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LATIN AMERICAN INDUSTRIAL EXPORTS AND TRADE NEGOTIATIONS WITH THE UNITED STATES

by John S. Odell
Harvard University

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ABSTRACT

Latin American Industrial Exports and Trade Negotiations with the United States

The traditional structure of North-South economic relations, with the richer countries exporting manufactures and the poorer ones exporting primary products, has been changing. As comparative advantage shifts from North to South, as manufactured exports from the South and protectionism in the North expand, one political consequence has been bilateral trade conflicts between governments. In 25 such conflicts with Latin American states, the United States, despite its international power advantage, has not achieved its fullest objectives in every case. The pattern of outcomes corresponds most closely to the expectations of an "unorthodox dependency" perspective. The United States is successful more often than Latin American governments, but the latter improved their outcomes in some cases by pursuing one or more of three possible strategies: mobilizing allies within the United States, threatening retaliation, or technocratic argument. The notion of a technocratic strategy may have applications on other issues.

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The traditional relationship between richer and poorer countries, whereby the former exported manufactures and the latter exported primary products, has been undergoing an accelerating transformation in recent years. Developing countries are emerging as serious competitors in the world economy in a widening range of manufactured products, and increasing industrial exports is one of the highest foreign policy priorities of their governments. At the same time demands for import restrictions have been increasingly heard in the older industrial countries.[1] The result is that bilateral bargaining to regulate trade and market shares has become a common but understudied element of the North-South diplomatic agenda. Despite all our recent discussion of the international economic order, our knowledge of this type of bilateral conflict is quite sketchy. Industrial trade issues touch several often-conflicting policy objectives of the country involved, including employment and growth, price stability, debt servicing, domestic political power and stability, and the strength of bilateral political ties. Latin American countries and the United States have historically been mutually important as trade partners, and some Latin American industries are leaders in the shift toward rivalry with U.S. producers. On present indications, this type of international conflict will recur in the Western Hemisphere and elsewhere for some time. What are the outcomes of such disputes? Which parties are most likely to achieve their objectives? Do the outcomes vary from one case to another, and if so, what accounts for the differences? Can the negotiator's choice of strategy influence the result? This study, concentrating on Western Hemisphere experience, explores a phenomenon of growing worldwide significance in international relations.

The Record

An interstate dispute or conflict is here defined as a process in which a government resists or rejects a request from another government or takes harmful action against another state. The emphasis is thus on overt behavior rather than on the degree of underlying conflict of interests or compatibility of interests between states.[2] An industrial trade dispute begins with either the first intergovernmental request or the tentative announcement of a possible restrictive trade action, and ends with the final action, interstate agreement, or cessation of intergovernmental communication on the matter. A list of such conflicts between Latin America and the United States beginning

and ending between 1960 and 1978, presented in Table 1, has been compiled from U.S. Treasury and State Department records, periodicals, and previous research.[3] Data on the size, growth, and product composition of Latin American industrial exports to the United States are presented in an Appendix.

Nineteen of the 25 conflicts are countervailing duty proceedings. United States law allows citizens to file complaints against "unfair" foreign competition made possible by governmental subsidies to exporters. Export subsidies are used by many states, including the United States. The U.S. procedure was administered by the Treasury Department during the period of this study. If the Treasury ruled that a foreign government was paying a "bounty or grant" on exports to the United States, an equivalent countervailing duty was imposed. During its investigations, Treasury negotiated with representatives of the foreign government to try to force it to eliminate or reduce the subsidy. Thus a ruling of "no bounty or grant" may reflect more than a technical study. In these negotiations Treasury took the position, understandably, that it had very little to give up. We will see, however, that as usual, technical determinations require assumptions, which can be adjusted and offset. The U.S. countervailing duty law was unusual internationally in that it had been exempted from the GATT rule that serious injury to domestic industry from the imports must be shown before a state can countervail. The United States has been virtually alone in using countervailing duties against less developed countries. Before the Trade Act of 1974, the Treasury normally used indefinite delay to exempt them, but at that time the Congress imposed time limits on investigations.[4] The subject of export subsidies and countervailing duties was central to the Tokyo Round multilateral trade negotiations. To encourage an agreement limiting the use of export subsidies, the 1974 Act gave the Treasury Secretary some discretion to waive the enforcement of countervailing duties until 4 January 1979. The waiver was authorized if a Geneva agreement was reasonably likely, if imposition of the countervailing duty would probably have jeopardized the negotiations, and if "adequate steps" had been taken "to reduce substantially or eliminate" the "adverse effect" of the subsidy.[5] This temporary waiver authority enlarged the scope for interstate bargaining in dyadic disputes.[6]

The other disputes listed in Table 1 arose in a variety of ways. In 1966, U.S. producers of instant coffee complained that the Brazilian practice of charging a tax on green coffee exports to them, while selling green to Brazilian processors at a lower price, constituted unfair competition. The 1971 Nixon-Connally surcharge on dutiable U.S. imports set off an outcry from Latin America, with which the United States customarily has a trade surplus. In 1973, Argentina came into conflict with U.S. restrictions on trade with communist countries when she demanded that U.S.-owned auto firms in Argentina export vehicles to Cuba. The passage of the 1974 Trade Act was received in Latin America with vocal protests aimed at limitations on its general system of preferences for developing countries, its exclusion of Ecuador and Venezuela from GSP, and the fear that the law's procedures would stimulate more protectionist measures in the United States. Under its escape clause (section 201), an investigation

TABLE 1

U.S.-LATIN AMERICAN DISPUTES CONCERNING LATIN AMERICAN INDUSTRIAL EXPORTS, 1960-1978

Year Begun	State	Product	Current Import Value (million $)	Latin American Strategies	Outcome[a]
1966	Brazil	Soluble coffee		Technocratic; allies	C: Brazil provided some tax-free green coffee to U.S. processors; U.S. dropped demand for export tax on soluble
1971	Many	(U.S. 10% surcharge)		Protest	L: U.S. abolished surcharge, but not because of Latin American action
1972	Mexico	Steel plate (CVD)	23 ('71) 1 ('74)	Technocratic	C: U.S. ruled small bounty but waived duty; Mexico agreed not to increase it; CVD revoked 10/78
1973	Argentina	Vehicles for Cuba		Threat	L: U.S. approved sale
1974	Colombia	Cut flowers (CVD)		Protest	U: Colombia eliminated subsidy for cut flowers
	Brazil	Nonrubber footwear (CVD)	81+	Technocratic; allies; threat	C: U.S. imposed 5% CVD in 1974; in 1976 Brazil reduced subsidy for shoes
	Argentina	Nonrubber footwear (CVD)	24	Allies	U: Argentina abolished subsidy for shoes; U.S. ruled no bounty
1975	Many	(U.S. Trade Act, GSP)		Protest	U: No U.S. modifications
	Brazil	Handbags (CVD)	5	Allies	C: U.S. 14% CVD; later waived when Brazil agreed to phase out subsidy for handbags

TABLE 1 (Continued)

