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U.S. POLICY IN THE THIRD WORLD:
THE LIMITS OF POWER

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Overseas Development Council

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ABSTRACT

U.S. Policy in the Third World: The Limits of Power

The perception is widespread that the United States' ability to influence events in the third world is in decline. The explanations in vogue today cite such causes as the adverse drift in the strategic balance, detente, the so-called Vietnam syndrome, or incompetent policy-makers. This paper offers alternative, structural explanations for the decline of U.S. influence independent of these variables.

Sluggish economic growth in the industrial world and instability in commodity and capital markets have made it more difficult for the United States to provide friendly governments with an environment of economic stability. Moreover, the decline in official finance has deprived the United States of potential leverage. Aid has declined sharply as a percentage of GNP, and the ratio of official flows to private capital flows has fallen dramatically. Private capital refuses to take risks or forego profitable opportunities merely because Washington has contrary political objectives. In addition, industrial states are now engaged in a heated competition for export markets, and Western Europe and Japan are likely to place export performance above alliance political considerations.

The Nixon Doctrine relied heavily on the "regional influentials" to protect U.S. interests. Yet, many of these nations are themselves unstable. Nor have they always been willing or able to act in accordance with U.S. interests in their own region. Their own sense of national interest has sometimes led them to distance themselves from the United States or even to seek to expand their own influence at the expense of the United States.

U.S. relations with business groups and militaries in the third world are also examined. Both groups have often proven to be unreliable allies. Third-world businessmen may join popular front movements, or blindly oppose minimal social reforms and thereby generate instability. Businessmen may form nationalist alliances with the state, implement unsuccessful economic policies, or be unable to maintain power. Third-world militaries can also be nationalistic, and even rightist authoritarian governments now defy the United States on a host of international issues. Moreover, militaries have inherent difficulties in establishing durable regimes and can even themselves generate political instability and radicalization.

Administrations which fail to realistically adopt goals that take these trends into account will inevitably produce failures and disappointments and expose themselves to charges of incompetence, lack of will, or even betrayal.

U.S. POLICY IN THE THIRD WORLD:
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Richard E. Feinberg
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The perception is widespread that the United States no longer maintains its former ability to shape the outcome of events in the third world. The blame is often pinned on the alleged incompetencies or weaknesses of particular U.S. policymakers. Alternatively, particular doctrines, such as detente, are seen as being responsible for our declining ability to manage third-world states. A closer look at our problems in dealing with the third world suggests that a change in personnel at the State Department, or a hardening of our attitudes, will not be sufficient antidotes. The problems originate in a series of profound developments that have transformed the international environment over the last generation.

Overview

Latin America and much of Asia and Africa have changed with blinding rapidity in the post-war period. Traditional agrarian societies have been transformed into diversified economies with modern commercial agriculture and industry. Governments have grown stronger with the addition of new generations of trained technocrats and managers, the creation or enlargement of national security forces and intelligence services, and the growth of state control over the economy. In some countries, civil society has become more vibrant with the emergence of cohesive and representative interest groups, or of mass-based political movements. In the lesser developed countries, these trends have been superimposed upon the most fundamental stage of "modernization" that witnesses the assault on communal, tribal, or regional cultures and the integration of the nation's farmlands and towns into a national market.

In comparison to what the colonial powers found in the heydays of imperialism, when a small flotilla of gunboats could overpower old civilizations or conquer disorganized territories, many third-world states today present a much more formidable degree of organized power. The French, for example, were able to subdue Algeria with only 30,000 soldiers in 1830, whereas a force 20 times as large was inadequate by 1960. Contrary examples of deepening poverty and disorganization can be found, especially in sub-Saharan Africa, but these are the exceptions. While most third-world states may not yet be powerful enough to guarantee their own sovereignty, it has certainly become more difficult for foreign powers to impose their will upon them.

Many U.S. analysts attributed the success of the Vietnamese communists to their having grabbed the banner of nationalism. Innumerable other instances, from the anti-Americanism of post-Shah Iran to the plebiscite

won by Chilean President Augusto Pinochet against foreign "human rights" criticisms, have confirmed the force of nationalist sentiments when captured by mass movements or strong leaders. U.S. policymakers have learned to pay at least lip service to the dangers of being on the wrong side of third-world nationalism. A number of additional trends, however, have deepened and accelerated the problems that await any foreign power attempting to control events in the third world.

Economic developments abroad and at home have complicated the task of controlling the third world. Political events in the developing world are heavily influenced by economic conditions, and now that the global economy has become unhinged, politics are less predictable and harder to control. Moreover, the economic resources under the direct command of the U.S. government have shrunk in comparison to the expansion of global resources, further reducing our government's ability to manipulate events overseas.

Just as our ability to resist Soviet pressures depends significantly on the successful coordination of policies with our NATO allies, so our ability to act in the third world is conditioned by the actions and attitudes of the other Western powers. Yet underlying trends in the world economy are driving wedges between their interests and ours.

Nixon and Kissinger had hoped to preserve world order as they defined it by allying closely with regional "influentials." The underlying assumption was that nations such as Iran, the Philippines, Saudi Arabia, and Brazil shared our basic interests and would protect them in their respective regions. In the interim years, however, these nations have demonstrated that their fidelity is far from assured. Indeed, these new power centers are often wary of U.S. influence and purposely seek an independent course based upon an increasingly self-defined sense of their national interest.

If resort to direct military intervention became a less attractive alternative after Vietnam, the United States has persisted in believing that it can maintain its influence within third-world states by allying with certain domestic forces. When in power, these forces would presumably protect U.S. interests both within their country and in the region. In most cases, the chosen ally was either local business or military elites. Yet history has already proven that this strategy, too, cannot guarantee U.S. objectives. Too often we have lacked the leverage to keep such allies in power, and even when they prevail, they may turn against us. This essay will elaborate on the nature and consequences of these centrifugal forces which are pulling the world further away from our control.

Uncertainties in the Economic Environment

In the years between the end of World War II and the early 1970s, the international economy expanded at a rather steady rate. Governments in the third world thus enjoyed an external economic environment relatively propitious for their own development. To the extent that steady economic growth makes governing easier, political stability was more attainable. The United States could earmark a portion of its own substantial economic assistance to further improve a friendly government's economic prospects, and thereby help stabilize it. While the scorecard on such attempts to use economic aid for political purposes was spotty, there were many instances of success.¹

Today, the international economic environment is highly unstable, and the U.S. government lacks the resources to right regimes reeling from external economic shocks. The skyrocketing costs of oil and other essential imports, the fluctuations in export earnings resulting from uneven growth in OECD markets, and the uncertainties in financial markets have thrown many third-world economies into disarray. Their development paths cannot be predicted with any useful degree of certainty. Economic instabilities often lead to social unrest, which can further dampen economic prospects, and so forth in a descending cycle. Such an unstable economic environment severely handicaps efforts to stabilize a government or otherwise control the political process.

A host of examples could illustrate how international economic turmoil has brought frustration to U.S. foreign policymakers in the late 1970s and early 1980s. U.S. efforts to stabilize the governments of Mobutu in Zaire and Kenneth Kaunda in Zambia, and the liberalization process in Peru, were all hampered by the vacillating and generally weak international copper market. The military overthrow of the U.S.-backed democracy in Turkey in September 1980 was in part motivated by an economic crisis. The Turkish economy was severely wounded by an oil bill which was absorbing well over half of the nation's export earnings. In addition, the economic slowdown in Western Europe had cut into the flow of earnings from Turkish "guest workers" who had lost their jobs there. The political-liberalization processes in Brazil and the Dominican Republic were threatened by externally-induced economic disappointments. Poor economic performances, resulting from unfavorable swings in the terms of trade and the fickle policies of the private capital markets, were putting mounting pressures on democratic institutions in the English-speaking Caribbean. The decline of the price of coffee in 1980-81 severely affected the economies of Central America, including that of the U.S.-supported junta in El Salvador. Conversely, high oil prices rendered such antagonists as Colonel Kaddafi of Libya less vulnerable to actual or potential U.S. pressures. A full listing of the countries where political objectives were threatened by economic trends would be almost endless. Unless the international economic environment unexpectedly regains its balance in the 1980s, the political aftershocks are likely to become increasingly widespread and severe.

These international economic instabilities have been deepening just as the resources at the command of U.S. foreign policymakers have been in relative decline. U.S. economic assistance, bilateral and multilateral, has fallen from 0.53 percent of the nation's gross national product in 1960 to 0.27 percent in 1980.² Moreover, the U.S. government's control over its aid contributions has been receding. The proportion of U.S. financial assistance allocated to multilateral institutions (e.g., World Bank and the regional development banks) had risen from an average of 14 percent in 1969-71 to 30 percent in 1978-80.³ To compound the trend, U.S. influence within these multilateral organizations, while still significant, has been perceptibly on the decline. We are no longer the overwhelming power in international finance that we were in an earlier era.

The Reagan administration intends to favor bilateral aid, precisely to regain political control of aid resources. The shift, however, will be only gradual and marginal. The Reagan administration agreed to honor

existing commitments to the multilateral agencies, and OMB Director David Stockman has limited the expansion of bilateral aid.

The declining ratio of official aid to private capital flows has been even more disabling. In the decade of the 1970s, the Eurocurrency and other international capital markets exploded, and the ratio of private to public financial resource flows to the developing world had risen from 44 percent in 1970 to 64 percent in 1979.⁴ The leverage of the U.S. government over these private flows is generally small. Banks, even when U.S.-owned, are rarely willing to alter their lending decisions to serve "the national interest" as interpreted by the State Department. Indeed, many bankers are suspicious of the political judgments of Washington bureaucrats.

During the Carter years, Latin American policy was frequently undercut when the decisions of private U.S. lenders and investors ran counter to official preference. For example, the U.S. government sought to stabilize Jamaican democracy by sharply increasing bilateral aid flows, and the multilateral institutions also increased their commitments, but the U.S. private sector decided to decrease its exposure. Private business was responding to the deteriorating economic situation in Jamaica, as well as to fears that the Manley government might turn further leftward. Despite very high per capita official aid inflows, the negative private-capital account played an important role in producing successive years of economic decline. Similarly, in 1979-80, the U.S. government poured economic aid into El Salvador, to prop up a series of military-civilian juntas struggling against a strong leftist challenge. The decisions of U.S. lenders and investors to withdraw their lines of credit and other liquid assets more than offset these official inflows. Fearing political change in El Salvador, private banks and firms acted to protect their own interests in ways which harmed official U.S. efforts to rebuild political stability.

The Carter administration's efforts to improve the human-rights performance of the Western Hemisphere's Southern-Cone states--Chile, Argentina, and Uruguay--were undermined by the private international capital markets. The small amounts of bilateral economic or military aid that were withheld paled in comparison to the hundreds of millions of dollars each of these governments was borrowing from private creditors. To be sure, the U.S. Treasury Department applauded when these Latin states improved their credit ratings and became more integrated into the international financial system. But Washington's leverage over the political practices of Southern-Cone governments declined as a result.

