

# Making Friends with Perón: Developmentalism and State Capitalism in U.S.-Argentine Relations, 1970–1975

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In February 2011, Argentine authorities seized a cache of weapons from a U.S. Air Force C-17 transport plane that had landed in Buenos Aires. In a heated media exchange, political leaders in the United States and Argentina (including Argentine Foreign Minister Héctor Timerman and U.S. President Barack Obama) quickly transformed the seizure into a diplomatic incident of note, each side leveling accusations and alternative versions of events at the other. The Argentine media reported that authorities had found a “secret” suitcase on board containing illicit drugs. American officials countered that there were weapons but no drugs on board. What Argentine authorities had found was no secret, Washington claimed. The weapons were destined for a routine joint training operation between the Grupo de Operaciones Especiales de la Policía Federal (the Special Operations Unit of the Argentine Federal Police) and the U.S. Army Seventh Parachute Brigade. Without ever denying the training exercise narrative, Argentine authorities launched a series of attacks on past and present American military influence in Latin America. These ranged from the alleged failure of the U.S. government to disclose a list of contents of the C-17 to the historic role of the School of the Americas in training Latin American military officers in torture techniques. Three weeks into the crisis, an Argentine federal court affirmed the American version of events, judged the episode to have been a tempest in a teapot, and instructed customs officials to return the seized goods to the Americans.<sup>1</sup>



Juan Perón returned to Argentina on June 20, 1973, from almost 20 years of exile and assumed a brief third presidency from October 1973 to July 1974.

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<sup>1</sup> La valija secreta que traía el avión de la Fuerza Aérea estadounidense *Diario Perfil* (Buenos Aires), Feb. 13, 2011; Ana Barón, Avión de EE.UU. requisado: el Pentágono desconfía del Gobierno, *Clarín* (Buenos Aires), Feb. 20, 2011; Para la Justicia no hubo delito en el caso del avión militar estadounidense, *Clarín*, Mar. 10, 2011. See Russell W. Ramsey and Antonio Raimondo, “Human Rights Instruction at the U.S. Army School of the Americas,” *Human Rights Review* 2, no. 3 (2001): 92–116.

### Revived Bifurcation

This episode and the rapid escalation of what might have been an easily resolved misunderstanding into a high-level war of words underline a growing bifurcation in United States–Argentine relations that is reminiscent of bilateral ties a half-century ago. On the one hand, by any measure bilateral relations remain strong, if punctuated by occasional disagreement. On the other, a key component of Argentine foreign and domestic policy involves exaggerating tensions with the United States in a manner that revives three questionable traditions in bilateral ties—ugly U.S. intervention in the Americas, fractious U.S.-Argentine relations, and an Argentine, anti-imperial counterweight to American might in Latin America.<sup>2</sup>

The current version of this bifurcation evokes the first term of Argentine President Juan D. Perón (1946–52). As the founding leader of what came to be known as Peronism, and as Argentina’s most influential 20th-century political figure, Perón helped define the social movement he led in part through anti-imperial and, more specifically, anti-American rhetoric. At the same time, beyond episodic tensions and sometimes fiery language on the part of both American and Argentine diplomats and policymakers, U.S.-Argentine diplomatic and commercial relations remained strong through the late 1940s, and enjoyed a marked improvement in the early 1950s. Beginning with Perón’s first presidency, both Argentine and American historians tended to accept at face value one line in the bifurcation—the notion that bilateral ties were troubled. In Argentina, such views reflected the power of Peronist rhetoric, even among the movement’s opponents, where historians often accepted without question the notion that American and Argentine interests were necessarily contradictory. In the United States, scholars often over-emphasized episodic conflict at the expense of largely cooperative Cold War–era bilateral ties.<sup>3</sup>

The governments of Argentine President Cristina Fernández de Kirchner (2007–), and to a lesser extent that of her predecessor, President Néstor Kirchner (2003–7), have called to mind Peronist precedent in both foreign and domestic policies. For example, in 2012, the Argentine government nationalized 51 percent of the oil

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<sup>2</sup> See Fabián Bosoer, *Braden o Perón: La historia oculta* (Buenos Aires: Editorial El Ateneo, 2011); Rogelio García Lupo, *Últimas noticias de Perón y su tiempo* (Buenos Aires: Ediciones B, 2006).