Year Begun	State	Product	Current Import Value (million $)	Latin American Strategies	Outcome
1975	Brazil	Soybean oil		Allies	U: Brazil agreed to phase out subsidy for soybean oil; U.S. agreed not to initiate investigation
	Brazil	Processed castor oil (CVD)	1	?	U: U.S. 11% CVD
	Mexico	Processed asparagus (CVD)	2	Technocratic	L: U.S. ruled no bounty; no Mexican concession
	Brazil	Specialty steel	3	Protest	U: U.S. quota imposed
1976	Brazil	Scissors and shears (CVD)	1	Protest	U: U.S. 16% CVD
	Brazil	Cotton yarn (CVD)	3	Technocratic; allies	U: U.S. 20% CVD
1977	Uruguay	Handbags (CVD)	3	Yield; technocratic	U: U.S. 17% CVD waived; Uruguay abolished subsidy for handbags for all markets and agreed to abolish it for all exports by 1983[b/c]
	Uruguay	Nonrubber footwear (CVD)	12	Yield; technocratic	U: U.S. 23% CVD waived, on the above conditions[b/c]
	Uruguay	Leather apparel (CVD)	17	Yield; technocratic	U: U.S. 12% CVD waived on above conditions[b/c]
	Colombia	Handbags (CVD)	6	Technocratic; allies	C: U.S. 5.5% CVD waived; Colombia agreed to halve key export incentive
	Argentina	Nonrubber footwear (CVD)		Technocratic	L: U.S. 0.86% CVD
	Argentina	Leather apparel (CVD)		Technocratic	L: U.S. ruled no bounty; no Argentine concession

TABLE 1 (Continued)

Year Begun	State	Product	Current Import Value (million $)	Latin American Strategies	Outcome
1978	Colombia	Textiles and clothing (CVD)		Technocratic	L: U.S. ruled no bounties except on leather garments; ITC ruled no injury from these; no CVD
	Argentina	Textiles and clothing (CVD)		Technocratic	L: U.S. ruled no bounties except on woollen garments; U.S. 3% CVD on these
	Brazil	Textiles and clothing (CVD)		Technocratic	C: U.S. 37% + 35% CVDs waived; Brazil pledged major reduction in subsidy programs for all exports and support for multilateral subsidy code; U.S. agreed to require proof of injury in future CVD cases
	Uruguay	Textiles and clothing (CVD)		Technocratic	U: U.S. CVDs of 17%, 39%, and 43% [c]

[a] Classification of strategies and outcomes is discussed in the text.

CVD = countervailing duty
ITC = U.S. International Trade Commission
U = outcome substantially more favorable to initial objectives of the U.S. government than to Latin American objectives
L = outcome substantially more favorable to Latin American objectives
C = compromise outcome

[b] The Treasury revoked this waiver on 13 November 1978 on the grounds that, since January, Uruguay might have granted exporters forgiveness from a social security tax, considered a bounty; further negotiations were underway at the close of 1978.

[c] Uruguay's CVDs were revoked in March 1979 after the government of Uruguay pledged to collect an equivalent export tax on its shoes, handbags, leather apparel, and textiles shipped to the United States.

SOURCES: U.S. Treasury and State Department records, the Federal Register, periodicals, previous research, interviews in Washington, D.C.

of specialty steel imports resulted in 1976 in the imposition of U.S. quota restrictions on Brazil's exports. Finally, in 1976 the U.S. threatened to begin proceedings against Brazilian subsidies on soybean oil exports as unfair competition against U.S. exporters in third markets (section 301 of the Trade Act).

Latin American industrial exports have also been subject to 13 U.S. antidumping investigations since 1960 (see Table 2). Governments sometimes express strong opinions about antidumping cases, and these cases need to be kept in mind. But in the analysis of interstate bargaining below, they are excluded because in practice their outcomes owe very little to interstate communication or bargaining. While the U.S. countervailing duty law is directed at foreign government policies, here, in contrast, the target is foreign companies' pricing practices. The U.S. Antidumping Act provides that when a foreign company sells goods in the United States "at less than fair value," and when these imports injure or are likely to injure U.S. producers, the Treasury shall levy antidumping duties equivalent to the dumping margins. In the event of a complaint from an American, the Treasury calculates whether less-than-fair value sales have taken place, normally by comparing data on home market prices with prices charged in the U.S. market. The ITC determines injury. Nine of the complaints against Latin American firms were dismissed, and duties were assessed in four cases involving Argentina, Brazil, and Mexico. To include these cases in the present analysis would misleadingly raise one's estimate of Latin American government bargaining influence.[7]

In a third set of cases, also excluded below, action against Latin American and other trade was begun by a subunit of the U.S. government but was later abandoned unilaterally, rather than as a result of interstate negotiations. In 1970, an effort to repeal section 807 of the U.S. tariff schedules failed. This section has encouraged the establishment of plants in Mexico, Central America, and the Caribbean for the partial assembly of U.S.-made components to be exported back to the U.S. for further processing. In four escape clause investigations--concerning Mexican processed asparagus, Brazilian and Argentine footwear, and Brazilian ferro-chromium exports--the ITC recommended import restrictions, and Presidents Ford and Carter rejected those recommendations as far as Latin America was concerned.[8] Though these decisions are of great interest in several countries and may influence policy makers' calculations on other occasions, the political process involved seems to fall outside the category of international negotiation, which is the direct subject of this study.

Judging from the value of current imports affected, many though not all of the trade disputes listed in Table 1 appear to be relatively minor. But for several reasons their importance may be greater than these figures seem to indicate. Of course the industries involved do not consider them minor, and any intensely affected group is likely to have a disproportionate influence on policy. But more than that, U.S. trade actions against manufactured exports strike near the center of Latin American national plans for economic progress. Even

TABLE 2

U.S. ANTIDUMPING CASES CONCERNING LATIN AMERICAN INDUSTRIAL EXPORTS, 1960-1978

Year Begun	State	Product	Current Import Value ($ million)	Outcome[a]
1960	Cuba	Rayon staple fiber		No injury
1961	Dominican Republic	Portland cement		No injury
1969	Brazil	Pig iron		No SLFV
1971	Mexico	Sulphur	4	AD duty
1972	Brazil	Pig iron	4	No SLFV
	Brazil	Printed vinyl film		AD duty
	Argentina	Printed vinyl film		AD duty
	Mexico	Steel reinforcing bars	4	No injury
1973	Mexico	Picker sticks		AD duty
1974	Brazil	Vehicle seats	0.5	No SLFV
1975	Mexico	Portland cement	3.5	No injury
1976	Mexico	Lithographic plates	0.2	No injury
1977	Brazil	Methyl alcohol		No injury

[a]No SLFV = finding of no sale at less than fair value
AD = antidumping duty imposed

SOURCES: U.S. Treasury and Tariff Commission records.

if the trade flow in question had not become large at the time of the dispute, hopes for its future growth may extend well beyond the industry and the nation involved. Governments may regard even relatively small cases as economically damaging in the further sense that the uncertainty they create concerning the U.S. market may be sufficient to discourage investors from undertaking new export projects. Moreover, yielding to U.S. pressure to abolish a subsidy program for products going to North America might be considered an invitation to other states to make similar demands, which in some cases would affect larger trade flows. Success with industrial exports to the more developed world may be critical to escaping or avoiding difficulties in repaying debts owed to lenders in that world. Finally, U.S. pressures and sanctions are considered insulting and unfair; conflicts can be expected to strengthen domestic critics of U.S. imperialism and to increase governments' incentives to demonstrate independence from the United States in foreign policy. The symbolic value of these cases is likely to exceed their monetary value. They normally involve top officials in the Latin American country, and some of them have involved Cabinet officers and the President in the United States.