Secretary of State Edmund Muskie lamented the decayed state of our official economic instruments. "Are we willing to commit sufficient resources to the defense of our interests and the promotion of our ideals abroad?" he asked in a speech before the Foreign Policy Association on July 7, 1980. Muskie surveyed our bilateral and multilateral economic assistance efforts, found them alarmingly wanting, and issued this warning:

With [these programs] we have an opportunity to influence events in crucial areas of the world. Without them, our power to shape events is drastically diminished. All of us are concerned--and rightly so--that we not slip into military weakness. We are

steadily modernizing our military posture. Yet cutting back our other international programs contributes to another kind of weakness, every bit as dangerous. It cuts back our arsenal of influence. Our support for liberty in the world--our defense of American and Western interests--cannot be mounted with military weapons alone. The battle for American influence in the world requires more than rockets, certainly more than rhetoric. It requires the resources that make our diplomacy effective.

Yet, the future is likely to see a deepening of the trends of the 1970s. The economic resources under the direct command of U.S. foreign policymakers are likely to continue to recede compared to those under private control, or compared to the probable growth of multilateral agencies. The structures of these agencies will increasingly reflect the diffusion of global power, and the relative decline of the United States in the world economy.

Competition Among Industrial States

The U.S. ability to work its will in third-world states often depends heavily on the cooperation of the other industrial countries. Such cooperation was manifest between the United States and France when the two powers (together with Belgium) aided President Mobutu in 1979 to regain control over rebellious Shaba province. The United States supplied the airlift, while France, Belgium, and Morocco provided troops. All agreed that it was in their mutual interest to sustain Mobutu, and the economic costs for the limited military operation were small. In other cases, however, where the potential economic burden of cooperation has been much higher, our European and Japanese allies have been less enthusiastic. When the United States refused to sell Libya commercial jets to protest Kaddafi's terrorism, France seized the opportunity to market its Airbus. Compliance on behalf of our economic sanctions against Iran following the November 1978 seizure of U.S. embassy personnel was reluctant and partial. Nor did our allies rush to join the United States in reducing economic ties with the Soviet Union following its military intervention into Afghanistan.

Competition among industrial states for export markets is accelerating at the same time as third-world markets are becoming more significant. By 1977, 37.6 percent of the exports of the European Community were earmarked for the developing countries, up from 28.5 percent in 1973, and many nations outside of OPEC were included among the expanding markets.⁵ By 1980, the developing world (including OPEC) was absorbing more than one-third of all U.S. exports. During the 1970-78 period, U.S. exports of capital goods to developing countries more than quadrupled, jumping from less than \$5 billion to more than \$22 billion. As export drives intensify, and the stakes get higher, the Europeans and Japanese will be less receptive to U.S. exhortations to use economic sanctions to achieve political purposes in third areas.

Our allies are even reluctant to take diplomatic positions which might jeopardize relations with trading partners. European willingness to move closer to Arab views on the Palestinian question clearly reflects both their dependency on Middle Eastern petroleum and their intentions to

maintain or increase market shares in the rapidly expanding OPEC import markets.

Already U.S. efforts to alter third-world behavior by restraining certain types of exports have been undercut by other industrial countries. The United States has sought to halt the proliferation of nuclear weapons by embargoing certain types of nuclear technology in the absence of sufficient safeguards. This valiant policy has been repeatedly undermined by the willingness of other suppliers to sell with lesser safeguards.⁶ The United States has tried to dampen the acquisition by Latin American states of more sophisticated conventional weapons by limiting access to our own arsenals. But enthusiastic European and Soviet merchants have rushed in to benefit from the United States' scruples. While U.S. restraint may have had some effect on overall Latin arms purchases, the visible result was a sharp decline in the U.S. share of actual Latin weapons procurements.

The United States has also tried to use the international development banks to alter the political behavior of third-world states. In the mid-1970s, Congress mandated that the administration vote against development-bank loans to governments committing "gross and flagrant" violation of human rights. Carter administration officials voted against approximately 100 loans on "human rights" grounds, but nearly all still received the required majority of votes. The Europeans, who command a major share of the voting power in the development banks, refused in almost all cases to inject "political" considerations, emphasizing that the banks should concentrate on their essential function--the financing of industrial country exports sold in third-world markets. With few exceptions, the third-world representatives agreed with the European view, sometimes fearful that their country might one day be guilty of human-rights violations. The European and LDC blocs easily outweighed the U.S. voting share. To be sure, U.S. lobbying within the banks did kill some loans before they could reach the boards of directors for formal voting. On the whole, however, the Europeans' accent on maintaining the "economic integrity" of the banks was fatal to U.S. efforts to alter the banks' lending patterns away from governments that were denying human rights.

The increased importance of third-world markets will raise the commercial costs of using economic instruments as leverage for political or diplomatic ends. The coordination of diplomacy among the industrial states will be made more difficult as each tempers its positions to appeal to countries with growing purchasing power. The increased ability of third-world states to play the industrial countries off against each other will make economic sanctions more difficult to enforce, and generally complicate our diplomacy. The outlook for the rest of this century at least is for an accentuation of these trends--increasingly intense competition among industrial "allies" for shares of lucrative markets in the third world.

The Regional Influentials

During the Vietnam war and its immediate aftermath, many Americans concluded that the number and nature of our commitments exceeded our own capabilities to honor them. President Kennedy's inaugural pledge to "pay

any price, bear any burden, meet any hardship, support any friend, oppose any foe" had lost its appeal to a war-weary nation. Even before the economic trends discussed above were fully apparent, some Americans were arguing for redefining our interests to accord with our ability and willingness to defend them.⁷ Instead, the Nixon administration reaffirmed our existing commitments and searched for new strategies to secure them.

In the "Nixon Doctrine," proclaimed on Guam in 1969, Nixon announced his plan to gradually withdraw U.S. troops from Vietnam and strengthen the South Vietnam government's military (ARVN). The direct U.S. presence would be replaced by a friendly local force. In other areas of the world, the analogy to "Vietnamization" was reliance on friendly regional powers whose vision of their security interests presumably accorded with our own. As Secretary of Defense Melvin Laird stated: "America will no longer play policeman to the world. Instead we will expect other nations to provide more cops on the beat in their own neighborhood."⁸ In return for our support and out of their own convergent motives, regional powers would protect our interests in their own spheres of influence.

Vietnamization collapsed when the ARVN troops disintegrated before the final NLF/North Vietnamese offensive. Nevertheless, the extension of the Nixon Doctrine--to a reliance on other regional influentials--survived. The doctrine was, in considerable measure, adopted and broadened by the Carter administration, under the slogan of "integrating the upper-tier developing nations into the global system." Yet the inadequacies of the doctrine as a means to secure U.S. interests as traditionally defined have become increasingly apparent. Four factors have plagued the policy. First, the rulers of the regional influentials were often themselves unstable poles of power. Second, "special relationships" with one nation dragged the United States into regional rivalries, making our allies' enemies our own. Third, the chosen regional powers have not always been able to prevail in local crises. And, finally, the influentials have not always shared U.S. security concerns.

Unstable Friends

The fall of the Shah in Iran unmasked the fragility of some of our friends in the third world. Other friendly regional powers with less-than-stable governments as of mid-1981 included Guatemala, Argentina, and Brazil in Latin America; Egypt, Morocco, Saudi Arabia, and Zaire in Africa and the Middle East; and Indonesia and the Philippines in Asia. Secondary powers also suffering from the same malady included Somalia, Sudan, Tunisia, South Korea, and Thailand. Our security arrangements are subject--even prisoner--to the stability of the rulers of these lands.

Contrary to the popular perception, the United States tried desperately to help the Shah retain power. We continued to the last to supply him with both modern weaponry and crowd-control equipment. We sent a special military emissary to bolster the resolve of his military officers. President Carter repeatedly voiced our firm support for the Shah. And we persisted in offering him our best advice.⁹ Just two months before the Shah fled Teheran, Carter's assistant for national security affairs, Zbigniew Brzezinski, informed the Shah by telephone that the United States would support him in his using whatever force was necessary to quell the gathering revolution.

Our inability to save the Shah obeyed many causes. Some may be particular to the Iranian case, but several have been present in other crises, including Vietnam, Nicaragua, and the Dominican Republic in 1965. For example, in Iran as elsewhere, our information regarding local social and political trends was faulty.¹⁰ Few U.S. embassy political officers spoke the native language or had contacts outside of a narrow circle of upper-crust Iranians. For its part, the CIA relied heavily on the Shah's own security forces, SAVAK, neither an objective nor especially intelligent source. As a result, we failed to grasp the depth and breadth of the opposition. Incredible as it now seems, a comprehensive study written by the CIA the year before the Shah's demise concluded that "Iran is not in a revolutionary or even a 'prerevolutionary' situation."¹¹ The bureaucracies' ability to interpret information and to deliver honest and objective analyses to top policymakers was sometimes hampered by the fear of displeasing superiors who did not want to hear bad news. The White House was particularly loath to receive assessments that the Shah's government was crumbling. It feared negative political fallout at home, and was under pressure from such friendly governments as Saudi Arabia and Morocco, who worried that the Shah's fall could foreshadow their own. Policymakers preferred to indulge in wishful thinking, and blocked out information that failed to confirm their preferred views. Such "cognitive dissonance" is especially common--and disastrous--in moments of extreme stress.¹²

These problems in decision-making are compounded by the inherent difficulty of trying to control events thousands of miles away. In crisis situations, decision-making typically becomes concentrated in the hands of the president and his chief advisers. With responsibilities for an endless number of important issues, top officials cannot possibly be well informed on the historical background and local complexities of each sudden crisis in the third world.¹³ Moreover, it is very difficult for them to fully grasp the political mood in a distant nation fast enough to devise appropriate strategies. As occurred in Iran, the images policymakers hold of a complex political dynamic may be several days or even weeks behind events. As a result, the tendency is to select prescriptions which have already been rendered obsolete. Such problems in trying to manipulate distant events have occurred so often that the Washington bureaucracy has a phrase for them: "being behind the power curve."

Even if fewer mistakes had been committed in intelligence collection, information processing, and decision-making, the United States could not have saved the Shah. By 1978, virtually all of the major social and political forces in Iranian society had turned against him, each out of its own accumulated grievances, but now united in the common cause of unseating the hated Shah. When we finally turned in desperation to the Iranian military to crush the rebellion, it simply disintegrated. It had become too permeated with the same sentiments which had turned the rest of the population against the ancien regime.

Given the number of less-than-stable but friendly governments in the third world, the probabilities are high that our best efforts will again fail to prevent the collapse of some of them. Efforts to fortify third-world regimes can even be counterproductive for both patron and client. The visible presence of the United States can, in some cases, strengthen

a regime's resolve or intimidate the opposition. It can also deepen the national perception that the rulers are "tools of imperialism." This would be especially damaging where the legacy of colonialism has left populations extremely sensitive to the presence of foreign influences. The Shah's public image was certainly marred by the massive U.S. military presence in Iran. Moreover, where the weakened regime is overthrown, the subsequent rulers are likely to remember vividly the role played by the United States in their nation's recent history.

Local Rivalries

Security commitments extended to third-world states have proved to be two-way streets. Just as we have looked to third-world states to help protect our interests in the region, so have our friends asked us to protect theirs. Their regional rivalries, often the outgrowth of historical, geographic, or ethnic squabbles, may have been of little import to us. Yet they have forced the United States into choosing between being dragged into interstate disputes or letting down an ally. For example, as we drew closer to the government of Mohammed Siad Barre, president of Somalia, he tried to draw us into providing both political and military support for Somalia's effort to annex the Ogaden region--homeland for many ethnic Somalis, but geographically a part of Ethiopia. At first, the Carter administration avoided establishing a large-scale military supply relationship with Siad Barre. But when the United States began to look for military facilities or bases in the vicinity of the Persian Gulf, the abandoned Soviet base at Berbera looked so appealing that Somalia's bargaining position was suddenly strengthened. We proceeded in 1980 to offer to supply Somalia with weapons, albeit with the proviso that Somali troops be withdrawn from the Ogaden. Beleaguered Ethiopia was not reassured, and its suspicion of the United States deepened. Moreover, U.S. relations were also strained with otherwise friendly Kenya, at odds with Somalia over similar border and ethnic conflicts.

