising</td>
<td>90 &quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Apart from the above statistics, the larger part of U.S. private investment in Chile remained in the mining and smelting sector. Notably, Chile was earning her foreign exchange primarily from Copper mining which was well controlled by the U.S. Corporations. Thus Allende's Chile was pathetically under external control over Copper production, necessary technology and spare parts, and of course, also in the manufacturing field. Obviously, Chilean economy was dangerously exposed to any attack sabotage.

U.S. government adopted reckless and stringent measures against Allende regime. In consequence of that, Chile's imports from the U.S. declined from 40 during Frei government, to approximately 13 percent in 1972 during Allende presidency. The continuation of Chilean need and dependency on the import of the essential spareparts from the United States dangerously affected the economy through a steep slope in short-term U.S. commercial credits. It declined from 78.4 percent of the total credits in 1970 to approximately 6.6 percent in 1972. It was due to this precipitous decline, that Allende government could not purchase spare-parts and machinery for the most vital
areas of the economy i.e. copper, steel, petroleum, electricity and transportation. Notably, Chile has been importing over 90 percent spare parts for the copper industry from the United States. Besides, U.S. multinational corporations had almost complete control over Chilean exports, most specifically, the copper, whose worth was estimated at between $500 million and $800 million after its exploitation by the Allende regime. Thus, the major source of Chile's foreign exchange earnings was under the heavy pressure of U.S. Corporations. As the production planning, marketing and sales were also considerably dependent on U.S. firms and the Chilean pattern of development, indubitably, was evolved by external source of finance, technology and machinery, the U.S. money was the soul of the Chilean economic structure. Under these very adverse circumstances, Chile's productive capacity, consequently, failed to satisfy its debt obligations while remained increasingly needful to new debts for further investment. In the mean time, international price of Copper also declined which deeply damaged the Chilean situation. U.S. hostility at this stage cruelly pressurized Chilean economy, fully utilizing CIA's subversive capacity, skilfully exploiting
opposition's hatred towards Allende, instigating and promoting massive strikes in Chile which took place in mines and commercial sectors mainly during first half of 1973 and ultimately disrupted the Chilean economy to a total debacle. Thus, Allende's experimental and sincere efforts to substitute the monopoly of capitalism by the monopoly of Chileanism immediately weakened the string of U.S. Chilean relations. Allende's socialist dreams in Chile received U.S. aggressive shocks in return to protect her political and economic interests in Chile. U.S. responded with vehement economic pressures in order to create internal economic chaos in Chile while U.S. retained close links with Chilean military wings with a view to disaggregate Chile. The covert and overt U.S. involvement in Chilean affairs greatly intensified when internal disturbances in Chile were cropping up and a sensational military coup on September 11, 1973 led by General Augusto Pinochet Ugarte overthrew Allende government.

The new military junta in Chile was promptly recognised by Washington with new hope and enthusiasm. U.S., the most powerful democracy of the world, was in jubilant mood and was more satisfied with undemocratic military regime in place of the Allende government which came to power through democratic process. Military
government once again opened the door of Chilean economy for foreign investments and returned expropriate assets to their previous private holders. In response, U.S. policy once again favourably turned to Chilean economy with massive financial aid.

Apart from Chile, the beginning of the 70s was also reflecting new nationalist challenges to the United States coming out in other parts of Latin America. However, these nationalist feelings among themselves were different in shapes and colours. For instance, General Torres in Bolivia like Allende was ambitious to nationalise foreign assets but without socialist dreams, Peru's nationalist junta was reluctant to design its economic strategy to confine the access of foreign capital within the structure of mixed economy, and Argentina was moving with the burgeoning nationalist movements which were led by anti Marxism of Peron to crush the nationalist left.

**THE UNITED STATES AND THE MILITARY REGIMES IN ARGENTINA:**

Juan Domingo Peron considered to be the most significant man in Argentine politics, was President of Argentina from 1944 to 1955 and again, after 18 years exile, in 1973 until his death in 1974. Before Peron came to power, General Alejandro Agustin Lanusse was the president who assumed the power through a coup overthrowing General Juan Carlos
Ongania's military regime in June 1970. It was hardly astonishing because Ongania was also former coup maker himself. After Peron's death in July 1974 Isabel, his third wife and then Vice President, succeeded Peron in Office.

Factually, the military have been the real power in Argentina. However, the destinies of most South American nations have traditionally rested in the hands of their military. Although there were differences of personalities, traditions and political orientations among the various military regimes of Latin America, they all have at least one thing in common - a strongly held conviction that, by and large, civilian politicians were inept, corruptible demagogues and unsuited to direct the affairs of their nations. They had presumed that the military officers genuinely do have the national interest at heart. Argentina is the best case in this respect. Coups d'état in Argentina have become as normal a procedure for changing the Presidency, that during 60s and 70s, no fewer than seven coups had taken place in Argentina, an average of one nearly every four years.

Argentina, however, has held eloquently the pre-eminent economic situation in the South American continent.