Conflict Outcomes and Latin American Strategies

Considering a set of industrial trade disputes, what pattern of outcomes should be expected? One general perspective or hypothesis might hold that in any bilateral conflict with a Latin American state, the United States enjoys such an overall disparity of international power and relative invulnerability that it is able to achieve its objectives in virtually every case. In such an imbalanced international power structure, no real bargaining takes place; the United States states its demands, and Argentina or Colombia finds little alternative but to comply. Since there is little they can do to hurt the United States, Washington can reject demands contrary to its objectives. An amended version of this general argument might place some emphasis on variations among Latin American states: Brazil and perhaps Mexico should achieve their objectives somewhat more often than the smaller states, providing a few exceptions to the general rule.[9]

In contrast, other general views or hypotheses lead one to expect results significantly more favorable to the Latin American states. The structure of a particular bargaining situation may be subject to some influence. According to what has been dubbed an "unorthodox dependency" perspective on inter-American relations,[10] the relation is basically unequal and conflictual, but the hegemonic state is not a monolithic entity. The pluralism and contradictions of the United States allow peripheral or semi-peripheral states some room for maneuver and autonomy except during crises. This approach sensitizes one to the distribution of U.S. domestic political forces relevant to a given trade issue, and it raises the question whether Latin American governments have been able to bring into the bargaining structure domestic groups having interests in common with them. In

conflicts with the United States, Canada has mobilized transnational corporations having subsidiaries in Canada, or parts of the Washington bureaucracy, as allies inside the U.S. policy-making process, thus shifting outcomes in favor of Canada.[11] In this second view, then, one would expect that by using such a strategy Latin American governments achieve some relatively favorable outcomes while in most cases the outcome is closer to the initial objectives of the U.S. government.

Third, within a given power structure other negotiating strategies and tactics could theoretically be used to bring about some greater success for the weaker party. Several considerations suggest means for retaliation available to Latin American states and the use of threats of retaliation as bargaining moves. In the first place, the uncertainty of power relations in a given situation might lead at least to more such attempts than power analysts would expect. Pressures in domestic political systems might also encourage such attempts. In its coverage of trade disputes, the newsletter Business Latin America often raises the fear that Brazil or other states would retaliate against U.S.-owned firms in the event of a trade war. In 1971, tiny Malta aggressively negotiated with Britain the terms of continued use of Malta's military facilities and managed to triple the rent being paid while making other gains as well, even though technological change was reducing the value of its chief asset to NATO. Malta's prime minister implicitly threatened to deal instead with Libya and the Soviet Union, among other tactics.[12] In principle, developing countries owing debts to the industrialized world have available the threat to repudiate those debts. In 1972, during talks over relief from earlier debts, the government of Ghana actually repudiated some debts and raised its demands. The final debt settlement in 1974 was more favorable to Ghana than the terms that had been acceptable to the creditors before the repudiation.[13] Following the 1973 success of the oil exporting countries, it was argued that developing countries now have or will increasingly acquire the capability and inclination to pose serious threats to the United States.[14] In sum, this assortment of examples, while not amounting to a coherent prediction of a pattern of outcomes, does suggest a reason for expecting greater Latin American success than under the first perspective.

Of the 25 cases shown in Table 1, 12 ended with either unrequited concessions by the Latin American government (e.g., abolition of its export subsidy) or unilateral sanctions by the United States (e.g., imposition of a countervailing duty). These outcomes can be classified as substantially more favorable to the initial objectives of the U.S. government than to those of the Latin American government. Six disputes ended in what I classify as a compromise. For example, in the 1974 case of Brazilian shoes, Brazil maintained its programs, the U.S. imposed a countervailing duty, but in response to Brazilian arguments the size of the duty was fairly small, given the nature of the footwear trade. In these six cases each side settled for less than its initial demand, but the U.S. concession was usually to accept a lesser degree of Latin American compliance or to waive a possible new sanction, rather than to retreat in response to a Latin American initiative. The seven remaining disputes ended in outcomes more favorable to the initial objectives of the Latin American government than to the U.S.

If these rough classifications can be taken as meaningful, the results at least cast doubt on an overall power structure perspective. The U.S. side achieves clear success in nearly twice as many cases as Latin American governments taken together, but Latin American successes and compromises are frequent enough to require investigation. Nor do negotiation outcomes seem to vary clearly with basic power differences among Latin American states. While Brazil's record is clearly more favorable than that of Uruguay, at the same time Mexico, Argentina, and Colombia each achieved greater success than Brazil.[15]

None of these disputes can be understood adequately from an examination of aggregate data alone, but before moving to case studies let us note that, generally, negotiation outcomes are associated with the type of strategy used by Latin American governments. Five types of strategy were used, singly or in combination. In a set of three cases handled simultaneously, Uruguay essentially yielded to the demand for an end to its export subsidies and even agreed to abolish them not only for the products in question but for all exports within five years. Three years before this case, Economy Minister Alejandro Vegh Villegas had begun a daring free-market economic policy which had not, however, swept away these export subsidies. The American demands fell upon a military government that was ideologically receptive to such changes. In another five disputes the United States had its way as the Latin American government felt it could do no more than protest.

But when each of the other three types of strategy was employed, the pattern of outcomes was more favorable to the Latin American states. In at least seven disputes, allies within the United States were mobilized. The allies have included both groups with a common economic interest and agencies with a supportive "foreign policy" objective. The six cases involving economic allies tended to end in compromise. In three cases the Secretary of State or NSC staff weighed in with "foreign policy" arguments on behalf of the Latin state. The effort failed in two large cases but helped Colombia somewhat in a third. A strategy of threat or retaliation against the United States was usually avoided, but two examples do appear in these conflicts; the outcomes in those cases were compromise and "pro-Latin," respectively. A fifth type of strategy has been used several times: namely, careful technical preparation and technical argument at the administrative level in Washington. Such argument has helped shift the outcome to compromise or Latin American "victory" in 10 or 15 cases.