Just as our ties to Somalia threaten to drag the United States into Somalia's disputes with Ethiopia and Kenya, so did our commitments to other third-world states inevitably earn us a new set of instant antagonists. Our longstanding ties to Pakistan were one reason for India's tendency to look to the Soviet Union for military equipment and diplomatic support.¹⁴ In the complex web of the Middle East, our ties to the Shah of Iran had deepened the hostility of Iran's neighbor and rival, Iraq, toward the United States. In Latin America, the tilt of the Nixon administration toward Brazil had preoccupied Brazil's traditional rival for primacy in South America, Argentina. In Africa, our faithful support for Mobutu in Zaire has made us a party to his off-again, on-again disputes with Angola. The decision to supply sophisticated aircraft to Saudi Arabia has angered our major ally in the region, Israel, albeit not decisively. Most obviously, U.S. ties to Israel and, now, to South Africa, vastly complicate our diplomacy throughout the Middle East and Africa.

In many such cases, our allies' local rival looked to the other global superpower to offset the potentially threatening U.S. presence. From the perspective of New Delhi, a Soviet presence contributed to a regional power balance against the hostile array of Pakistan, China, and the United States. Ethiopia and Angola had turned to the Soviet Union

and Cuba for assistance in combating domestic enemies, but the fears of external invasion or harassment from U.S.-supported neighboring states deepened and legitimized their dependency on the Soviet Union. Argentina's cultivation of Soviet ties, under the ideologically distinct governments of General Alejandro Lanusse, Juan Perón, General Jorge Videla, and General Roberto Viola, was partially motivated by an interest in counterbalancing the traditional preference of the United States for Brazil. Thus, rather than excluding Soviet influence from a region, our very presence has tended to invite a counter-Soviet presence, as Moscow has demonstrated its increased capability and willingness to match our moves in the global chess game. It has been especially frustrating that the Soviet presence has often been obtained, not by illicit assistance to subversive guerrillas, but through the invitation of a legitimate government.

Defeats

In numerous cases, our third-world allies have been unable to fulfill their part of the bargain--they have failed to preserve our mutual interests in their region. Such disappointments have been most glaring in the Middle East. While the Shah of Iran did support U.S. security objectives in several instances, he was also a notable price "hawk" within the councils of OPEC. Saudi Arabia failed, at least until recently, to prevent the rise in oil prices (serving at the very best as a relative "moderate"), and has been unwilling to lend its full weight to the Camp David peace process. (The 1979 treaty between Egypt and Israel was intended as a first step toward resolving the major issues in the Arab-Israeli conflict.) Afraid of being accused of being the American "tool" by the other Arab states, the Saudis refused to carry our brief for us. The "rejectionist" states successfully lined up the Arab world against the Camp David accords.

In late 1980, Colonel Muammar Kaddafi of Libya sent military assistance to Goukouni Queddei, enabling his side to prevail in Chad's civil war. Our friends Anwar Sadat of Egypt and Gaafar al-Nimeiry of the Sudan had been aiding the defeated side, led by Hissene Habre. Kaddafi's militancy on a whole range of issues, including oil prices and Israel, and his receipt of large quantities of Soviet arms, made this defeat of two of our more recently acquired African friends especially stinging.

One of the more spectacular uses of a regional influential to secure U.S. interests was the 1978 U.S. airlift of Moroccan troops into Zaire's copper-rich Shaba province. Many of the province's inhabitants felt that Mobutu had been draining its wealth for the benefit of the distant capital, Kinshasa. They had not resisted--and some even welcomed--the invasion of the Katangese gendarmes, who had been living in neighboring Angola since their defeat in the secessionist wars of the early 1960s. Since Mobutu's own troops were too undisciplined to be relied upon to subdue the Katangese, first French and Belgian and then Moroccan troops were flown in to restore Mobutu's control over Shaba. By "Africanizing" the rescue operation, the Moroccans gave it greater legitimacy on the continent.

However impressive this use of "proxy" troops, the operation rested on two shaky legs. King Hassan II of Morocco was being challenged by the Polisario guerrillas fighting in the old Spanish Western Sahara,

abandoned by Madrid in 1975. The king and the Polisarios had staked conflicting claims over a mineral-rich portion of the Spanish Sahara, and the Polisarios were inflicting casualties on Moroccan troops and were carrying the fighting into Morocco itself. Having rested his prestige on defeating the Polisarios, King Hassan's future was now at risk. (The King had successfully persuaded us, as his ally, to sell him military equipment to fight the Polisarios, thus dragging us into that conflict and placing us in opposition to pro-Polisario Algeria.) If Hassan suddenly looked less than stable, Mobutu's persistence in power was already heavily dependent upon outside aid.¹⁵

Divergent Interests

If regional powers have sometimes been unable to defend our interests, in other cases they have simply refused to try. Third-world powers have failed to react to particular challenges viewed as ominous in Washington, thus stripping away the necessary condition for a working alliance--agreement on what constitutes a serious threat to common interests. For example, Nigeria not only refused to condemn Cuban assistance to the Popular Movement for the Liberation of Angola (MPLA), but considered such aid a justifiable response to South African intervention into the Angolan civil war on behalf of a second faction, UNITA. Even more shocking to Washington was Brazil's immediate recognition of the newborn MPLA government, being the first nonsocialist country to do so. Brazil was more interested in currying favor in black Africa than expressing disapproval of the Cuban military presence.

Another dramatic instance of the unreliability of third-world influentials occurred just as the Sandinistas were staging their final and successful drive against Somoza in June 1979. The United States called for a special meeting of the Organization of American States (OAS)--a meeting of Consultation of Foreign Ministers--to consider the Nicaraguan crisis. The four regional influentials--Argentina, Brazil, Mexico, and Venezuela--were, of course, in attendance. While none of these states was as openly tied to the United States as, say, Iran under the Shah or the Philippines under Marcos, they were all rather conservative, capitalist states with anticommunist internal politics and a confirmed stake in the international economic system. The United States hoped to have at least the passive support of Brazil and Mexico and the active cooperation of Venezuela and Argentina, in helping to resolve the Nicaraguan crisis on favorable terms.

The primary U.S. objective in Nicaragua was to prevent a Sandinista military victory, but at the time the OAS meeting convened in Washington on June 21, the Sandinista offensive was gaining ground. The United States could not back Somoza--his presence in power was only fueling the appeal of the Sandinistas within Nicaragua, and few Latin governments were willing to associate with the tottering dictator.¹⁶ No, Somoza had to be forced to resign and an alternative government constructed which would limit the Sandinistas to a minority position.

In his opening address to the 27-nation assembly, Secretary of State Cyrus Vance warned that "We must not leave a vacuum" in Nicaragua, meaning that a government needed to be put in place before the Sandinistas

could seize power. Specifically, Vance proposed the "formation of an interim government of national reconciliation acceptable to all major elements of [Nicaraguan] society." To assist this process, a cease-fire between the rebels and the Nicaraguan government should be declared, all nations should cease to ship weapons to either side (Vance specifically accused Cuba of involvement), and a special OAS delegation should be dispatched to Nicaragua. This delegation would remove Somoza and select a transition government. In addition, Vance called for an OAS-peacekeeping presence--that is, a military force--"to help establish a climate of peace and security and to assist the interim government in establishing its authority."

The State Department had warned the White House that the Latins were unlikely to agree to an inter-American peacekeeping force, but National Security Adviser Brzezinski persuaded President Carter that the United States ought to at least begin to float the idea publicly, with a view to perhaps winning approval at a later time. However, neither the State Department nor the NSC was prepared for the widespread rejection of other main elements of the U.S. proposal.

Mexican Foreign Minister Jorge Castañeda had taken the lead in dissenting from the United States. Whereas Vance saw only a dark "war of national destruction," Castañeda praised "el pueblo de Nicaragua" for exercising "the sacred right of rebellion against tyranny, just as el pueblo Mexicano had done seventy years before." Castañeda stated that he carried explicit instructions from the president of Mexico to oppose any plan for an OAS team to negotiate with Somoza--for fear that the result would be "somocismo sin Somoza," the maintenance of the basic structures of the old regime. This amounted to a rejection of the U.S. proposal for an all-inclusive government of national reconciliation. Finally, the civil war was an internal affair, Castañeda maintained, and the OAS had neither the "legal, nor the political nor moral right" to intervene in Nicaragua's internal affairs. In essence, the Mexicans welcomed a Sandinista military victory, and opposed any OAS mission, not to mention a peacekeeping force.

The Venezuelan foreign minister spoke on behalf of the entire Andean Pact, including Bolivia, Colombia, Ecuador, and Peru, at that time all having elected governments or in the process of moving from military to civilian rule. While less aggressive than Mexico, the Venezuelans also differed with the United States on essential points and failed to endorse other elements of the U.S. proposal. Whereas the United States had proposed a "government of reconciliation including all sectors," Venezuela's solution called for the "definitive exclusion of the Somoza regime," to be replaced by a government "representing the democratic sectors of the country." Rather than asking for a cease-fire and an end to weapons shipments, Venezuela reaffirmed the Andean Pact's declaration of a state of belligerency in Nicaragua of a few days before, which effectively recognized the Sandinistas. The Venezuelans did not endorse an official OAS mediation team, as the United States wanted, but they did accept the principle of international action to help resolve the crisis.

Brazil chose to maintain a low profile and did not even send its foreign minister to the meeting. While supportive of the concept of a mediated solution, the Brazilians privately expressed their skepticism

that one could be found. Of the four "influentials," only Argentina supported the spirit of the U.S. position, seconding the ideas of a cease-fire, an end to arms shipments, and the formation of a new government including all sectors. Argentina even suggested that it might support a peacekeeping force. However, the Carter administration, because of its human-rights policies and its posture favoring a democratic solution for Nicaragua, could not ally closely with authoritarian Argentina. In any case, since the influence of strife-torn Argentina was at an ebb within the Latin community, its usefulness as an ally was limited.

Mexico and the Andean states carried the day, and to save face the United States voted with the final resolution calling for the resignation of Somoza and the installation of a "democratic government including the principal representative opposition groups," i.e., including the Sandinistas. The resolution failed to call for a cease-fire, a halt to arms shipments (which were flowing from Cuba, Panama, and Costa Rica to the rebels), or the establishment of a formal OAS mediation team. The resolution did, however, allow individual states "to take steps . . . to facilitate an enduring and peaceful solution. . . ." The United States would use this phrase to legitimate its last-ditch diplomatic effort to, first, establish a non-Sandinista transition government, and when that failed, to alter the composition of the Sandinista-backed provisional government. But the continual flow of weapons to the Sandinistas, and the speed and ferocity of the insurrection, left the U.S. efforts "OBE'd," a State Department abbreviation for "overcome by events."