38. See, Newsweek, January 5, 1970. Also see, Newsweek, June 22, 1970.
and has immeasurable potentialities. Argentina, a border country of Chile, had made rapid strides in its industrialization process. Outstanding development in this nation occurred in the production of food, textiles, building materials, paper, tires and other rubber products, shoes and leather goods. In Argentina, there are various local industries, a number of branch factories and assembly plants of world-known industrial concerns. Unfortunately, during 70s the country had fallen so badly, primarily due to the long domination by the United States that Argentina's natural wealth was sold out to the United States big business by military regimes having inherent interest, one by one. U.S. petroleum and oil companies had firmly established in Argentina. In order to facilitate their penetration into the industry the military rulers of Argentina, except Peron, gradually liquidated the State-owned petroleum company Yacimientos Petroliferos Fiscales. Besides oil, the foreign monopolies also obtained control of Argentina's deposits of minerals. High-ranking Argentine officers, significantly, assumed well-paid posts in the local subsidiaries of the foreign monopolies during 60s and 70s. The foreign corporations siphoned off no less than $ 6,000 million from Argentina around 1970. Argentina's cement, rubber, motor car and chemical industries were also very
much controlled by the foreign specifically U.S. companies. U.S. Corporations, thus, had mass penetration into the Argentine economy. Military regimes, behaved with the United States with open loyalty. However, it gradually caused opposition and hatred towards the United States among the Argentine people and, therefore, accelerated the Peron movement. Peron had been always allergic to such U.S. penetration and significantly he pursued an open-door policy with respect to the socialist countries. After military coup in Chile, he accepted 70,000 chilean refugees and thus helped them escape Pinochet's tortures. Therefore, U.S. Argentine relations during his period were the worst. But Peron couldn't continue more due to his ill-health. Weak administration of Isabel also could not shift Argentina's dependence on the United States and in March 1976 the military once again usurped power in the country.

In sum, it is an undeniable fact that the United States has always been accused for neglecting Latin-America after the second World War and for oppressing and exploiting its developing nations at the same time. The international importance of Latin-Amercia steadily declined after the second World war when the United States developed interests in regions of Africa, Asia and the Middle East, formerly conceded to the British, the French, or the Dutch. But after Cuban Missile Crisis in 1963, when a fearful and
tense world waited to see if the two great powers would collide, the strategic situation of the hemispheres has become unprecedented. Two super powers realised that they with awesome nuclear arsenal can not go to war with each other at hope to win. Latin America in 60s, therefore, became very important in world affairs, and also in the calculations of U.S. policy as well more so than at any time in the past.

It is a known fact that coups were common in Latin America. Many journalists and academicians frequently referred to Latin America as the graveyard of democratic experiments. With regard to coups, it can be safely said that authoritarian regimes of the Right in Latin America were less critical of the United States than were those of the Left, however, resentment against Washington has roots everywhere. In the 1960s and 1970s, this resentment frequently expressed itself in economic issues. There was no doubt that U.S. policy also ran with co-operation and several aid programmes were finalised for the development of Latin America's states but the problem of under-development always remained in the agenda of Latin America. As a consequence of that, Latin American society was becoming increasingly polarized by its inability to relieve the growing tensions arising from its conditions of dependent under-development. In fact, an underdeveloped country in the post-war capitalist system tended to become economically dependent,
while, a dependent economy tended to remain underdeveloped. Dependent economies are particularly prone to suffer from continuing underdevelopment, or to undergo a distorted process of growth.

In addition, economics growth in the nations of the region couldnt reduce the internal socio-economic disparities that characterized their underdevelopment. Notably external dependence of the region had been aggravated by the growth of foreign capital in the last years of the 60s. The region's annual payment of profits and interest alone amounted to $2623 million in 1970. The Latin Americas external indebtedness rose from $7 billion in 1969 to $19 billion in 1970. Only four Latin American regimes Cuba, Peru, and Chile in Western hemisphere and Nicaragua, sincerely, in C.A. had so far committed themselves to confronting U.S. hegemony in the hemisphere and to breaking the dependent structures that perpetuated their state of underdevelopment.

Thus, there should be no doubt in the fact that the agendas of the United States and the Latin Americans had become quite different after 60s. The countries of the whole region could easily identify themselves with poorer, developing nations everywhere in the world and even more than in the past viewed the United States as
a rich and highly developed country concerned mainly with exploiting them for their resources. Even various aid policies, conceived in Washington ostensibly for the benefit of the Latin people, invariably linked assistance to benefits for North American businesses. Economic concern, therefore mainly lay at the bottom of a number of clashes with the southern regimes. U.S. policy, in fact, has been dominated by the considerations of the expansion of enterprises abroad and maintaining military and economic superiority in the region. These considerations have revealed, more than once, in U.S. determination to contain the interference of extra hemispheric powers in the affairs of the region and to frustrate any socialist or nationalist attempt to nationalise U.S. assets. It has been a permanent objective of the White House in Latin America to protect U.S. investments, markets, and sources of supply in the region.

The present decade began with the renewed cold war. There are two significant factors distinguish the position

of the developing state in the first and second cold wars. During the first cold war, the Soviet Union did not have a seven-ocean blue water navy. Consequently, the reach of its influence was not perceived by the US. to be as extensive as it is during the second cold war. The Soviet support to the Marxist regime in Ethiopia, the coup in South Yemen and the presence of Soviet troops in Afghanistan following the Saur revolution in 1978 assured the US assumptions. The political development in Central America are seen as enlargement of a Soviet bridgehead in Latin America. The second factor is that in the past-colonial period, the developing nations have acquired legitimate political control over the natural resources, within their territories. However, mostly they rely on multinational Corporations of major powers for exploitation and exploitation of these resources. Simultaneously, some of them are ambitious to assert their control over the resources and few are in a position to do so. The Soviet led socialist bloc offers an alternative source of technology for this purpose. This has led to a fear in Washington that the Americans may be denied access to various mineral resources. The developing world, therefore, has more threats of super power intervention. That's why, Central America is boiling today. The US policy balance has co-operation in one pan and 'Conflict' in the another. It exposed simultaneously in two neighbouring states Chile and Argentina during first half of the 1970s. Chile made a radical effort to eliminate distortions and resuscitate the market between 1970-73, while Argentina remained a carpet-bed of U.S. multinational corporations particularly during 1970 to 1975.