Protest

In a number of trade disputes, the Latin American exporting country or countries are viewed from Washington as peripheral to U.S. bargaining and trade with other major powers, and the results have been simply imposed on the Western Hemisphere parties largely as an afterthought. In late 1971, the Nixon-Connally import surcharge was removed, but in response to protests and exchange-rate concessions by major financial

powers, not in response to Latin American complaints. Protests over the 1975 Trade Act elicited no concessions from the United States. An avalanche of criticism of the Act's new authorities for import restrictions fell upon the State Department, which responded with the basic position that the Act would ultimately benefit Latin America by authorizing U.S. leadership in global negotiations to liberalize trade. The Department also attempted to assure Latin Americans that the executive branch would apply new provisions flexibly in a way that would not harm the region.[16]

But the following year's case of specialty steel restrictions was not reassuring. Brazil was a very small supplier to the U.S. market, and her imports of specialty steels from U.S. firms exceeded her exports. The U.S. negotiated an orderly marketing agreement with the government of Japan and other major suppliers, and simply imposed a basket quota on all small suppliers, fixed at a level lower than shipments for the previous year. The Brazilian embassy filed a protest note complaining that the action froze the market share of small suppliers at a meager eight percent of U.S. imports and failed to provide special allowance for the expansion of developing countries' exports, a principle ostensibly accepted by the United States.[17]

Mobilizing Allies in the United States

At first glance, the notion of Colombia or Argentina building a U.S. coalition of support strong enough to swing Washington politics in its favor seems a bit quixotic. Indeed, this is likely to be a rare feat, occurring only on occasions when major lobbying groups and political figures are actively involved and public attention is focused on the issue. But many U.S. policy actions affecting Latin America are handled through a much less visible process, and most industrial trade issues are likely to make potential allies out of at least some U.S. groups. When those groups are strong and skillful enough, Latin Americans may benefit as well, whether or not the activity is triggered by a Latin American initiative. A provision in a U.S. tax bill before Congress in the early 1970s would have ruled out tax deductions for American convention meetings held outside the country. The provision would have significantly hurt the economies of Caribbean countries, but it was dropped when U.S. firms owning hotels there lobbied against it.[18] Often the effects of such activity are difficult to assess, but in industrial trade disputes a few known attempts have failed, while in a few other cases allies' activities seem to have made secondary contributions to the Latin American side.

Mobilizing State Department or NSC allies is more difficult on countervailing duty cases than on some other issues where the State Department routinely chairs the decision process (e.g., on the question of Argentine vehicle exports to Cuba) or where the President has explicit authority to waive a sanction on broad foreign policy grounds. Some leeway for "foreign policy" flexibility in countervailing duty cases was permitted prior to 1974 by the absence

of time limits on investigations, and from 1974 through 1978 by the waiver authority during multilateral trade negotiations. The largest Latin American cases before 1978 reached their decision during 1974, however, when producer groups were able to scuttle the delay option by court action and by holding the pending Trade Act hostage in Congress. The Treasury opened several new cases less than a month after Secretary of State Henry Kissinger had pledged to a conference of Latin American foreign ministers that the United States would refrain from new restrictions on Latin American access to U.S. markets. With their large shoe exports to the United States under attack, Brazil and Argentina pressed the State Department to plead their case for friendly treatment. The Brazilian government was "hopping mad" over the investigation and called for an immediate halt, fearing that it would open a "Pandora's Box" of attacks on Latin American export incentives. Minister of Commerce and Industry Severo Fagundes Gomes declared bitterly, "The shoe probe is an aggression."[19] Secretary of State Henry Kissinger was persuaded to present the case himself, but Secretary of the Treasury George Shultz refused to make concessions on "foreign policy" grounds, and chastised Kissinger for improperly poaching on Treasury authority.[20]

In 1978, with the waiver authority in place, another "foreign policy" intervention took place, this time with perceptible effect. As part of his campaign for the Panama Canal treaties, President Carter met in Washington with each Latin American head of state. President López Michelsen of Colombia was sufficiently concerned about the pending countervailing duty case against Colombian leather handbags to include this matter on his agenda with Carter, who then instructed his National Security staff assistant, Robert Pastor, to follow the matter. Other high Colombian officials, including the directors of the Foreign Trade Institute (Incomex) and Proexpo, flew to Washington to lend their hands to an intensive effort to prevent measures harmful to this industry.[21] NSC participation was probably favorable to the Colombian position in the negotiations, given the Administration's interest in favoring democracies as exemplars in Latin America. The outcome was a compromise, including Colombian incentives reductions and a waived countervailing duty.[22]

A strategy of mobilizing U.S. allies with an economic rather than a "foreign policy" interest can claim somewhat better success in industrial trade disputes. Such economic allies include not only firms with business in the country and importer associations, but also members of Congress whose constituents are affected. Senator Russell Long is well known for his advocacy of protection for U.S. producers under pressure from imports. But Long's state also happens to include a major importer of rubber footwear; on that item Long has spoken up for fair treatment for East Asian exporters.[23] U.S. economic allies are sometimes overpowered. During late 1976 and early 1977 the Treasury was considering a countervailing duty against Brazilian cotton yarn. The Brazilian government took a hard line, refusing to reduce export incentives in this case. They argued that because this trade was already limited by U.S. textile quotas, no further restrictions were justified. A Massachusetts firm depended

on these lower cost imports, and Senators Edward Kennedy and Edward Brooke opposed countervailing on the grounds that it would cost some 400 American jobs.[24] But these two were no match for the very strong demands from southern representatives of competing yarn producers that a countervailing duty be imposed. A new administration had just taken office, and wider pressure organized by the Brazil-Massachusetts side might have tipped them in favor of granting a waiver. Instead, a heavy countervailing duty was levied.

In other cases, however, economic allies have contributed to compromise outcomes in at least secondary ways. In the case of Colombian handbags, a gentle campaign was organized to demonstrate the presence of U.S. interests other than import-competing producers. The U.S. Chamber of Commerce in Bogotá was active in arranging for its member firms to contact Washington agencies other than the Treasury to make clear that they wanted fair consideration for Colombia. These firms included Singer, Goodyear, and Braniff Airlines, which ships the handbags to the United States.[25] This allied campaign probably contributed to the compromise outcome.

Midway through the lengthy interchange concerning Brazilian soluble coffee, the Brazilian government's hand was strengthened when the U.S. coffee-industry association reversed itself and came out against measures to penalize Brazilian exports. Some of the U.S. companies thus abandoned General Foods to carry on the fight thereafter and became tacit allies of the Brazilian negotiators, perhaps because some, like Nestlé, had soluble-coffee and other interests in Brazil and decided that retaliation in Brazil constituted the greater threat to their interests. This shift at least seriously undercut efforts to persuade the Brazilians that their inaction could lead to crippling attacks on the International Coffee Agreement, as well as efforts to paint a picture of general domestic harm from imports.[26] Later in the mid-1970s a formal U.S.-Brazil Business Council was established, including on the U.S. side the chiefs of firms like Goodyear, Caterpillar, and Citibank. Such a link between Brazilians and U.S. firms with interests in Brazil could be used to facilitate transnational coalitions to influence policy decisions.

Threat and Retaliation

Most general perspectives on U.S.-Latin American relations would expect a Latin American strategy of threat or retaliation either to fizzle or to backfire, hurting the Latin American side the most. Governments in most cases have avoided this strategy, but two examples do appear among these industrial trade disputes, and two other related instances will help illustrate possibilities. To the extent that a conclusion is possible, the strategy seems to have been relatively successful in these few applications.