Why did Mexico, Venezuela, and Brazil fail to line up behind the United States? In explaining the outcome of the OAS meeting to a Congressional subcommittee, Assistant Secretary of State Viron "Pete" Vaky offered two reasons: first, "A majority of OAS members clearly and openly sympathize with the opposition now fighting Somoza and are increasingly showing it--by breaking relations with the Somoza government and supporting the Sandinistas"; and second, the denial of an OAS peace force "reflected how deeply the American states were sensitized by the Dominican intervention of 1965, and how deeply they fear physical intervention."¹⁷ In essence, U.S. perceptions regarding the opposing social forces in Nicaragua, and the legitimacy of an OAS military intervention, differed sharply from those of key Latin states.

Beyond these general explanations for the Latins' behavior, Mexico and Brazil had additional reasons for not supporting the United States. Mexico's own history caused it to view social revolution as legitimate, and to fiercely oppose U.S. military intervention in Latin America. Moreover, the recent discovery of vast oil deposits had given Mexico greater confidence to assert itself in world affairs. Mexican nationalists, whose opinions weighed strongly in Castañeda's foreign ministry, saw volatile Central America as a region where Mexico would exert greater influence. Since the region's conservative forces had been traditionally allied with the United States, the avenue to increased Mexican influence was through processes of change which would bring new social forces to power.¹⁸ Mexico believed that it could help create a new order out of revolution in Central America and mold the new regimes in its own image. Central America was, after all, Mexico's natural geographic sphere of influence.

Brazil was not interested in competing with the United States in distant Central America, but Brazil was equally emphatic about pursuing a foreign policy independent from the United States. Viewing itself as an emerging world power, Brazil was following a policy of "automatic non-alignment," sometimes referred to as "responsible pragmatism." The rationale for a policy of non-alignment in part flowed from the Brazilian belief that U.S.-Soviet competition was motivated more by selfish national interests than ideology, and in part from fears that the United States, sometimes in a "condominium" with the Soviet Union, wanted to maintain the status quo and repress emerging centers of power such as Brazil. U.S. efforts, with varying degrees of Soviet support, to limit the spread to South America of nuclear technologies and of sophisticated conventional weaponry reinforced these suspicions.

Brazil's enthusiasm for siding with the United States on East-West issues was certainly dulled by the fact that 7 percent of its exports were flowing to Eastern Europe by 1977. Indeed, Brazil's obsession with finding new export markets, in order to pay for its burdensome oil bill and to remain current on debt service, made East-West concerns largely irrelevant and potentially bothersome. As one Brazilian policy planner said, matters such as the East-West nuclear balance sounded like "fiction" in Brazil's industrial cities.

Brazil feared that an image of being a U.S. surrogate would jeopardize access to its fastest-growing export markets. The developing countries, which had accounted for 13 percent of Brazil's merchandise exports in 1960, were importing 26 percent by 1978. OPEC countries' share had zoomed from a negligible figure to over 7 percent. In fact, to curry favor in the Middle East, Brazil had moved away from a pro-Israeli stance toward a pro-Arab posture in official communiques and U.N. votes. Nor did Brazil want its new inroads into markets in black Africa sideswiped by an identification with the United States.¹⁹

In practice, Brazil has been willing to reach agreement with the industrial states on specific economic matters, as was evident in Brazil's constructive and active participation in the multilateral trade negotiations during the Tokyo Round (GATT). Brazil has continued to side diplomatically with the United States on such issues as the Soviet invasion of Afghanistan and the seizure of U.S. diplomats in Iran. At the same time, Brazil has been unwilling to participate in activities that could be costly, even indirectly. Brazil certainly wants to avoid being engaged by the United States in "adventures," as a topranking Brazilian diplomat referred to U.S. policy in El Salvador in late 1980. Had the Sandinistas been active in neighboring Uruguay, the Brazilian military would have seen them as a threat to Brazil's own internal security. But open collaboration with the United States in Central America did not fit Brazil's overall conception of its national interests.

The recognition of the growing importance of the new influentials--the newly industrializing countries (NICs)--is a positive step toward coming to grips with emerging realities in the third world. Solid and lasting alliances, however, should be neither demanded nor anticipated. The instability of many third-world rulers makes their friendship too uncertain a foundation upon which to construct our basic strategy. Most of

the more important third-world states have developed definitions of their national interests which frequently place them at odds with the United States. Even when we are in agreement, the emergence of other forces in a region may overwhelm the efforts of the friendly regional power, causing events to spin beyond its control. And even amenable regimes will hesitate to display with frequency their loyalty to the United States, for fear of losing credibility at home. Of course, regimes will expect some return payment for such displays of friendship, and the commitments exacted from the United States may be greater than the return on the investment.

The Unreliability of Local Businessmen and Military Officers

In contemporary diplomacy, alliances between states are but one form of international bond. Major powers such as the United States also form transnational links with social groupings within states. The Soviet Union, of course, has long done the same via its ties to local Communist parties. The United States typically looks to local businessmen and to military officers as the elements which, when in power, are most likely to advance U.S. interests in regional and global affairs. We also seek ties with other groups, such as labor unions, the media, and intellectuals, but we do not generally expect these groups to control their government. Where democracy exists, we may invest in political parties, but even then we have routinely looked to business or the military to guarantee our interests.

Why have we looked to these two forces? Local businessmen normally advocate sound fiscal and monetary policies, oppose egalitarian or socialist ideologies, and can talk the language of "the bottom line." In addition, in many third-world countries, businessmen tend to dress in familiar Western-style suits, speak English or French, and share at least a superficial interest in Western cultural trends. Direct commercial ties have sometimes forged common economic interests and personal friendships.

Our attachment to local militaries is less easy to understand in cultural terms, given our own political system's emphasis on keeping our military outside of politics. Other explanations can be offered. U.S. officials have admired third-world militaries as the most coherent and modern institutions in otherwise backward societies. Sometimes their officers were educated in the United States or Western Europe, and seemed to understand our interests. Perhaps more importantly, for a foreign policy which has often placed a premium on stability, the military frequently appeared to be the best guarantor of order.

To be of value, such domestic allies should be willing to act with us on most key issues of mutual concern. They should also possess the power to impose their views within their own countries. The following pages will examine whether, in fact, businessmen and military officers in the third world can be counted on as reliable and powerful allies.

The Myth of Shared Interests
with Local Business

Third-world businessmen no longer fit the simple image painted by some dependencia theories, as well as by some U.S. conservatives, in the 1960s and early 1970s.²⁰ They can no longer be accused of--or praised for--being the cats paws of the multinationals who, on a daily basis, are busy selling out the patria to foreign interests. Nor are they blind adherents of the free market, opposed to statism and nationalism. Third-world businessmen have grown in experience and power. Their firms have gained some degree of technological and organizational sophistication, and have captured significant shares of growing domestic--and in some cases even foreign--markets. Moreover, their knowledge of international markets adds to their ability to either compete with, or strike favorable deals with, foreign firms. Most importantly, they have learned how to use the leverage of their own governments to enhance their positions against foreign competition.

The U.S. government has traditionally identified the spread overseas of U.S. firms as being in our national interest.²¹ At times, the United States has urged its corporations to invest abroad, and pressured host countries to receive them. The Carter administration backed away from actively stimulating foreign investment, but did press LDCs to at least avoid discriminating against U.S. subsidiaries.²² For its part, the Reagan administration has been an enthusiastic advocate of multinational investment in developing countries.

In the third world, intellectuals and politicians have not been alone in questioning the U.S. assumption that foreign investment was beneficial to all parties. By the late 1960s local entrepreneurs in many third-world countries were challenging foreign investment in raw materials and public utilities, and supporting the partial or complete nationalization of foreign firms operating in these basic sectors.²³ The restricted terms under which foreign firms can continue to operate in natural resources, whether through joint ventures, service or management contracts, have been decided through hard-nosed bargaining. More recently, national businessmen, especially in the more rapidly industrializing nations of Asia and Latin America, have successfully advocated rules that limit the activities of multinational investors in manufacturing. Governments seek to assure the profitability of national firms through rules which carefully circumscribe the areas where foreign firms can operate, and which provide favorable treatment for national companies where foreign firms are permitted to enter. Following close consultation with domestic entrepreneurs, governments have shut out foreign firms from sectors where national firms are active but afraid of competition, and have provided discriminatory treatment--in access to credit, government procurement, and tax incentives--that favors national over foreign firms. National businessmen thus gain for themselves either dominance or at least a competitive edge over foreign investors.

Local businessmen tend to press harder for protection and official advantages as foreign firms increase their penetration of their country's industrial sector. Thus, in South Korea, Taiwan, Brazil, Mexico, and Argentina, national businessmen have engaged their government to assist

them in competing against the large foreign corporate presence. When this presence increases with sudden swiftness, as occurred in Venezuela, domestic pressures can rapidly mount for government action. Thus, as a study of business attitudes in Latin America concluded, "the open transnational embrace [i.e., between foreign corporations and local businesses] of the 1940s has become a far cooler handshake in the late 1970s." The emergence of a stronger domestic entrepreneurship, "far from leading to a harmony of interest with the United States, has created. . .a hell [for U.S. policymakers]."24

International trade is another area where U.S. interests and those of third-world business are increasingly in conflict. Under the old international division of labor, when developing countries produced raw materials and the developed states provided the world's industrial goods, the "complementarity" of products allowed for frictionless interchange. Today, the firms of the newly industrializing states are poised to assault the U.S. market with a wide range of manufactured products, including electronics, polyesters, steel, automobiles, and petrochemicals. U.S. firms and labor unions, already suffering from excess capacity and unemployment, will be demanding protection just when the NICs are becoming competitive. Conversely, at a time when many U.S. firms are turning away from the sluggish U.S. market toward the more buoyant foreign ones, many LDCs will be seeking to restrain imports because of unsustainable balance-of-payments disequilibria. Having to allocate scarce foreign exchange to essential oil imports and to service the accumulated foreign debt, many LDCs will be striving to limit the growth of food and industrial imports--the very areas where the United States is most competitive.

Local entrepreneurs have supported the nationalization of U.S. subsidiaries in natural resources and mining, have lobbied with their own governments to adopt rules disadvantageous to foreign competitors, and will increasingly be at odds with U.S. firms as each seek access to the other's home markets. Their professed faith in capitalism and international trade does not prevent third-world entrepreneurs from using their governments' power to discriminate against foreign competition.

Local businessmen, then, have learned to negotiate with the United States and its businessmen in setting the rules of the game for the international transfer of capital and exchange of commodities. Deals are still made, but only after stiff bargaining that is a far cry from the process envisioned by those who see third-world businessmen as weak, dependent, and grateful.

Political Differences

Disputes over economic issues need not necessarily preclude agreement on the preferred strategies to adopt in moments of crisis, when the political futures of third-world states are at stake. In many instances, important sectors of local business communities have, indeed, lent their support to political projects favored by the United States. For example, U.S. interventions in Guatemala (1954), Lebanon (1958), the Dominican Republic (1965), and Vietnam were among those favored--and even induced--by local business interests. Brazilian business and the United States were enthusiastic supporters of the military government and its "economic miracle" of the late 1960s and early 1970s. In 1978, the businessmen of

Santiago province in the Dominican Republic joined the United States in successfully pressuring President-General Joaquin Balaguer to honor the election of businessman Antonio Guzman. In the Jamaican general elections of 1980, business and the United States favored Edward Seaga against Michael Manley.