<sup>3</sup> See Mario Rapoport and Claudio Spiguel, *Relaciones tumultuosas: Estados Unidos y el primer peronismo* (Buenos Aires: Emecé, 2009); Leandro Morgenfeld, *Vecinos en conflicto: Argentina y Estados Unidos en las conferencias panamericanas (1880–1955)* (Buenos Aires: Peña Lillo, 2011); Gary Frank, *Juan Perón vs. Spruille Braden: The Story Behind the Blue Book* (Lanham, Maryland: University Press of America, 1980); Robert J. Alexander, *The Perón Era* (New York: Columbia University Press, 1951); César Seoane, *Braden o Perón: octubre 17 de 1945* (Montevideo: Librería Horizontes, 1969).

company Yacimientos Petrolíferos Fiscales. At the same time, in an increasingly polarized Argentine polity, exemplified by Foreign Minister Timerman's stance on the C-17 incident, many Argentine scholars and journalists have revived the anti-American rhetoric of the bifurcated construction of bilateral relations highlighting a history of putative conflict between the two countries, while sidestepping evidence of cooperation.<sup>4</sup>

This article closes with the bifurcation in U.S.-Argentine relations during the early 1970s, a period of especially rapid change in Argentina and in inter-American relations that looms large in current Argentine government policy toward the United States and how policymakers understand the origins of U.S. power in South America.<sup>5</sup> Argentina had reached the end of a long period of military rule (1966–73). The nation held free presidential elections for the first time in a decade in March 1973, confronted extreme political and economic turbulence, and welcomed back Juan Perón from almost 20 years of exile to a brief third presidency, October 1973–July 1974.<sup>6</sup> The Richard Nixon administration faced what it perceived as a severe strategic menace in President Salvador Allende's Chile. The decision of the Argentine military to restore democracy in Argentina and the election of left-wing Peronist Héctor Cámpora to the presidency in March 1973 presaged for some Americans an Allende-like danger in Argentina. However, the U.S. government reacted very differently to political and economic instability in Argentina than it



Héctor Cámpora (right) greets Salvador Allende of Chile. Some feared that the election of left-wing Peronist Héctor Cámpora to the presidency in March 1973 presaged an Allende-like danger in Argentina.

<sup>4</sup> See Roberto Russell and Juan Gabriel Tokatlian, *El lugar de Brasil en la política exterior argentina* (Buenos Aires: Fondo de Cultura Económica, 2003); Felipe Pigna, *Los mitos de la historia argentina*, vol. 4 (Buenos Aires: Planeta, 2008); Mario Rapoport, “YPF, the view from Argentina, part I: Expropriation was right,” *Financial Times* (London), Apr. 20, 2012.

<sup>5</sup> Norberto Galasso, *Historia de la deuda externa argentina* (Buenos Aires: Colihue, 2008), 205–9; Mario Damill, Roberto Frenkel, and Martín Rapetti, *La deuda argentina: Historia, default y reestructuración*, *Desarrollo Económico*, 45, no. 178 (2005): 187–233.

<sup>6</sup> See Gonzalo de Amézola, *Levingston y Lanusse o El arte de lo imposible: militares y políticos de la Argentina a fines de 1970 y principios de 1971* (La Plata: Editorial de la Universidad Nacional de La Plata, 2000).

did to instability in Chile. There were no fireworks. There was no hostile U.S. reaction to a crisis. Americans approached possible financial collapse in Argentina and the anticipated return of one of their greatest early Cold War “antagonists,” Juan Perón, with measured and consistent calm.<sup>7</sup>

In 2008, historians Pedro Martínez Lillo and María José Henríquez Uzal argued that the right-wing Spanish dictatorship of Francisco Franco approached the socialist government of Salvador Allende in Chile in a way that some might find surprising in light of Cold War ideological divides. Far from vilifying the Chilean social democrats, Franco’s government cultivated strong commercial and diplomatic ties with Allende’s Chile.<sup>8</sup> This article makes a parallel argument for U.S.-Argentine relations between 1970 and 1975. The U.S. government approach to a leftward shift in Argentine governance in the lead up to and election of Héctor Cámpora belies the historiographical emphasis on bifurcation and antagonism in bilateral ties. U.S. policymakers were not alarmist over Argentine economic nationalism and state capitalism, as some Americans had been in the 1940s during Perón’s first government. They were reluctant to reach hasty conclusions about ties between Cámpora and Allende.<sup>9</sup> Despite growing left-wing revolutionary violence and escalating alarm in the Argentine armed forces at a possible communist takeover, American diplomats and political leaders were disinclined to ascribe to Argentina the revolutionary menace they thought existed in Chile. Moreover, in Buenos Aires and in Washington, Americans reacted with skill, imagination, consistency, and thoughtfulness to Argentina’s shift left.<sup>10</sup>