In the 1976 Brazilian cases, the threat was subtle and the effect difficult to estimate, given the complexity of these interactions. In January, while the ITC recommendation for shoe quota restrictions was pending before the President, in Brasilia Finance Minister Simonsen

allowed himself to be drawn briefly into a public discussion of the means Brazil would have available for retaliation if shoe quotas were imposed.[27] That spring, Treasury Secretary William Simon made a personal trip to Brasilia to negotiate a resolution of several trade disputes. The result, in brief, was that Brazil made concessions on shoes, handbags, and soybean oil exports. Simon waived a countervailing duty on handbags and withdrew threats of other measures, and he added a public endorsement of Brazil to encourage foreign bankers and investors. This was a time when Brazil's increasing foreign debt was causing nervousness abroad, a major concern in Brasilia. O Estado de São Paulo regarded the Simon-Simonsen agreements as valuable to Brazil for the demonstration that the United States accepted Brazil as a partner.[28] Whether the more serious, high-level treatment of Brazil in these cases owed something to a subtle threat of retaliation, or to private expressions of concern from potential Wall Street allies, could not be determined conclusively.

In 1973 and early 1974 Argentina was more explicit. The Juan Perón government, faced with leftist violence at home, combined a purge of leftists from his cabinet with a foreign policy intended to appeal to the left. Economy Minister José Gelbard led an effort to increase Argentina's independence by diversifying its external economic ties. Gelbard traveled to Eastern Europe to arrange trade deals, and provoked a serious dispute with the United States by opening relations with Cuba. In August 1973, Argentina and Cuba agreed to a six-year plan for Cuban purchases and Argentine credit totaling $1.2 billion. Cuban delegations then approached U.S. auto firms and others in Argentina about contracts, but some of the firms dragged their feet. The U.S. government's embargo policy required export licenses for U.S. citizens to trade with Cuba, and until this time licenses had been refused except for food and medicine on an emergency basis. By early 1974, Washington was delaying granting the licenses, and Gelbard threatened expropriation of the vehicles in the name of Argentine sovereignty over its trade if cooperation were not forthcoming.[29] On 18 April the State Department announced that the licenses would be issued. Secretary Kissinger explained that the decision did not indicate that the embargo of Cuba had been changed, but that the U.S. needed to allow its firms to comply with the laws of their host country.[30]

Mexico practiced retaliation after a 1972 dumping case, but the move had no known effect on U.S. policy. At the time of this sulphur case, the U.S. complainant, Freeport Minerals Company, was also seeking an asbestos venture in Mexico. When the U.S. announced antidumping duties, National Properties Minister Horacio Flores de la Peña angrily denied that Mexico's sulphur was being dumped, and the Mexican government blocked the Freeport asbestos project. At the same time, the government nationalized the U.S.-owned share in the Mexican sulphur firm, linking the move to the dumping action. It is likely, however, that this latter move would have taken place anyway for other reasons.[31]

In contrast, in an earlier trade dispute with Canada the Mexican government incorporated a calculated threat of trade retaliation into the negotiation process with telling effect. Although this case did not involve the United States, it is useful as an illustration of possible trade bargaining outcomes. During 1968, textile producers in Quebec raised a cry for protection from Mexican cotton yarn imports. Ottawa insisted that Mexico limit its exports, but Mexico refused and expanded them in 1969, though even then the trade was flowing at the rate of only $1.5 million a year. Canada then imposed a 50 percent surtax on Mexican yarn, sufficient to price it out of the market. Ottawa argued that without a bilateral restrictive agreement with Mexico, Canada would risk the collapse of its system of such textile pacts with larger suppliers. The Mexicans at this point agreed to talk, but adopted a highly aggressive bargaining strategy. Their textile industry took out full-page advertisements in Mexico City newspapers condemning the Canadian sanctions. The Secretary of Industry and Commerce informed Mexican importers of the principal Canadian exports to Mexico that no more import licenses would be granted for Canadian goods. The message was transmitted informally, and the Secretary was later able to deny having done so at all. Meanwhile these importers panicked, "calling the Canadian embassy every 20 minutes." Mexican government agencies suggested to Canadian officials that their purchases in Canada would be reconsidered or discontinued. Canadian negotiators were shocked and were anxious to reach a harmonious settlement on what they regarded as a relatively minor matter to avoid a wider trade war. Under the multilateral Long-Term Textile Arrangement, Canada could have insisted on a ceiling on Mexican yarn imports as low as 150,000 pounds per year. The final agreement did impose a quota, but the level was 1,824,000 pounds per year.[32]

In short, the strategy of threat or retaliation in these trade disputes seems to compare with the strategy of debt repudiation in North-South bargaining over debt relief. Each is seldom used, but each is capable of improving the outcome from the weaker state's point of view.

The Technocratic Strategy

The Latin American strategy used to greatest effect, but not anticipated at the beginning of this study, could be called the technocratic strategy. This strategy requires mastering the technical details of the relevant business and related laws, precedents, and institutions, and using this mastery to persuade middle-level officials in the United States to accept a favorable technical argument or interpretation. Taking the initiative in suggesting terms for a possible compromise settlement can be an element in this strategy. Many less developed states have not yet acquired this capability to operate as a technocratic equal, but Brazil and others have been using it for some time and more will do so in the future. The strategy is used not only in quiet cases relatively unnoticed in the United States but also along with other strategies in publicly controversial ones. Despite the rather factual and automatic appearance of the

U.S. countervailing duty procedure, Latin American states have found through experience that, even aside from flexibility permitted by the waiver, Treasury officials are open to arguments to persuade them that an export subsidy is less than it may seem. Careful efforts to formulate such arguments and present them effectively have sometimes failed, but in a number of cases they have contributed to outcomes more favorable to Latin American objectives. In practice, the distinction between a technocratic strategy and mobilizing U.S. allies may seem hazy--for example, when a foreign government retains a Washington law firm both to deal with government trade lawyers and simultaneously to mobilize interest groups or "foreign policy" allies. But the technocratic strategy is distinguished in principle by use of economic and legal research and persuasion directed at officials below the top levels.

The soluble-coffee dispute was finally settled in 1971 on the terms of a technical compromise proposal suggested by Brazil earlier in the conflict. The United States had protested that Brazil's practice regarding soluble coffee was inconsistent with the International Coffee Agreement. Because of the Agreement, the reasoning went, Brazil was able to collect a large tax on the value of its green coffee exports. U.S. processors of instant coffee had to pay the tax to get Brazilian green, but Brazilian processors could buy it at the internal price, giving them an unfair advantage. The United States insisted that Brazil impose an export tax on Brazilian soluble coffee. Brazil rejected this solution, denying the relevance of the ICA and pointing out, among other things, that U.S. soluble producers did not in fact use green coffee from Brazil on the whole. The 1967 Brazilian proposal was basically an offer to provide a quota of green coffee free of the export tax to U.S. soluble producers, in an amount equivalent to U.S. purchases of Brazilian soluble during a base period. Thus the damage to Brazilian soluble exports would be minimized, particularly to third markets. After the U.S. coffee-industry association reversed its position and began to oppose sanctions against Brazilian soluble, and after the White House and Brazil's Finance Minister became involved, the United States and Brazil agreed on the 1967 Brazilian scheme.[33]