In numerous other cases, however, local businessmen have refused to see their interests as the United States saw its own. Two recent instances occurred in Nicaragua in 1979 and El Salvador in 1980. In a classic example of "popular front" politics, Nicaraguan business made common cause with leftist guerrillas. As has often happened before in the third world, businessmen in El Salvador resisted U.S.-backed social reforms meant to enhance long-term political stability.²⁵

Businessmen in Nicaragua

Somoza successfully repressed the first uprising against his regime in September 1978, but the United States concluded that Somoza's days were numbered (Somoza was finally overthrown in July 1979). The United States therefore immediately proceeded to undertake a mediation effort aimed at removing Somoza in an orderly and controlled transition before leftist forces could regroup and gain wider support for insurrection. The intention was to transfer power to a coalition of the traditional political parties, the National Guard (purged of the Somozas), and the business elites. The United States looked to the Nicaraguan business sector as the most promising political force for post-Somoza Nicaragua. It was modern, dynamic, and friendly toward the United States. Many Nicaraguan businessmen had been educated in the United States, and had maintained close contacts with U.S. embassy officials in Managua. A leading Nicaraguan businessman and banker, Eduardo Montealegre, was thought by some high U.S. officials to be a good choice to become the first post-Somoza president.

The United States and Nicaragua's businessmen shared the basic objectives of removing Somoza, although for different reasons. The businessmen felt that Somoza, increasingly arbitrary and grasping, was impinging on their commercial interests. In addition, some were morally repelled by Somoza's venality, arrogance, and brutality. The Carter administration was unhappy with Somoza's human-rights practices, but was increasingly motivated by the fear of a leftist revolution.

The failure of the mediation effort frustrated both the United States and the Nicaraguan businessmen. Somoza and his combative National Guard simply refused to yield power. The business sectors and the traditional opposition parties had participated in two lengthy general strikes against Somoza, and were exhausted. Only a counterforce could unseat him.

As the second and final insurrection got underway in June 1979, the Sandinistas announced the creation of a provisional revolutionary government (PRG) situated temporarily in Costa Rica. The five-member junta consisted of one Sandinista, two leaders associated with Sandinista-front groups, Violeta Chamorro, widow of assassinated businessman Pedro Joaquin Chamorro, and Alfonso Robelo of the business-led Nicaraguan Democratic Movement. To the shock and dismay of the United States, two prominent

symbols of the business sector had thrown in their lot with an FSLN-dominated government. The United States feared that if such a provisional junta came to power as the result of an FSLN-led violent overthrow of Somoza, the Sandinistas and their army would be the dominant political force in the new Nicaragua. The United States therefore rushed to create an alternative pole of power to the PRG. While the Sandinistas were advancing on most fronts, the United States desperately maneuvered to find prominent Nicaraguans, especially businessmen, willing to serve in a "centrist" junta that would replace Somoza and take command of the National Guard. The United States could legitimately lend its assistance to such a centrist, non-Somoza government, which would then be able to negotiate with the FSLN from a position of strength.

The United States was unable to convince more than one or two opposition figures of any stature to even consider its plan. Instead, the association of Nicaraguan businessmen, COSEP (The Superior Council of Private Business), pledged its adherence to the FSLN-backed provisional government. The U.S. plan was, in bureaucratic parlance, a "non-starter," and had to be abandoned.

Why did the Nicaraguan businessmen fail to respond to this last chance to forestall a Sandinista victory? Three contributing factors are worth mentioning. First, their furious hatred of Somoza drove them, like most Nicaraguans, to cast their fate with almost any force, including guerrillas, capable of removing the tyrant. Second, the collapse of the earlier mediation had caused the business sector to lose faith in the United States. Since the United States had failed in the most essential task of removing Somoza, it could no longer be counted on as a reliable ally. Third, many businessmen differed from Washington in their view of the FSLN. While the Carter administration was not monolithic in its analysis, the dominant view in the White House was that the FSLN was made up of Cuban-trained Marxist-Leninists intent upon establishing, sooner or later, a one-party socialist state. While most Nicaraguan businessmen were wary of the Sandinistas, many were hopeful that they would seek to rebuild an open, pluralistic Nicaragua, more similar to the Mexican than the Cuban model. The Terciario faction of the FSLN had consciously sought an alliance with the business sector, and the program of the Sandinista-dominated provisional government guaranteed property rights. Finally, many Nicaraguan businessmen had sons, daughters, and nephews in the FSLN, and hoped that these kinship ties would serve to moderate the radicalized youth once Somoza had gone and they were enjoying the fruits of power.

Thus, the priorities, perceptions, and emotional reactions of Nicaraguan businessmen differed from those of the United States. In what was the single most important political problem to culminate under the Carter administration within a Latin American country, the Nicaraguan business sector undercut our strategy and allied itself with the very political forces Washington feared most.

From the French Revolution to the Nicaraguan, businessmen have thrown in their lot with revolutionaries with much greater frequency than U.S. conservatives wish to imagine. In Iran, too, important segments of the business elites parted company with the Shah and with U.S. strategy.

Many Iranian businessmen had come to hate the Shah and his secret police, and while many did not like the religious mullahs, or the Marxist opposition parties, they were willing to join them in the priority goal of unseating the tyrant. Most businessmen, including those in the modern sector as well as the traditional merchants, were unwilling to join us in our efforts, first, to prop up the Shah, and, when that failed, to install a Shah-appointed successor government headed by Shahpur Bakhtiar. In Iran, we and the Shah were at least able to find individuals willing to participate in a second-pole government; but the Bakhtiar regime was quickly overrun by more revolutionary forces.

Businessmen in El Salvador

In Nicaragua and Iran, local business interests and the United States differed on the priority accorded to stability and the dangers of insurrection. In El Salvador, domestic business elites also viewed their society in ways which caused them to oppose U.S. policies--this time, by resisting change.

The United States had long accepted that the armed forces, with the open support of the business sector, were the governors of El Salvador. The Carter administration, however, was less comfortable with military rule for both moral and realpolitik reasons. The increasingly repressive rule of the latest president-general, Carlos Romero, clashed with the Carter administration's human-rights policy, which was given higher priority in Latin America than elsewhere. Second, as unrest became more apparent in El Salvador, as throughout Central America, the administration concluded that polarization and violence would spread unless political systems were modernized and opened.

The Carter view was that, as a result of the industrialization and economic modernization of the last two decades, new socioeconomic groups had emerged but were being denied political participation. Specifically, the enlarged middle class and the industrial unions had been systematically denied power through electoral frauds and increasing repression. Previously, reformist parties and unions were being driven toward the left and the acceptance of armed struggle as the only viable route to power. The Catholic Church, once part of the ruling army/business/Church triad, was also being pulled by an increasingly militant flock toward a revolutionary posture.

The Nicaraguan revolution triumphed in July 1979, and the security situation continued to worsen in El Salvador. Alarmed at President Romero's passivity, reformist colonels ousted him on October 15, and declared their intentions to democratize the country's political and economic life. The United States did not directly instigate the military coup that overthrew Romero on October 15, 1979, but the participating officers correctly assumed from our disappointment in Romero that we would welcome a change in government. The new junta was composed of two army colonels, two center-left civilians, and a conservative businessman. The junta was supported by the center and the center-left, and hoped to incorporate at least some elements from the leftist "popular organizations" (unions of white-collar, blue-collar, and rural workers). Here was the opportunity to develop a more broad-based regime capable of opening the political

system to the newly emerging social forces, while drawing support away from the more radical left.

But the junta itself was deeply divided, and its civilians were unable to establish control over the security forces, whose officer corps had essentially remained intact. The military officers resisted and postponed the economic reforms advocated by the more reform-minded civilian members of the junta and its cabinet. At the same time, the number of deaths perpetrated by the security forces and rightist paramilitary "death squads" actually increased.

The Salvadorean business elite believed repression, not reform, was the most effective means to maintain stability. As Romero's foreign minister, Antonio Rodríguez Porth, a large coffee grower, explained to the author, "The example of Frei in Chile once again demonstrated that 'Kerensky' reformers only destabilize society and open the door to Marxism." The Salvadorean businessmen remembered well the dominant event in modern Salvadorean history--the successful destruction in 1932 of a popular rebellion by the massacring of some 10,000 peasants--and urged the military to take yet more forceful action to deter subversion.

The majority of the Salvadorean business elite were appalled at the composition and social rhetoric of the junta. For many businessmen, the junta was either communist-inspired, or else opening the gates to communism. Now, businessmen began to work against the reformist tendencies in the junta, by strengthening the resistance of the more conservative officers, and by purchasing, when possible, the obstructionary capabilities of others.

An effective tactic for splitting the junta, beyond resisting reforms, was for the security forces to use violence against centrists and leftists. This violence made the reformists morally uncomfortable with their participation in the government, and undermined their efforts to open conversations with the left.

Businessmen used their influence to sharpen disagreements within the government, and to increase violence against centrists and leftists, while they continued to remove their capital from the country. In contrast, the United States was urging compromise within the government, emphasizing the importance of reducing official repression, and considering ways to increase official economic assistance to El Salvador.

The U.S. government and Salvadorean business chose divergent strategies because they disagreed on how best to create political stability. This disagreement was the product of dissimilar historical experiences and political values, as well as unequal stakes. The United States was, in effect, asking the Salvadorean businessmen to sacrifice a portion of power in order to avoid a socialist revolution. The only sacrifice the United States itself was making was the provision of economic aid.

The rightists succeeded in driving the two center-left civilian members of the junta and most of the civilian cabinet to resign. A second military-civilian junta was formed in early 1980, with the more conservative Christian Democrats providing the main civilian component. In the

meantime, the United States had sent in a more dynamic and liberal ambassador, Robert White, and with energetic U.S. backing, major reforms were promulgated: the banks were nationalized, the major export (coffee) was placed under the control of a state marketing board, and the largest agricultural estates were expropriated. The business sector cried treason.

Ambassador White worked hard to convince them that their essential economic interests were being preserved, and that reform was the only alternative to a "Pol Pot" radical left outcome. In the face of constant U.S. argumentation, the business sector split: one group remained implacably hostile and continued to work for an overt rightist coup, while a second faction decided to work with and within the junta in the interest of pulling it gradually toward the right. The differences were partly tactical, although the more conciliatory faction became reconciled to accepting at least some of the reforms as fait accomplis. But even this position was opportunistic and temporary, and did not reflect a conversion to the Carter administration's reformist convictions. Following the election of Ronald Reagan, the more conciliatory businessmen rejoined their more overtly rightist colleagues in working to halt the junta's reformist program. The second junta collapsed in December 1980, and although the Christian Democrat Napoleon Duarte agreed to head the successor government, the elimination of the second junta's reformist military symbol, Adolfo Majano, signalled another shift toward the right, and a further narrowing of the government's base of support. Many centrists joined the left, convinced that the military government had again become captive of the conservative oligarchy. The alliance of center-left and left, the Democratic Revolutionary Front, became strong enough to militarily challenge the security forces--the very eventuality which the United States had worked so hard to avoid. The United States had to inject rising amounts of economic and military aid to sustain the unpopular regime.

In El Salvador, as in Nicaragua, local business sectors consciously undercut U.S. strategies at crucial moments in their nations' history.²⁶ The differences with the United States were not only over tactics, but reflected fundamental differences regarding the acceptability of particular outcomes. In Nicaragua, many local businessmen not only came to see armed insurrection as a legitimate tactic, but decided that they could live with the results. The Salvadorean businessmen believed that repression, not reform, was the path to stability. They were unwilling to accommodate themselves to the reformed El Salvador envisioned by the United States, where political liberalization and agrarian reform would reduce--but certainly not eliminate--their power.