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<sup>7</sup> Marina Franco, “Notas para una historia de la violencia en la Argentina: una mirada desde los discursos del período 1973–1976,” *Nuevo Mundo Mundos Nuevos* (2008): <http://nuevomundo.revues.org/43062> (date accessed May 6, 2012); No. 16, Dirección General de Política to Ministro de Relaciones Exteriores y Culto, Comunicar desarrollo reunión efectuada Secretaría del CONASE para tratar ‘Hipótesis de Guerra,’ Feb. 18, 1971, File 181, Box 28, Archive of the Argentine Foreign Relations Ministry, Buenos Aires (hereinafter AMRE); Ministerio de Relaciones Exteriores, Exposición CONASE 15-2-71: Actualización de la Situación Estratégica Regional, Feb. 15, 1971, File: Exposición CONASE, 15/II/71, Box 28, AMRE; Roberto E. Guyer, Director General de Política, Ministerio de Relaciones Exteriores, to Subsecretaría de Relaciones Exteriores y Culto, Políticas nacionales secretas (Secretaría del Consejo Nacional de Seguridad, Presidencia de la Nación), Dec. 28, 1970, File 5, Box 109, AMRE; No. 189/971, Dirección General de Política to Subsecretario de Relaciones Exteriores y Culto, Informar sobre reuniones con embajadores argentinos, Oct. 1, 1971, Box 4672, AMRE.

<sup>8</sup> Pedro Martínez Lillo and María José Henríquez Uzal, “Salvador Allende Gossens UN presidente socialista en la retina de la España franquista,” in *Salvador Allende Fragmentos para una historia*, eds., Pedro Milos et al. (Santiago de Chile: Fundación Salvador Allende, 2008), 248–79.

<sup>9</sup> Jonathan Haslam, *The Nixon Administration and the Death of Allende’s Chile* (New York: Verso, 2005), 65–78; Stephen G. Rabe, *The Most Dangerous Area in the World: John F. Kennedy Confronts Communist Revolution in Latin America* (Chapel Hill: University of North Carolina Press, 1999), 185.

<sup>10</sup> José María Ruda, Subsecretario de Relaciones Exteriores y Culto, Estados Unidos de América, Feb. 19, 1971, File 13: Informe Para Memoria 2 Ciclo, Box 28, AMRE.

This article is the first scholarly analysis of U.S. policy toward Argentina between 1970 and 1975, a period book-ended by military rule and characterized further by an unstable transition to democracy and economic uncertainty in Argentina. In a departure from U.S. policy in Chile over the preceding decade, Americans approached economic and political turmoil in Argentina through unusually thoughtful diplomacy, a remarkable acceptance of developmentalist (*desarrollista*) economic policy in Argentina, and a willingness to give one-time antagonist Juan D. Perón a chance to govern effectively on his return to Argentina in 1973. Drawing on primary archival research in the United States and Argentina, the article focuses on how some scholars and policymakers have ignored the relatively good bilateral ties in the early 1970s, the Chile-Argentina comparison, U.S. Cold War-era science policy, cooperation on the traffic in illicit drugs, the return of Perón, U.S. policy on developmentalist economics, and Washington's reaction to Argentine economic decline.

### Recent Interpretations

O. Carlos Stoetzer was one of those who ignored the nuance to U.S.-Argentine relations in the early 1970s. Like most analysts during the late 1970s, he came to his conclusions through a series of mistaken assumptions. In 1980, Stoetzer published two inaugural essays for the newly established New York-based Argentina Society.<sup>11</sup> The Society, which folded after the fall of Argentina's military dictatorship (1976–83), was a small group dedicated to showing the supposed errors in President Jimmy Carter's human rights-based foreign policy toward Argentina. Carter was the first president to assign an important place to human rights in foreign policymaking. Though created at the end of the Gerald Ford presidency, under Carter the Assistant Secretary of State for Human Rights, Democracy, and Labor played a key role in assessing the human rights record of dictatorial regimes, including that of Argentina. In 1978, reacting to Argentina's human rights record and with Carter's support, the U.S. Congress froze military assistance to Argentina.<sup>12</sup>

An Argentine by birth, Stoetzer had worked at the Organization of American States and was teaching at Fordham University in 1980. His essays offer three flawed points of interpretation, shared all the same by many Argentines and Americans. First, he

<sup>11</sup> O. Carlos Stoetzer, *Two Studies on Contemporary Argentine History* (New York: Argentine Independent Review, 1980).