The contrasting outcomes in the 1974 shoe cases suggest strongly the effect of the technocratic strategy. During that year in Argentina, Juan Perón died, José Gelbard was replaced, and the rapidly inflating economy was developing a massive payments deficit. Argentina's foreign policy generally began a shift toward mending fences with the United States in order to get desperately needed help. In response to the countervailing duty proceedings, the Argentine ambassador in Washington tried the traditional strategy of enlisting State Department support. When this failed, Argentina simply agreed to abolish its incentive program for footwear exporters, and their exports ground to a halt.[34]

Brazil likewise loudly protested the investigation, citing U.S. encouragement to developing countries to diversify their exports and U.S. acceptance of the principle that developing countries should receive special treatment to permit their industrialization. Meanwhile the Brazilian shoe export industry (and later the government) also

retained a seasoned Washington law firm to work with their own highly trained trade officials. The firm put forward the argument that Brazil's products were in no way harming U.S. shoe producers. The Brazilian share of U.S. shoe consumption was 1.8 percent.[35] The North American complaint held that Brazil's program of giving tax credits to exporters constituted unfair competition. The Brazilians and their lawyers conducted a survey of exporting firms and used the information to convince the U.S. Treasury that the actual utilization of the tax credit program was less than anyone realized, amounting to only 4.8 percent of the export value for most of the trade. Thus Brazil continued its incentive program and the United States imposed a countervailing duty of 4.8 percent on most of the trade bound for the United States. At that time Finance Minister Simonsen maintained that this duty would not reduce shoe exports, and Brazilian exporters were reportedly satisfied, having expected a much heavier blow. Thereafter their shipments to the United States increased.[36]

The governments of Brazil and Mexico have impressive capabilities for economic and legal analysis, as the Mexicans demonstrated in countervailing duty cases involving their steel plate and processed asparagus. In both cases Mexico made use of Treasury's long-standing position that rebates to compensate exporters for indirect taxes paid do not constitute a bounty or grant under U.S. law, while rebates of direct taxes and overrebating of indirect taxes are countervailable. In the steel-plate case, Mexico, advised by the same law firm that represented Brazil's shoe exporters, gathered information on indirect taxes paid by steel exporters to show that the total amount would cover a five percent export rebate. The Mexican government then reduced the rebate from ten percent to five percent to escape an affirmative "bounty" ruling. They also successfully countered two other elements of the complaint without changing any programs, but Treasury did find that a railroad freight rate differential constituted a small subsidy. Mexico agreed not to increase the nature and size of this program, and the Simon Treasury waived the countervailing duty.[37] For the processed asparagus case, Mexican technocrats compiled evidence that the exporting firm was paying indirect taxes equal to the full ten percent export rebate.[38] Mexico got this case dismissed without any compromise.

Colombia was presented with an eight-count complaint against its policies on leather handbag exports in 1977. While U.S. allies were being mobilized at higher levels, technical maneuvers were also underway. Colombia and its Washington counsel persuaded the Treasury that seven of the programs should not be judged countervailable, including preferential export financing, exemptions from import duties on capital goods and raw materials used to manufacture exports, and transportation subsidies. The key program granting twelve percent tax credit certificates upon export was clearly a "bounty," Treasury said. But its final determination set the size of the subsidy and the countervailing duty at less than six percent, perhaps as a result of high-level noneconomic concerns, but also because of arguments that several factors offset the benefits of the subsidy. As with Mexico, Treasury agreed to deduct for indirect taxes paid by exporters but not rebated, since

these taxes could have been rebated without creating a countervailable subsidy. Another successful technical argument pointed out that exporters in practice experienced long delays in receiving cash for their certificates, reducing their real value. The U.S. code did not specify that the Treasury must adjust for such offsets, but they were considered highly important by Colombia's leadership and by angry U.S. producers. In order to get a temporary waiver of the countervailing duty, the attorneys then argued that a country with a miniscule 0.5 percent share of the U.S. market could do no harm to U.S. producers and should qualify for a waiver on that basis, since the language of the law refers to subsidies that have an "adverse effect." But Colombia was nevertheless required to phase out roughly half of its twelve percent program in order to receive the waiver.[39]

Conclusions

In summary, by the 1970s Latin American industrialization and export expansion had progressed to a point at which a substantial number of dyadic industrial trade conflicts with the United States began to occur, given the competitive problems of various U.S. industries. Several other potential international conflicts were suppressed by the President and other advocates of open trade in the United States. Those that reached the international level were often salient and irritating in Latin America, while the share of the U.S. market supplied by the Latin American party in many cases was quite small.

Judging conventionally from the great disparity in international power between the United States and each Latin American state, one might expect that their international negotiations over trade restrictions would in reality show the northern colossus achieving its objectives virtually every time. Instead, this investigation of 25 such cases has found results confirming some earlier studies of bargaining between the strong and the weak, and its evidence is consistent with an "unorthodox dependency" perspective on inter-American relations. Latin American states have had little success in rolling back barriers to the U.S. industrial market, and in these discrete conflicts the initial U.S. objectives were achieved more often than were the Latin American. The more dependent were less successful, but they were not without bargaining assets and strategies.

The strategy of attempting to shape the structure of the bargaining situation by bringing in domestic American allies did not have dramatic effects in these cases, but in some cases it played a quiet part in diluting the impact of producers' demands for protection. In a few cases, there is a hint that economic allies are more effective from the Latin American viewpoint than agencies having a foreign policy concern, although both can be overpowered in Washington.

Not surprisingly, the bargaining strategy, or tactic of retaliation or threat of retaliation, was not common on the Latin American side, but the instances of Argentina's exports to Cuba and Mexico's conflict with Canada show that when pursued, this strategy can be relatively effective.

Finally, the notion of a technocratic strategy in foreign economic policy has been proposed alongside these other strategies. At least in dealing with issues such as those included here, the approach policy makers have been employing most often, and one of the more successful, has been the use of economic and legal norms, interpretations, and research to persuade U.S. administrators to adopt proposals more favorable to the state in question. The suggestions that simply providing information can make more than a trivial difference in international relations, and that policy outcomes might depend on perceptions and honest interpretations of legal or other cultural norms as well as narrower self-interests, are often rightly greeted with skepticism by well-informed analysts. Such possibilities deserve more serious attention, however, perhaps on some types of issues and in some cultures more than others, even if it turns out that technocratic argument is developed in other cases as a *post hoc* rationale for decisions taken for other reasons. To the extent that developing countries' use of a technocratic strategy in foreign economic policy reflects the gradual development of technical and administrative capabilities, we can expects its use to increase in frequency and sophistication in the future. Its application will of course depend on the degree to which legislation and higher authorities restrict the discretion of administrators. On this score, countervailing duty proceedings in the United States may not be the most fruitful area of application in the future, in view of proposals under discussion during 1979 to restrict administrative discretion.

Discrete trade conflicts between states are manifestations of one of the crucial underlying processes of change in world politics--shifts in comparative advantage and in global industry. Our knowledge of such trade bargaining could be expanded and deepened by analogous studies of discrete conflicts among more developed states through history, by comparisons of the responses of different "Northern" states to competition from the "South," and by other comparisons of Southern strategies and performance. This work should be integrated with studies of trade and development strategies understood more broadly, and possible linkages with military-security concerns should be explored. Much of recent scholarship on the politics of North-South relations has focused on interactions taking place in the United Nations and other global international organizations. But particularly if differences among the poor and among the rich remain pronounced, and if multilateral talks aimed at major changes in the world economic order remain in stalemate--but also in any case--more of our investigation should be directed at bilateral North-South relations. There we are likely to find some of the most consequential political responses to shifts in the structure of the world economy.