Businessmen's Failures

Businessmen can be unreliable allies even when their objectives coincide with ours, if they are unable to impose their will upon their nation. Very frequently in the third world, the business class lacks sufficient size and cohesion, or enough popular legitimacy, to maintain power--even if they enjoy external support.

The private sector is relatively well developed in the more advanced third-world states. Even there, however, business has often failed to govern successfully. For example, in the southernmost Latin American

states--Chile, Argentina, and Uruguay--the political instability of the 1970s can, in considerable measure, be rooted in the previous failures of the business sectors to provide effective and credible leadership. In all three countries, the resulting economic stagnation, inflation, and political alienation led to political breakdowns in the mid-1970s. Ultimately, the respective militaries were able to assert control, and defend U.S. interests as interpreted by Nixon, Ford, and Kissinger, as well as the interests of portions, but not all, of local business. However, these "acceptable" outcomes were neither certain nor, as will be discussed below, were they necessarily stable.

The case of Chile is illustrative of the inadequacies of business as a governing force in the third world. Most Chilean businessmen had supported the import-substitution industrialization model, whereby domestic industry grew up behind a wall of highly protective tariffs. This "hot house" industry used imported, capital-intensive technology, and thus was unable to provide enough jobs to absorb new entrants into urban labor markets. The emphasis on industry did, however, divert resources away from agriculture, preventing food production from keeping pace with domestic demand. Finally, the impact of the new industries on the balance of payments was disappointing, since they were too inefficient to export but required large amounts in imported inputs.

If the economic program of Chile's national bourgeoisie failed to meet the country's needs and expectations, the main business-oriented political party proved unable to capture the voters' trust. The National Party, formed in the mid-1960s by a merger of the declining traditional Conservative and Liberal parties, was unable to muster much more than 20 percent of the vote. The Conservatives and Liberals had supported the successful candidacy of Arturo Alessandri in 1958, but his victory was attributable to the popularity of his family name in Chilean history. The National Party again backed Alessandri in the fateful 1970 elections, won instead by the candidate supported by the Socialists and Communists, Salvador Allende.

Some businessmen in Chile lent their support to such centrist parties as the Radicals and the Christian Democrats. The Radicals, however, declined in importance in Chile as they did in other Latin and Western European countries. The Christian Democrats won the presidency for the first and only time in 1964, but the internal tensions present in the Chilean Christian Democrats (as in their counterparts in other countries) surfaced with increasing intensity during Eduardo Frei's six-year presidency. These discords contributed to the substantial drop in the Christian Democrats' popular vote in the 1970 presidential elections.

The Chilean Christian Democrats also failed in their central objective--to keep the Marxists from power. Frei accelerated a process of grassroots mobilization that he was unable to control, and his rhetoric raised economic expectations that the poorly performing Chilean economy could not fulfill.

Having failed to retain power themselves, Chilean businessmen and the major political parties they influenced--the Nationals and the Christian Democrats--turned in desperation to the military to end what they

perceived as a Marxist threat. But the overthrow of Allende in 1973 destroyed, in addition to Chile's democratic institutions, the political expressions of Chile's business classes. Political power was transferred to the military while political parties were placed "in recess." As a penalty for the businessmen's inability to bring economic growth and political stability, the military opened the Chilean economy to foreign imports and thereby forced many domestic industries into bankruptcy. The military were determined to construct an entirely new political and economic model.

Under the military government headed by Augusto Pinochet, a new breed of businessmen is being created. Their activities center in the active import-export trade, and in the expansive financial sector. They lack political coherence, however, and they fear that they and their economic model will require many years to gain widespread legitimacy among the Chilean population. For this reason, they must continue to rely on the military and Pinochet to maintain political stability.

In Africa and Asia private businessmen have almost everywhere been too incipient and weak to establish and dominate a stable political order. Instead, power has fallen into the hands of either the multiclass political parties that led the struggle for independence (e.g., in India, Algeria, Zambia, Tanzania), or military institutions. Often the political parties and the military have melded with the state bureaucracy to form a type of middle-class government. Business interests may have considerable access to and influence over such regimes, but they lack sufficient political organization and popular trust to govern openly and directly, or through political parties which essentially express their interests.

The Unreliability of Local Militaries

A survey of the recent political role of Latin American militaries can illustrate the difficulties which the United States inevitably encounters when it looks to third-world armies to protect its interests. If anything, Latin American militaries, having received much of their training and, in the 1950s and 1960s, weapons from the United States, have been more amenable to Washington than their counterparts in Africa and Asia. Since the mid-1960s, except for the interlude of the Carter administration, the United States has looked to Latin militaries as the hemisphere's most important political actors and our most reliable allies.²⁷ In many instances, the United States has not been disappointed. For example, it supported the 1964 coup in Brazil, and for the rest of the 1960s, Brazil had a stable and very pro-American government. The coup that toppled the government of Salvador Allende ended a perceived threat to U.S. interests in Chile,²⁸ and the Pinochet government has generally supported U.S. policies, with the exception of Carter's human-rights initiatives. In Central America, the militaries for many years preserved at least a surface political stability and loyally supported U.S. foreign policy goals.

Nevertheless, in most of these and other cases, Latin militaries have proved, over the long run, to be less than reliable allies. Sometimes they have turned against the United States on matters of mutual interest. In other instances, they have been unable to retain power.

Clashes of Interest

The military takeover in Peru in 1968 rudely upset the myth that the Latin militaries were reliable allies. The Peruvian military's first act was to seize the local subsidiary of the International Petroleum Corporation (IPC), an explicitly "anti-imperialist" nationalization that was followed by several others. The government of General Velasco Alvarado took a leading role in galvanizing Latin American sentiment on what later came to be labelled "North-South" issues, and Peru joined the Non-Aligned Movement in 1972, at a time when the United States looked dimly upon it. Most shockingly of all, the Peruvians turned to the Soviet Union for large-scale purchases of modern military equipment, delivered complete with Soviet advisers.

The Peruvian military believed itself to be authoring a long-delayed process of national modernization and social integration. The old landed and financial elites, with their ties to U.S. corporations, were seen as blocking these transformations. Militaries have donned similar revolutionary roles in the Middle East, and Colonel Kaddafi seized power in Libya about the same time that the Peruvian generals were seeking to remold their society. Some militaries, as in Ethiopia, have even become allies of the Soviet Union.

When the Brazilian military first took power, it was so anxious to please the United States that Brazil was one of the few countries willing to send troops to reinforce the U.S. marines in the Dominican Republic in 1965. But, as was discussed earlier, Brazil gradually redefined its national interests in the hemisphere and in the world, and became increasingly self-sufficient in weaponry.²⁹ By the mid-1970s, Brazil was consciously following a course independent of the United States. The Nigerian military has undergone a similar evolution from a pro-British to a more non-aligned posture, nationalizing British Petroleum assets in retaliation against Westminster's policies toward South Africa.

If a foreign policy of nonalignment is relatively new to the Brazilian military, the Argentine military has long harbored a strong strain of not only independent but even anti-U.S. sentiment. Rightist nationalists in the army sympathized with Nazi Germany, lobbying successfully to keep Argentina out of World War II. More recently, the Argentine military government has crossed the United States on third-world economic issues, nuclear nonproliferation, and grain sales to the Soviet Union. When the United States sought to deny grains to the Soviets following their intervention in Afghanistan, Argentina shunned U.S. appeals. Instead, Argentina took advantage of our embargo and sharply increased grain exports to the Soviets. Argentine motives were essentially commercial.³⁰

Despite their historical rivalry, the foreign policies of Brazilian and Argentine military governments display numerous commonalities. These similarities reflect their shared status in the world economy as newly industrializing states, their need for nonpoliticized trade, and their interest in developing an independent capability to protect their own national security.

The Staying Power of the Military

In the late 1950s and early 1960s, some analysts saw third-world militaries as coherent and efficient institutions, relatively honest and technically competent, who could bring political stability and economic development to their countries.³¹ Those harboring such hopes have been sorely disappointed in Latin America as elsewhere. The economic performance of military governments has been no better than those of civilian ones.³² Once in power, the surface unity of the armed forces has been shattered by ideological cleavages, interservice and generational rivalries, and personal ambitions. Nor were military officers immune from corruption.

Their monopoly on brute force has often been insufficient to provide the militaries with the authority to remain in power. For example, in the late 1970s, the militaries in Peru and Ecuador turned government back to civilians, and in Honduras and Brazil, the militaries gradually loosened control and allowed popular elections of at least some government officials. The Bolivian military also held elections, although a faction within the military aborted the process with a bloody coup in mid-1980. All of these democratization processes occurred because of the widespread and deeply felt conviction, both within the militaries and the society as a whole, that the military regimes had become exhausted and increasingly isolated. Civilian elections offered the promise of a rejuvenated and legitimate government.

Each case naturally had its own particular characteristics, but some explanations were recurrent in the five countries.³³ The militaries tended to disdain and distrust civilian politicians, and to close themselves off from pressure groups and other forms of external influence. The result was their isolation from civil society, and the absence of "feedback" made it difficult for the militaries to correct mistakes. The separation of "state" from "society" was perhaps most extreme in the Peruvian case, where the military lost the support of virtually every major grouping.³⁴ Especially in the more complex and developed nations like Brazil,³⁵ military rule is too rigid a system for governing over a protracted period. More decentralized mechanisms which permit the articulation of the wide range of societal interests, and the resolution of recurring conflicts, become necessary. In Brazil, such different groups as business, unions, the Church, and intellectuals all felt that those in authority were paying insufficient attention to their problems.

Four of the five military governments (the exception being Honduras) also confronted mounting economic difficulties, after an initial period of success. In fairness, these economic crises of the late 1970s reflected conditions common to many third-world countries: balance-of-payments disequilibria resulting from high oil prices and a weighty foreign debt accumulation. But the Latin militaries proved that they were no guarantee against economic "mismanagement," excess consumption, overborrowing, and poor investment planning.

The Latin militaries have been unable to develop a self-sustaining ideology justifying their permanence in power.³⁶ The doctrine of "national security," which concentrates on internal and external subversive

threats, tends to lose force over time as the memory of such dangers--whether real or imagined--recedes. Moreover, the national security doctrine is essentially negative, and does not provide a positive blueprint for governing in more normal times. In Latin political culture, and throughout much of the third world, military rule is not justifiable as a permanent state of affairs, but is rather seen as a temporary hiatus required to break a civilian stalemate or to repress a subversive outbreak. The "national security" doctrine has not provided the military with a rationale for permanence. Thus, the militaries have continued to feel obliged to promise an eventual return to democracy, and to fulfill that promise as the strength of the military regime erodes.

In the Southern-Cone states of Uruguay, Argentina, and Chile, the military institutions which seized power in the mid-1970s have succeeded in disarticulating opposition organizations, but more through force than cooptation. None has been able to either build a firm base of majority support or move beyond its de facto status and institutionalize a legitimate authority. The Uruguayan military suffered a stunning defeat in 1980 when it lost a plebiscite on a constitution intended to legalize its political power. The absence of viable civilian alternatives may permit these regimes to continue for some time. Nevertheless, if they do not succeed in creating a more solid institutional foundation, imbued with a popular and positive ideological mystique, they will be added to the long list of temporary interludes of military rule in Latin American nations. In Africa and Asia, the list is long of military regimes which do not express a consensus or even enjoy firm backing from powerful sectors.