<sup>12</sup> William Michael Schmidli, "Institutionalizing Human Rights in U.S. Foreign Policy: U.S.-Argentine Relations, 1976–1980," *Diplomatic History* 35, no. 2 (Apr. 2011): 351–77.

reasoned that Carter's stress on human rights in American foreign relations was well-meaning but naive. It discounted the enormous damage done, he argued, to Argentina before 1976 by Peronism and, more specifically, left-wing militants acting in Perón's name after 1965. He saw Peronism, and particularly its early 1970s manifestations on the far left and center left, as a tragic but inevitable outcome of centuries of Spanish and Hispanic disorder in the Americas. That inefficiency had transformed itself into Argentina's traditional divide, Stoetzer reasoned, between nationalist/populist/rural and urban/liberal/democratic societies.<sup>13</sup>

That outcome was reflected in two key manifestations. Peronism had produced the Ejército Revolucionario del Pueblo (ERP), the Montoneros, and a variety of other leftist revolutionary groups that had come close to creating a second Cuba in Argentina. In addition, between 1970 and 1975 Peronism became what Stoetzer called a parasitic entity. Upward pressure on wages had fuelled the beginnings of rampant inflation; too much international borrowing; an ambiguously populist distortion of the "true meaning of representative government"; and the parallel destruction of democracy on a par with Nazism's supposed distortion of Prussian ethics.<sup>14</sup>

One odd component of Stoetzer's analysis is by omission. What happened in U.S.-Argentine relations between 1963 and 1976 is a black hole. The author noted that in 1963 Argentine President Arturo Illia annulled contracts with foreign oil companies—a blip in otherwise good relations with the United States. From there he moved to Jimmy Carter's "crusade" on human rights that threatened to mar relations. The events of the late 1960s dictatorship of Gen. Juan Carlos Onganía, the leftward shift of military governments that followed, and the period of Peronist rule through the March 1976 coup d'état remain untouched. Stoetzer's approach to bilateral relations reflected a longstanding trend in the historical literature that has often pointed to episodic conflict and then connected the episodes as dots to suggest long-term discord while setting aside crucial periods of cooperation at several levels.<sup>15</sup>

In Argentina, the public face of Argentine–United States relations often dovetailed with Stoetzer's highly politicized focus on the episodic. Like the public,

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<sup>13</sup> Stoetzer, *Two Studies*, 23–45.

<sup>14</sup> Jaime E. Malamud Goti, *Game Without End: State Terror and the Politics of Justice* (Norman: University of Oklahoma Press, 1996), 30–37; José Manuel Barrio Terol, Insurgencia y repression: Acerca de la teoría de los dos demonios, *Historia Actual Online*, no. 8 (2005): <http://www.historia-actual.org/Publicaciones/index.php/haol/article/viewArticle/120> (accessed June 15, 2012).

<sup>15</sup> Stoetzer, *Two Studies*, 75–77.

many policymakers misunderstood or set aside areas of bilateral understanding and cooperation that shaped U.S.-Argentine relations. On September 15, 1971, for example, the Argentine National War College sponsored a roundtable on U.S.-Argentine relations that was widely reported on in the Buenos Aires media. Participants included Alberto Conil Paz, a historian, and expert on relations with the United States, and a faculty member at the War College; Jesús Hipólito Paz, a former Argentine foreign minister, 1949–51, and ambassador to Washington, 1951–55; Pedro Real, Argentine ambassador to Washington, 1969–71; and Eduardo Roca, ambassador to the Organization of American States, 1966–68, and ambassador to the United States, 1968–69. The audience was comprised of high-level military officers, government officials, and business leaders. In the end, without a clear explanation but based on positions that Paz and Real adopted, participants agreed that the guiding principle of U.S. policy toward Argentina was the Plank Amendment. John N. Plank, Director of the Office of Research and Analysis for American Republics in the State Department Bureau of Intelligence and Research during the John F. Kennedy administration, had affirmed the American right to intervene militarily in the Americas. He had justified intervention with a Cold War strategic imperative while insisting that the United States “respect” Latin America. While it is hard to imagine the Plank Amendment as immediately relevant in 1971, roundtable participants clearly did so, just as they found unacceptable the putative contradiction in persistent Kennedy-era “progressive” ideals and a sharp Cold War agenda in Washington.<sup>16</sup>