APPENDIX

LATIN AMERICAN INDUSTRIAL EXPORTS TO THE UNITED STATES, 1970 and 1976 ($ million)[a]

	1970	1976	
Mexico	398.0	1943.7	
Electrical machinery			722.6
Nonelectrical machinery			188.5
Clothing and accessories			165.9
Brazil	62.6	541.0	
Footwear			140.5
Electrical machinery			97.2
Iron and steel			51.9
Chile	117.7	154.0	
Nonferrous metals			132.1
Footwear			5.2
Fertilizers			3.7
Argentina	47.1	142.2	
Leather--bovine, nes			54.9
Iron and steel			19.3
Organic chemicals			15.1
Peru	162.2	107.8	
Nonferrous metals			101.5
Textiles			2.3
Wood and cork products, nes			1.2
Colombia	24.4	104.5	
Clothing and accessories			26.3
Precious stones			23.6
Textiles			19.3
Haiti	14.2	104.0	
Clothing and accessories			33.3
Miscellaneous manufactured articles, nes			29.4
Electrical machinery			17.1
Jamaica	66.9	90.5	
Dominican Republic	0.9	88.4	
El Salvador	1.0	67.1	
Uruguay	7.2	53.4	
Surinam	20.8	36.7	
Bahamas	22.3	34.6	
Costa Rica	3.6	27.2	
Trinidad and Tobago	21.3	26.6	
Venezuela	9.1	24.7	
Bolivia	0.8	19.2	
Barbados	4.0	14.9	
Nicaragua	0.4	10.6	
Guatemala	1.7	9.4	
Honduras	1.5	8.4	
Belize	0.7	6.0	
Ecuador	0.9	4.8	

APPENDIX (Continued)

	1970	1976
Guyana	3.5	4.1
Paraguay	1.3	3.5
Panama	1.5	2.5
Cuba	0	0

[a]Industrial products are defined as Groups 5 through 8 of the U.S. Census Bureau import commodity code. For selected countries the three largest two-digit product groups in 1976 are shown. Nes = not elsewhere specified.

SOURCE: U.S. Department of Commerce, U.S. General Imports, FT-155, 1970 and 1976.

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[1]On LDC manufactured exports, see Hollis Chenery and Donald B. Keesing, "The Changing Role and Composition of LDC Exports," paper prepared for symposium at the Institute for International Economic Studies, Stockholm, August 1978; UNCTAD, Trade in Manufactures of Developing Countries and Territories: 1974 Review, UN Document TD/B/C.2/161, 1976; UNCTAD, Dynamic Products in the Exports of Manufactured Goods from Developing Countries to Developed Market-Economy Countries, 1970-1976, UN Document ST/MD/18, 1978; Stephen B. Watkins and John R. Karlik, "Anticipating Disruptive Imports," New International Realities (National Planning Association), Fall 1978; The Economist, 10 June 1978, pp. 84-85; Kathryn Morton and Peter Tullock, Trade and Developing Countries (London: Croom Helm, 1977); Lorenzo L. Perez, "Export Subsidies in Developing Countries and the GATT," Journal of World Trade Law 10 (1976), 539-545; Thomas K. Morrison, Manufactured Exports from Developing Countries (New York: Praeger, 1976); Hal B. Lary, Imports of Manufactures from Less Developed Countries (New York: Columbia University Press, 1968); Joseph Grunwald, ed., Latin America and the World Economy: A Changing International Order (Beverly Hills, Calif.: Sage Publications, 1978). On protectionism, see IMF, The Rise in Protectionism, Pamphlet No. 24, 1978; IMF, Annual Report on Exchange Arrangements and Exchange Restrictions; GATT, International Trade; Susan Strange, "The Management of Surplus Capacity: or how does theory stand up to protectionism 1970s style?" International Organization 33 (1979), 303-334.

[2]Cf. Joseph Nye, Jr., "Transnational Relations and Interstate Conflicts: An Empirical Analysis," International Organization 23 (1974), 961-996.

[3]In order to make the research more manageable, I exclude from this study the negotiation of "orderly marketing agreements"; these are covered by current work.

[4]19 U.S.C. S1303; "A Roadmap to the Trade Act," Law and Policy in International Business 8 (1976), 171-174; Donald L. Wyman, "U.S.-Latin American Relations and the Cases of the Countervailing Duty," in U.S. Commission on the Organization of the Government for the Conduct of Foreign Policy, Appendices, 7 vols., 1975, vol. III, pp. 234-242.

[5]19 U.S.C. S1303(d).

[6]A package of multilateral trade agreements, including a new code on export subsidies and countervailing duties, was signed in April 1979, and U.S. implementing legislation was signed in July 1979. Under these new rules, developing countries which subscribe to the code will be permitted under certain conditions to maintain export subsidies and domestic subsidies without penalty. As part of the agreements, the United States amended its law to provide for countervailing duties only in cases in which "material injury" to domestic producers can be demonstrated. Administrative discretion in countervailing duty enforcement was reduced, and the Carter Administration proposed, further, to move enforcement authority from the Treasury Department to the Commerce Department (see New York Times, 20 July 1979). The economic and political consequences of these new developments and

of decisions in other countries will not be clear for several years.

[7]19 U.S.C. S160-173; "A Roadmap to the Trade Act," pp. 166-171; "Antidumping Duties," in U.S. Commission on International Trade and Investment Policy, United States International Economic Policy in an Interdependent World, 1971, vol. I, pp. 395-408. Several interviewees maintained that antidumping proceedings are more "cut-and-dried" than countervailing duty proceedings, and despite an original intention to include them, I found no examples of antidumping cases whose outcomes could be attributed to anything other than routine application of standard operating formulas by U.S. agencies. Some antidumping cases may arise because American businesses, feeling successful foreign competition, lack the capacity to conduct their own investigations of prices charged in the foreign market, and hope mistakenly that activating a U.S. government investigation might produce data favorable to them. A study of antidumping complaints involving state-owned firms or major powers or larger amounts of current trade might reveal a different political process, however, as suggested by the Ford Administration's subtle handling of the huge complaint against automobile imports in 1975-76.

[8]In the case of Mexican processed asparagus, the ITC was evenly divided on the question of injury, and President Ford determined that the imports had not caused serious injury. In the large 1976 shoe case, the ITC unanimously found injury, and 5 of the 6 commissioners recommended some form of import restriction. The Cabinet was pressured both by American shoe producers and by consumer groups, and failed to reach an agreed recommendation to President Ford. The Departments of State, Treasury, Defense, OMB, and Council of Economic Advisers took the consumer-oriented free-trade position; the Departments of Labor and Commerce and the Special Trade Representative favored trade restrictions. At the time, the domestic shoe industry was experiencing a brisk recovery. Ford decided against import curbs and in favor of adjustment assistance to firms and workers. Later in the year the footwear case was reopened at the request of the Senate Foreign Relations Committee. The ITC sent President Carter a recommendation for a tariff-rate quota restriction. Carter decided in early 1977 to reject that recommendation, to negotiate orderly marketing agreements with Taiwan and South Korea, to warn other suppliers against surges of imports, and to provide new adjustment assistance to domestic industry. Later that year the ITC held that ferrochromium imports threatened to injure U.S. producers and recommended raising tariffs. South Africa, Brazil, and Yugoslavia were the main suppliers. In rejecting import relief, President Carter held that it would mainly benefit the dominant firm in the U.S. industry, that absence of relief would not lead to job losses, and that relief would be inflationary and might encourage protectionism against U.S. exports.