Dramatic illustrations of the fragility of military rule are found--ironically--in Central America. In Nicaragua, El Salvador, and Guatemala, military governments ruled, with some brief interruptions, since the 1930s. The decades of nonaccountability, corruption, and inefficiency, and the failures to attend to social organization and to construct a positive ideology, began to catch up in the 1970s. In Nicaragua, in 1979, the National Guard and the remnants of Somoza's Liberal party were isolated and destroyed by a broad-based popular insurrection. By 1980, the military in El Salvador, while somewhat less isolated, faced the most impressive and deeply rooted guerrilla movement Latin America has witnessed since the Mexican revolution. And in Guatemala, the majority Indian population had begun to join the guerrilla groups in increasing numbers for the first time, while the urban middle and working classes were becoming polarized. If the Salvadorean and Guatemalan militaries succeed in holding on to power, it will only be because a massive inflow of foreign assistance alters the internal balance of forces.

None of these defeated or endangered Central American militaries can be classified as modern military institutions. The Iranian case, however, suggests that even large and well-equipped armies can disintegrate when exposed to massive social pressures. The Shah's army was not militarily defeated; it simply refused to defend an isolated regime and to massacre tens of thousands of civilians. The hard-pressed Afghan army would also have collapsed had the Soviets not massively intervened.

Summarizing the political posture of the militaries in Latin America at the beginning of the 1980s: in the Andean region, the military had

stepped down from power in disgrace (Peru, Ecuador, and Bolivia, albeit temporarily); in Brazil, power was gradually being transferred to civilian institutions; in the Southern-Cone states of Uruguay, Argentina, and Chile, military governments were stumbling in their efforts to construct a new political order; and in Central America, traditional military governments were seriously threatened by insurgencies, with the Nicaraguan army having already been destroyed. Clearly, a U.S. policy which relies heavily upon Latin militaries will be in for some rocky times and, possibly, some traumatic failures. The outlook would be at least as uncertain in other regions of the third world.

The Military as a Source of Instability

The military may actually damage long-run stability and drive moderates toward radicalism. The likelihood of such outcomes may not be immediately obvious, especially to U.S. officials accustomed to perceiving the military as the main source of order.

Militaries can inadvertently produce instability in several ways. Military regimes that seize or maintain power with force may not reflect the actual balance of political forces in the country. Such governments will be unstable almost by definition. Had the Dominican military proceeded with its attempts to perpetrate fraud and deny Antonio Guzman and his majority Dominican Revolutionary Party (PRD) power in the 1978 elections, civil strife and continuing instability would have resulted. In Pakistan, the overthrow and execution of the popular Bhutto by the army has, in fact, produced a highly explosive situation. In Bangladesh, as in Bolivia, feuding army factions have added to the chaos by repeatedly evicting promising civilian governments.

An exclusionary military regime which destroys civilian institutions, political parties, and leaders leaves as its inheritance an amorphous environment that radical forces may be able to shape to their advantage. Repressive military governments may also drive moderates in desperation to adopt more radical methods or alliances. Both related phenomena were visible in the recent Central American upheavals. They were also present in Vietnam, and may again surface in South Korea if the military continues to deny liberalization.

The argument is not that militaries in the third world can never maintain power for even a considerable interval. Rather, the United States should be aware of the dangers of equating military discipline with consensus and of perceiving short-term control as equivalent to long-term legitimacy. Too often militaries have failed to design durable institutions, and have even themselves become factors of instability and polarization.

The Public Sector

Contrary to the myth of American pragmatism, U.S. foreign policy-makers have often viewed the world through highly ideological lenses. The tendency to identify U.S. interests with local business elites and, although to a lesser degree, with military officers, reflects the ideological and cultural biases of U.S. diplomats and policymakers. Yet,

these biases, if functional in an earlier period, are no longer good guides to policy in many third-world nations.

A new force has emerged in third-world countries which requires more attention, but which ideological prisms have obscured from view. This force is the governmental bureaucracy. U.S. foreign policymakers, like Marxists, have tended to view governments as instruments of social classes or powerful leaders. But in the third world today, governmental bureaucracies have become a force in their own right.

Especially in the more institutionalized NICs, such as Brazil, Argentina, and Mexico, the governmental bureaucracies have an impressive staying power. Populated by sophisticated technocrats, they have framed ideas regarding their countries' basic national interests which tend to set limits on the behavior of particular administrations. Their definitions of the national interest, reflecting rational calculations of the country's geopolitical setting and economy, while not immutable, do tend to hold sway over lengthy periods. In Mexico, the bureaucracy is especially powerful; the Mexican president and his coterie are products of the bureaucracy and the officialistic PRI, itself dependent upon and integrated into the governing structures. Even under the post-1976 junta which represented the "liberal" tradition in Argentine economic and foreign policies,³⁷ the state bureaucracy continued to play a major role, most visibly in the continuing development of hydrocarbons and hydroelectric and nuclear power, in arranging bilateral trade deals, in producing and purchasing armaments, and in maintaining an ambiguous foreign policy aligned neither with the industrial states nor the more strident LDCs.

In some African and Asian states, where local business elites are weak, the United States has recognized the importance of the state bureaucracy, but has tended to look to personal ties to protect U.S. interests (on the theory that such nations naturally need personalized autocracies). But these autocratic leaders are much more fragile than the bureaucracies they rule. They can, however, gradually corrode the efficiency and morale of the bureaucracy, and years of corruption and repression can alienate the population to the point where, in order to exorcise the autocrat, they turn on the bureaucracy as well. Thus, the persistence of an unpopular autocrat may actually endanger the continuity otherwise inherent in the bureaucracy, as occurred to some degree in Iran and is happening in Zaire under Mobutu. By helping maintain such rulers in power long after they have lost their legitimacy, the United States risks a much more radical destruction of existing institutions.

Of course, foreign powers cannot hope to manipulate state bureaucracies as they might a political party or a small group of business or military leaders. Rather than continuing to pursue the chimera of control through alliances with the traditional political instrumentalities, the United States needs to devote greater attention to developing personal and policy influence with the more permanent bureaucracy. In cases where military and business groups remain powerful within a society and its governmental bureaucracy, the United States may still wish to cultivate their friendship, and immediate diplomatic objectives will sometimes require that we do so. But our eyes should be kept on the less visible, more

mundane, and often harder-to-penetrate state apparatus. U.S. businessmen have long pursued a policy of lobbying the working levels of Washington's many agencies, while simultaneously seeking to exploit White House and cabinet-level contacts, and the more adept firms follow a similar two-tier strategy overseas. U.S. diplomats must learn to practice their arts not only in the palaces of presidents and monarchs, but also in the drab offices of ordinary functionaries.

Conclusion

An awareness of these emerging realities helps clarify the widespread sense that Washington is no longer able to determine events in distant lands. U.S. policymakers pay lip service to this "diffusion of power," but they continue to behave otherwise. The result is a wedge between means and objectives and a chronic sense of frustration. Administrations which demonstratively fail to work their will in third-world states, despite their best efforts, open themselves up to charges of incompetence, lack of will, or even betrayal. Having placed U.S. "credibility" on the line, they will find themselves unable to defend U.S. interests as they themselves have defined them.

Our ability to dictate winners and losers in internal power struggles, or to alter the behavior of the victors, has been disrupted by the anarchy in the international economy and by the declining economic clout of the U.S. government. Our leverage is restrained by our allies' interest in pursuing commercial advantage.

Too many other nations, or groups within nations, are defining their interests differently from ours. Mexico and Brazil felt differently from us regarding the implications for hemispheric security of the Nicaraguan revolution. Argentina placed its commercial interest in grain sales above our felt need to punish the Soviets for their intervention in Afghanistan. Iran even under the Shah sought ever-higher oil prices. Saudi Arabia has failed to support the Camp David peace accords. Nigeria accepted and even praised the Cuban presence in Angola. Nor have groups within nations been more cooperative. Businessmen in El Salvador, Nicaragua, and Iran disrupted our efforts to arrange political settlements. Third-world militaries, in Peru, Brazil, Ethiopia, Libya, and elsewhere, have adopted nationalist policies contrary to our wishes.

Our ability to persuade or coerce these nations or groups into accepting more accommodating policies is restricted and in many cases declining. Even in Central America, our traditional sphere of influence, where a history of U.S. military and other forms of presence have engendered a deep psychological dependency, local business sectors no longer can be counted on to carry our banner. These refusals have been especially damaging in moments of political crisis, as occurred in Nicaragua and El Salvador.

Nor have we found the formula in local armies. For those who saw in third-world militaries an instrument of stable "authority" and a loyal ally, the decade of the 1970s was especially disappointing. Those who have blamed Carter's human-rights policies for the failure of third-world militaries to follow the U.S. lead are deluding themselves. Historical

forces with much deeper roots were at work. Reagan demoted the human-rights theme, but Argentina and Brazil proceeded to sign major trading agreements with the Soviet Union in 1981.

When we have been able to find a congenial leader, his regime has sometimes proved less than durable and our capabilities for saving it inadequate. Even military governments have been unable to endure. Nor can we expect to be able to find another local power in the region willing and able to intervene to establish a more malleable government.

The complexities and uncertainties of the third world are frustrating both policymakers and the U.S. public alike. We cannot count on regional powers to protect our interests, but they will try to involve us in age-old local conflicts. More nations are able to supply weapons to the various disputing parties. The increasing likelihood of a Soviet presence at first glance seems to clarify our interests, but in fact adds a complicating dimension to already difficult situations.

The Carter administration was relatively subtle in its approach to the third world. Nevertheless, in several important senses, it represented much more continuity with past approaches than its conservative critics have alleged. The Carter administration continued to look--often vainly--to third-world influentials to protect our interests (Cyrus Vance and Edmund Muskie were, it is true, more understanding when such states chose to act independently). Carter failed to come to grips with the implications of the inherent instability of many of our "friends"--thus the trauma of the fall of the Shah. Both policymakers and career foreign service officers continued to view local businessmen as our natural allies. In one area, however, Carter did recognize an important reality--that many of the military governments in the third world lacked popular legitimacy and therefore were of questionable durability. Through the human-rights policy, the Carter administration sought to convince authoritarian governments to evolve toward a firmer, more broadly-based rule--and to distance the United States from rulers too rigid to adjust.³⁸ Nevertheless, the Carter administration continued to look to militaries as the ultimate guarantor of U.S. interests. In moments of extreme pressure--in Nicaragua, El Salvador, Iran--the United States turned to the militaries in desperate final efforts to forestall the collapse of the old order.

The Carter administration managed to bring greater stability to the dollar but not to the international financial system as a whole. Rather than accommodate foreign policy to the now chronic instabilities, and to the relative decline in public-sector resources, the executive branch complained that it lacked the resources to meet its (unchanged) objectives. Carter began his term by promising a large increase in economic assistance budgets, but these hopes faded under pressures to balance the budget and increase military spending. When Secretary of State Muskie decried the lack of resources with which to work America's will in the world, he was, in effect, criticizing his own administration's failure to keep its earlier promise of higher aid budgets. But even a doubling of bilateral aid levels would have been insufficient to permit the U.S. government to "shape events," as Muskie felt we should continue to try to do.