Participants also pointed to a deteriorating inter-American system and a reduced U.S. commitment to Latin America; as a result, they argued that Argentina should develop a more assertive foreign policy in Latin America. The key to presumed problems in U.S.-Argentine relations was a traditional trade imbalance. Paz echoed Brazilian President Juscelino Kubitschek’s 1958 rationale that as the inter-American system declined, the threat of communism rose in direct relation to the failure of development projects in the region.<sup>17</sup>

What both the public discourse in Argentina on bilateral relations and much of the scholarly literature at the time, and since, ignored were the remarkably close dip-

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<sup>16</sup> A-528, U.S. Embassy, Buenos Aires, to State Department, Sept. 26, 1971, Box 2092, Subject Numeric Files, 1970–1973, Records of the Department of State, Record Group (RG) 59, National Archives at College Park, Maryland (hereinafter NACP).

<sup>17</sup> W. Michael Weis, “The Twilight of Pan-American Americanism: The Alliance for Progress, Neo-Colonialism, and Non-Alignment in Brazil, 1961–1964,” *International History Review* 23, no. 2 (2001): 322–44.



lomatic, commercial, and financial parallels between 1966 and 1976—a period ignored by Stoetzer and preceded by Washington’s benign neglect, according to the 1971 Argentine War College roundtable. Diplomatic relations were so strong that in 1971 the Argentine diplomat Mario Cámpora secretly alerted the Americans that *de facto* president Roberto Levingston would be overthrown. In Washington, there was longstanding sympathy for those on the political right in Argentina who argued that anti-Semitism in Argentina was exaggerated and that persecution had more to do with the leftist sympathies of Jewish Argentines than discrimination. There was extensive bilateral cooperation in the international war on drugs and on efforts to stop terrorism, while the U.S. Federal Reserve backed hundreds of millions of dollars in new private loans to Argentina. Relations between the Peronist central labor organization, the Confederación General del Trabajo (CGT), and the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) were never stronger.<sup>18</sup>

### **Argentina v. Chile**

At first glance, there is an incongruity in the consistently strong bilateral relations across a range of areas in light of developments in U.S.-Chilean relations over the same time period. This is especially true with the March 1973 election of Peronist Héctor Cámpora to the Argentine presidency, before the assassination of Chilean President Salvador Allende. Cámpora’s political projects included the nationalization of foreign businesses and domestic banks, new limits on foreign investment in mining, and new restrictions on the repatriation of capital by U.S. companies.<sup>19</sup> American diplomats and business managers in Buenos Aires viewed Cámpora and the returning Juan Péron with caution.<sup>20</sup> When the U.S. *chargé d’affaires* in Buenos Aires, Max Krebs, expressed concerns to Argentine members of Congress about Cámpora’s pending economic legislation, Congress approved a resolution asking the Executive Branch to declare him *persona non grata*.<sup>21</sup>

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<sup>18</sup> Interpol 2180/77, Comisario Inspector Valentín Alberto Espinosa, Jefe Departamento, Interpol, Buenos Aires, to Superintendencia de Investigaciones Criminales, Policía Federal Argentina, June 28, 1977, 67E, AMRE; Robert H. Wilcox, Science and Technology Counselor and Coordinator of Narcotics Control, U.S. Embassy, Buenos Aires, to Espinosa, June 28, 1977, 67E, AMRE; No. 52, Departamento América del Norte to Dirección General de Política, June 12, 1968, Comentario solicitado por la Dirección Política sobre las Declaraciones formuladas por el General William Westmoreland el 30 de mayo de 1968 en el Rancho del Presidente Johnson,<sup>37</sup> File 11, Box: Carpetas Sudafrica, Informes Varios, 1968–1969, AMRE.