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[9]The image of a very unequal relationship is shared by many who have analyzed inter-American relations in terms of "dependency" despite the other sharp differences between this view and traditional power analysis. Though dependency analysis does not often deal directly with discrete diplomatic disputes, it might lead one to expect that the United States uses those occasions as another means of domination and exploitation of Latin America.

[10]See Jorge Domínguez, "Consensus and Divergence: The State of the Literature on Inter-American Relations in the 1970s," Latin American Research Review 13 (1978), 106-108. An example of an "unorthodox dependency" perspective is Helio Jaguaribe, Political Development: A General Theory and a Latin American Case Study (New York: Harper and Row, 1973), pp. 371-386. While my reference to dependency perspectives pertains to their vision of international relations, dependency analysts themselves are equally concerned with conflicts within dependent states, and the connections between external and internal forces.

[11]See Nye.

[12]W. Howard Wriggins, "Up for Auction: Malta Bargains with Great Britain, 1971," in I. William Zartman, ed., The 50% Solution (New York: Doubleday, 1976), pp. 208-234.

[13]John S. Odell, "The Politics of Debt Relief: Official Creditors and Brazil, Ghana, and Chile," in Jonathan Aronson, ed., International Debt and the Less Developed Countries (Boulder, Colo.: Westview Press, forthcoming).

[14]See C. Fred Bergsten, "The Threat from the Third World," Foreign Policy 11 (Summer 1973), 102-124 and "Coming Investment Wars?" Foreign Affairs 53 (October 1974), 135-152; Mahbub ul Haq, The Poverty Curtain (New York: Columbia University Press, 1976), chap. 9.

[15]With rough classifications and a relatively small number of cases, no sophisticated data analysis will be possible, but here and at other points, evidence casting some light on a question can be mentioned.

[16]Business Latin America, 8 January, 22 January, 5 February and 30 April 1975.

[17]U.S. State Department unclassified files.

[18]Robert Pastor, "Congress's Impact on Latin America: Is There a Madness in the Method?" In U.S. Commission on the Organization of the Government for the Conduct of Foreign Policy, Appendices, 7 vols., 1975, vol. III, p. 267.

[19]Footwear News, 1 April 1974; New York Times, 4 August 1974, p. F6. Severo Gomes was known as relatively weak in Brazilian policy making, but this issue also elicited a difference between the Foreign and Finance

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Department. Testifying before the Tariff Commission for the U.S. producers, however, were Senator Russell Long of Louisiana and Representatives Hale Boggs, F. Edward Hebert, and Joe Waggoner of Louisiana. (Chemical Marketing Reporter, 3 April 1972.)

[32]Robert W. Butler, Jr., "Trade Conflict: The Mexican-Canadian Yarn War of 1969-1970," Inter-American Economic Affairs 25 (1971): 21-30. Colombia recently protested Japan's trade surplus with Colombia by banning imports of Japan's electronic products, consumer durables, and cars. (Economist, 5 August 1978, p. 66.)

[33]See Bloomfield.

[34]Journal of Commerce, 26 November 1974; Footwear News, 3 February 1975; Wyman, pp. 238-239. In 1978, Argentina used technocratic strategies and achieved its objectives more fully.

[35]Footwear News, 17 June 1974; New York Times, 4 August 1974, p. F6.

[36]Interviews in Washington; Footwear News, 16 September 1974; Business Latin America, 18 September 1974 and 26 May 1976.

[37]U.S. Congress, House, Committee on Ways and Means, Waiver of Countervailing Duties on Certain Mexican Steel Plate: Communication from the Assistant Secretary of the Treasury, House Doc. 94-406, 94th Cong., 2d sess., 11 March 1976; interview in Washington. In any case, the Mexican government imposed a temporary embargo on steel exports in late 1972 due to the strength of domestic demand in Mexico, and the flow of steel plate to the U.S. fell sharply. (American Metal Market, 21 December 1972.)

[38]Federal Register 41 (1976): 1299.

[39]Interviews in Washington; Federal Register 42 (1977): 57201, and 43 (1978): 18659-18661; Business Latin America, 10 May 1978, p. 152.

ministries in Brasilia, with the Foreign Ministry favoring the harder line. "Ultimately, the president resolved the difference on terms somewhat more favorable to Itamaraty than would have been the case in the preceding administration." Ronald M. Schneider, Brazil: Foreign Policy of a Future World Power (Boulder, Colo.: Westview Press, 1976), p. 110.

[20]Interviews with former U.S. officials. The compromise outcome in Brazil's case is better explained by other factors, noted below.

[21]Interviews; Business Latin America, 10 May 1978, p. 152.

[22]It is difficult to judge conclusively how much effect the NSC role had, since other actors and strategies were at work as well.

[23]Interview with a former U.S. official.

[24]Interviews with former U.S. officials.

[25]Interviews in Washington.

[26]A Coca-Cola subsidiary producing instant coffee in New Jersey found its own solution to the international conflict, by acquiring control of a freeze-dry soluble plant in Brazil in 1969, putting it on the winning side either way (Business Latin America, 13 March 1969, pp. 82-83). The reversal of the National Coffee Association's position was not sufficient by itself to halt efforts by U.S. leaders, particularly Congressman Wilbur Mills, to press for Brazilian concessions. (Richard J. Bloomfield, "Who Makes American Foreign Policy? Some Latin American Case Studies" [Cambridge, Mass.: Harvard University Center for International Affairs, 1972]).

[27]American Embassy Brasilia to Department of State, unclassified cable 0945, 3 February 1976.

[28]O Estado de São Paulo, 13 May 1976. Also see joint communiqué by Simonsen and Simon, 11 May 1976; Journal of Commerce, 12 May 1976; Business Latin America, 26 May 1976; Latin American Economic Report, 28 May 1976.

[29]Edward Milenky, Argentina's Foreign Policies (Boulder, Colo.: Westview Press, 1978), pp. 55-59, 72, 123-124; Business Latin America, 12 December 1973 and 8 May 1974; Latin America Economic Report, 11 January 1974 and 17 May 1974; Washington Post, 13 January 1974, p. A29, 19 April, p. A1, 20 April, p. A12, and 22 April, p. A22; Business Week, 13 April 1974, p. 80.

[30]U.S. Department of State Bulletin (May 1974): 517, 544.

[31]Business Latin America, 29 June 1972, pp. 201-202. During the antidumping proceedings, the Mexican firm hired Joseph Califano as counsel and was supported by the Antitrust Division of the Justice