The failure of the Nixon "regional influentials" doctrine; the decline of our official economic resources and the chaos in the international economy; the disloyalty of old friends; the nonreliability of businessmen, generals, and even of NATO allies--one potential reaction to these uncertainties and roadblocks could be to try to remove them by seeking, once again, to establish a direct U.S. military presence. Thus, the Carter administration, frightened and frustrated by events in the Persian Gulf, announced the "Carter Doctrine," whereby vital U.S. interests in the region would be protected by U.S. military might, some of which would be stationed nearby in a string of military facilities (the reverse of the Nixon Doctrine). How this military presence, which the Reagan administration has sought to deepen, would respond to the problems at hand was unclear. The problems seemed to stem from the instability of local rulers, intra-regional rivalries, the recalcitrance of regional states, and new international economic forces--problems not unique to the Middle East nor easily solved by our military forces. In most other regions, we will have neither the option, nor the resources, to establish a direct U.S. military presence.

The United States is not without influence, but unless we modify our ambitions and redefine our vital interests, each successive scorecard will include fewer successes and more failures. These failures at shaping events in the third world need not, however, result in firm Soviet gains, for many of the historic forces hindering the United States are also blocking Soviet ambitions. Frustration over the third world is probably as great in Moscow as it is in Washington. Both superpowers face a dis-orderly and more assertive world increasingly beyond their control.

¹The European Marshall Plan is the clearest example of success. The use of economic instruments as coercive sanctions has been less fruitful, especially when the threats are made public. See Klaus Knorr, The Power of Nations (New York: Basic Books, 1975), p. 300; and Richard S. Olson, "Economic Coercion in World Politics," World Politics, 31 (July 1979). Writing in the mid-1970s, Knorr concluded that the costs of coercion (whether the instruments were economic or political) were rising as their effectiveness was declining.

²World Bank, World Development Report 1981 (Washington, D.C.: World Bank, 1981), table 16, p. 164.

³OECD, Development Cooperation 1980 (Paris: OECD, 1980), table A-9, p. 186; and *ibid* (1972), table 5, p. 218.

⁴*Ibid* (1980), table A-15, p. 199. Figures are based on net disbursements.

⁵See Simon Serfaty, The United States, Western Europe and the Third World: Allies and Adversaries (Washington, D.C.: Georgetown University, Center for Strategic and International Studies, 1980).

⁶For detailed analysis of numerous case studies, including India, Pakistan, Brazil, and Argentina, see Joseph A. Yager (ed.), Nonproliferation and U.S. Foreign Policy (Washington, D.C.: Brookings Institution, 1980).

⁷For a recent version of this Lippmanesque argument, see James Chace, Solvency: The Price of Survival (New York: Random House, 1981).

⁸As cited in Thomas Bailey, A Diplomatic History of the American People (Englewood Cliffs, N.J.: Prentice-Hall, 1974), 9th ed., p. 923.

⁹This account draws heavily upon Scott Armstrong's detailed description of U.S. policymaking during the period immediately preceding the Shah's downfall. The Washington Post, October 25-30, 1980.

¹⁰An official interagency study undertaken after the Shah's downfall identified several shortcomings of existing intelligence practices, including an overconcentration on contacts with ruling elites. Richard Burt, "U.S. Seeks Ways to Gauge Foreign Nations' Stability," New York Times, January 29, 1979.

¹¹Scott Armstrong, The Washington Post, "U.S. Urged 'Crackdown' on Opposition," October 27, 1980, p. 1.

¹²For theoretical discussions of this problem, see Robert Jervis, Perception and Misperception in International Politics (Princeton: Princeton University Press, 1976); and Alexander George, Presidential Decisionmaking on Foreign Policy: The Effective Use of Information and Advice (Boulder, Colo.: Westview Press, 1980).

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¹³ For a diplomatic history of the Vietnam war by a State Department participant that emphasizes ignorance at the top, see Paul M. Kaltenburg, The Vietnam Trauma in American Foreign Policy (Transaction Books, 1980).

¹⁴ In his memoirs, White House Years (Boston: Little, Brown, 1979), Henry Kissinger notes this problem in U.S. policy, but fails to draw any policy lesson (pp. 845-47). The Reagan administration's decision to enter into a massive economic and security aid relationship with Pakistan further widened the gulf between India and the United States. See, for example, Selig Harrison, "India, and Reagan's Tilt Toward Pakistan," The New York Times, Op-Ed Page, July 15, 1981, p. A23.

¹⁵ For a warning that the suppression of the Shaba rebellion has not resolved U.S. problems in the bankrupt and unstable Zaire of Mobutu, see Robert M. Price, U.S. Foreign Policy in Sub-Saharan Africa: National Interest and Global Strategy (Berkeley: University of California, Institute of International Studies, 1978), pp. 51-58.

¹⁶ Those who argue that we ought to have supported Somoza ignore these essential facts. Also, it is naive to imagine that we could have maintained Somoza in power until the scheduled 1981 elections; even, in the unlikely event, that massive weapons shipments and U.S. advisers had enabled Somoza to retain control of Managua, genuine elections could never have been held in those circumstances. For an example of such an uninformed critique of U.S. policy, see Jeane Kirkpatrick, "Dictatorship and Double Standards," Commentary, November 1979.

¹⁷ Statement before the Subcommittee on Inter-American Affairs, Committee on Foreign Affairs, House of Representatives, June 26, 1979.

¹⁸ On Mexican motivation in Central America, see Mario Ojeda and Rene Herrera, "Petroleum and Mexican Policy in Central America," in Richard E. Feinberg (ed.), Central America: International Dimensions of the Crisis (New York: Holmes & Meier, forthcoming), and Richard E. Feinberg, "Central America: No Easy Answers," Foreign Affairs, Summer 1981.

¹⁹ Brazil's U.N. voting reflected its tilt away from the United States and toward third-world positions: In 1974-75, in U.N. plenary voting on all substantive issues, Brazil agreed with the United States less than one-third of the time--a less positive correlation than for any other country. Wayne A. Selcher, "Brazil's Candidacy for Major Power Status," Intellect, June 1977, p. 404.

²⁰ For a bibliographic essay on earlier dependency literature, see Ronald H. Chilcote, "A Critical Synthesis of the Dependency Literature," Latin American Perspectives, 1 (Spring 1974). For an earlier conservative view, see Nelson Rockefeller, Report on the Americas (1964); and, for a forceful presentation of the current administration's implicit return to this earlier perspective, see Ronald Reagan, Remarks before the World Affairs Council of Philadelphia, October 15, 1981.

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²¹For a series of interesting case studies, see Stephen Krasner, Defending the National Interest: Raw Materials Investment and U.S. Foreign Policy (Princeton: Princeton University Press, 1978).

²²A critical evaluation of traditional U.S. assumptions can be found in C. Fred Bergsten, T. Horst, and T. Moran, American Multinationals and American Interests (Washington, D.C.: The Brookings Institution, 1978). Bergsten became the assistant secretary for international affairs in the Treasury Department under Carter.

²³For a case study of local business aligning in a "national bourgeois" statist coalition in favor of nationalization of raw materials resources, see Theodore Moran, Multinational Corporations and the Politics of Dependence: Copper in Chile (Princeton: Princeton University Press, 1974), pp. 172-215.

²⁴Jorge Domínguez, "Is There a National Bourgeoisie?: Elite and Mass Opinion Toward Private Direct Foreign Investment in Latin America," mimeograph, Harvard University, August 1978.

²⁵The following accounts of Nicaragua and El Salvador rely heavily upon personal observations. Accounts of the periods discussed can be found in: William Leogrande, "The Revolution in Nicaragua: Another Cuba?" Foreign Affairs, Fall 1979; Federico Gil, et al., "The Violent Overthrow of Authoritarian Governments: The Central American Case," Department of State, External Research Grant, 1981; and George Lawton, "U.S. Policy Toward Nicaragua," unpublished Ph.D. dissertation, School for Advanced International Studies, Johns Hopkins University, Washington, D.C., forthcoming. See also Richard E. Feinberg, "The Recent Rapid Redefinitions of U.S. Interests and Diplomacy in Central America," in Feinberg (ed.), Central America, op. cit.

²⁶These clashes cannot simply be attributed to the peculiarities of the Carter administration. More conservative administrations would have been even more appalled at the willingness of Nicaraguan businessmen to align with the FSLN. While some Republicans in 1979-80 had been more sympathetic to Salvadorean business sentiment, once in power the Reagan administration chose to support the Christian Democrats in the junta and the agrarian reform.

²⁷For an early if ambiguous critique of U.S. reliance on Latin militaries, see Edwin Lieuwen, Arms and Politics in Latin America (New York: Praeger, 1960).

²⁸For a passionate discussion of these perceived threats, see Henry Kissinger, White House Years (Boston: Little, Brown, 1979), pp. 653-683.

²⁹By the end of the 1970s, Brazil's annual arms production was approaching \$5 billion, and arms exports were expected to surpass \$1 billion by the early 1980s. Stockholm International Peace Research Institute, World Armaments and Disarmaments SPIRI Yearbook 1980 (London: Taylor and Francis, 1980), p. 88.

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³⁰ See Robert L. Paarlberg, "Lessons of the Grain Embargo," Foreign Affairs, Fall 1980.

³¹ The two classic studies of that period on the political role of the Latin military are: Lieuwen, Arms and Politics in Latin America, and John J. Johnson, The Military and Society in Latin America (Stanford: Stanford University Press, 1964). See also John J. Johnson, The Role of the Military in Underdeveloped Countries (Princeton: Princeton University Press, 1963). A critique of these "liberal academic hopes" based on the experience of the last 20 years in Latin America and the rest of the third world can be found in S. E. Finer, "The Military and Politics in the Third World," in W. Scott Thompson (ed.), The Third World: Premises of U.S. Policy (San Francisco: Institute for Contemporary Studies, 1978).

³² For one survey, see Eric Nordlinger, "Soldiers in Mufti: The Impact of Military Rule upon Economic and Social Change in the Non-Western States," American Political Science Review, 64:4 (December 1970).

³³ For a series of insightful theoretical papers and country case studies, see the forthcoming anthology on "Transitions from Authoritarianism and Prospects for Democracy in Latin America and Latin Europe," edited by Laurence Whitehead, Philippe Schmitter, and Guillermo O'Donnell, and based on a series of conferences sponsored by the Latin American Program of the Wilson Center; also see Abraham Lowenthal (ed.), Armies and Politics in Latin America (New York: Holmes and Meier, 1976).

³⁴ See Alfred Stepan, The State and Society: Peru in Comparative Perspective (Princeton: Princeton University Press, 1978).

³⁵ For an earlier indication of such problems inherent in military rule, see Alfred Stepan, The Military in Politics: Changing Patterns in Brazil (Princeton: Princeton University Press, 1971).

³⁶ See Margaret E. Crahan, "National Security Ideology and Human Rights" in Margaret E. Crahan (ed.), Human Rights and Basic Needs in the Americas (Washington, D.C.: Georgetown University Press, forthcoming).

³⁷ For a discourse on "classical liberal" and "statist-nationalist" strands in Argentine foreign policies, see Edward Milensky, Argentina's Foreign Policies (Boulder, Colo.: Westview Press, 1978).

³⁸ For an explanation and evaluation of Carter's human-rights policies, on humanitarian and other national interest criteria, see Richard Feinberg, Human Rights: Latin America (Washington, D.C.: Center for International Policy, 1980).