<sup>19</sup> A-291, John Davis Lodge, U.S. Ambassador, Buenos Aires, to Secretary of State, June 13, 1973, Box 2089, Subject-Numeric Files, 1970-1973, RG 59, NACP.

<sup>20</sup> BA-666, Lodge, U.S. Embassy, Buenos Aires, to Secretary of State, “Argentine Draft Law Governing Foreign Investment,” June 27, 1973, Box 716, Subject-Numeric Files, 1970-1973, RG 59, NACP.

<sup>21</sup> Jack B. Kubisch, Assistant Secretary of State for Inter-American Affairs, to Secretary of State, Aug. 2, 1973, Box 2729, Subject-Numeric Files, 1970–1973, RG 59, NACP.



At the same time, and despite Campora’s stated adherence to aspects of Allende’s economic model, American policymakers remained inclined to stress strengths in bilateral ties rather than seek out a violent Chile-like solution.<sup>22</sup> What accounts for the difference? To begin, U.S. diplomats and policymakers did not overlook or ignore what they viewed as equivalents to radical and dangerous economic policies in Allende’s Chile. But as opposed to how they dealt with Chile, the American approach in the early 1970s to Argentina was to take as business norms state capitalism, limits on free trade and investment, the economics of *desarrollismo* (developmentalism), and elements they viewed as impinging on the free flow of capital. Stated otherwise, Washington understood economic uncertainty in Argentina and rapidly changing political developments with remarkable clarity in comparison with how they were reading most Latin American polities and economies at the same time.<sup>23</sup>

### Science and Drug Control Cooperation

As in other areas of bilateral ties between 1970 and 1975, despite Argentine economic and political turmoil that included the kidnapping of a handful of American business managers in Argentina, none was a more important marker of bilateral relations than an ongoing expansion of scientific, technological, and illicit drug control cooperation in conjunction with larger U.S. Cold War objectives. In many respects, the case of Argentine biophysicist Adolfo Portela was typical of dozens of cases of high-level scientific research in Argentina that formed a key foundation for strong bilateral strategic, technical, and cultural ties. Portela had spent several years teaching at Brown University in Providence, Rhode Island, where he had research-related contacts with the U.S. Air Force Office of Scientific Research and other U.S. government agencies. Back in Argentina in the early 1960s, radical University of Buenos Aires students attacked Portela because of U.S. government backing for his work and the potential wartime applications of his research. In 1964, his office was ransacked. He was assaulted in the street in Buenos Aires, suffering broken ribs and six weeks of hospitalization.<sup>24</sup>

<sup>22</sup> A-213, Lodge to Secretary of State, “Frejuli Economic Policies, Possible Directions, Apr. 25, 1973, Box 716, Subject-Numeric Files, 1970–1973, RG 59, NACP.

<sup>23</sup> Felix Luna, *El desarrollismo, un proyecto nacional*, in *El pensamiento del desarrollismo*, ed., Ricardo J. De Titto (Buenos Aires: Editorial El Ateneo, 2010), 13–24; Hugo Carlos Bonnet, Consejero, Director General de Planeamiento to Subsecretario de Relaciones Exteriores y Culto, Aug. 1971, *Iniciativa argentina para promover una reunion de consulta de cancilleres*, Box 27 (America Latina), AMRE; No. 89, Consejera Legal to Departamento de America Latina, Oct. 1, 1973, *Asilados en la Embajada de la Republica en Chile*, Box 27 (America Latina), AMRE.

<sup>24</sup> David Sheinin, *Argentina and the United States: An Alliance Contained* (Athens: University of Georgia Press, 2006), 150–61; A-166, Lodge to Secretary of State, Apr. 18, 1971, Box 2912, Subject-Numeric Files, 1970–1973, RG 59, NACP.

Students were not far off in what they suspected. American officials saw a range of key opportunities in Portela, the director of the university's National Institute of Biophysical Research. His science was cutting-edge and highly relevant to U.S. military research. In addition, the nature of Portela's trajectory from Buenos Aires to Brown and back again suggested important possibilities for the United States in drawing on the highest levels of Argentine applied and basic science research at a time when the University of Buenos Aires remained a world leader in many disciplines. U.S. government funding had in part guided Portela's work.<sup>25</sup>

In 1970 and 1971, Portela received \$48,000 from the U.S. Office of Naval Research for work on the "Influence of Chemicals on Radio-sensitivity of Muscle Cells and Their Significance for a Protective Action." He received an additional \$10,000 from the U.S. Atomic Energy Commission for "Radiation Damage to the Electrochemical and Biochemical Activities of Muscle Cells." At that time, he was one of about 20 scientists in Argentina receiving U.S. government sponsorship for their work in the areas of biophysics, nuclear medicine, biochemistry, and molecular genetics.<sup>26</sup>

At the time President Nixon announced his war on drugs in June 1971, bilateral cooperation in the control of the illegal drug traffic was equally strong. In the early 1970s, Washington identified Argentina as an important transshipment hub for drugs destined for the United States, a business controlled by the Pietro Fuerte branch of Argentine organized crime and gangs of Chilean pickpockets. Cocaine hydrochloride bricks from Bolivia were reaching processing laboratories in Chile and Argentina for refining. In 1971, cocaine sold for \$1,200 to \$2,000 per kilo from the South American labs, while it sold on the street in Miami for \$15,000 to \$23,000 per kilo. The disparity in those sale-price numbers pale in comparison to their equivalents 20 years later, but it represented a stunning profit margin for organized crime to both Argentine and American officials, who treated drugs as a security problem in the first instance. In another herald of the 1980s and 1990s, and at the time of the "French connection," a Mexican informant told American agents that all major heroin shipments coming from Marseilles into South America for transit to the United States were entering the continent in Buenos Aires, from where they were transported via fast-moving riverboats to Paraguay. The

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<sup>25</sup> "Background Statement Re Professor Adolfo Portela, Director, Institute of Biophysical Research, Faculty of Medicine, University of Buenos Aires," Apr. 18, 1971, Box 2912, Subject-Numeric Files, 1970–1973, RG 59, NACP.

<sup>26</sup> *Ibid.*; A-374, Lodge to Secretary of State, "Narcotics Program, Argentina," Sept. 3, 1973, Box 3050, Subject-Numeric Files, 1970–1973, RG 59, NACP.

informant claimed that top Argentine law enforcement officials were protecting the smugglers. It's not clear that the latter information was shared with the Argentines.<sup>27</sup>

As American concerns grew over nuclear proliferation in India and elsewhere, and as Argentina emerged as a technological and scientific leader in several branches of atomic research, here again the bilateral relationship was cooperative and without controversy. American policymakers understood that Argentina had the potential for producing plutonium that might be used in weapons. Moreover, that potential might increase notably over next decade. At the same time, though, Washington reasoned that there was no cause for alarm. They anticipated correctly that Argentina would have no chance to capitalize on plutonium production for weapons over the next decade. Remarkably, in light of developments elsewhere, American officials dismissed Argentina's refusal to sign the 1970 Treaty on the Non-Proliferation of Nuclear Weapons as marginally significant. Argentina had cited its right to nuclear testing for peaceful purposes. In response, American policymakers found no indication of any Argentine efforts to implement a program of nuclear testing. Weapons appeared an even more remote possibility.<sup>28</sup>

### The Return of Perón

Despite political turmoil and an airport shoot-out that anticipated the return of Juan Perón to Argentina after almost 20 years in exile, and even though Perón had once thrived politically on anti-American rhetoric, Washington understood what many Argentines took much longer to grasp about a third Perón presidency. In 1973, in keeping with his staunch anticommunism, Perón had no anti-American agenda. In June 1973, the U.S. ambassador in Buenos Aires, John Davis Lodge, identified Perón's much anticipated return to Buenos Aires as an opportunity for imaginative U.S. initiatives and realistic diplomacy toward Argentina. He reported

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<sup>27</sup> Alfred W. McCoy, *The Politics of Heroin: CIA Complicity in the Global Drug Trade, Afghanistan, Southeast Asia, Central America* (Chicago: Lawrence Hill, 2003), 47-53; State Department to U.S. Embassy, Buenos Aires, Nov. 12, 1970, Box 3049, Subject-Numeric Files, 1970-1973, RG 59, NACP; A-691, Lodge to Secretary of State, Dec. 20, 1971, Box 3049, Subject-Numeric Files, 1970-1973, RG 59, NACP.

<sup>28</sup> Paul Forman, "Behind Quantum Electronics: National Security as Basis for Physical Research in the United States, 1940-1960," *Historical Studies in the Physical and Biological Sciences*, vol. 18, no. 1 (1987): 149-62; "Los oferentes del uranio natural exponent sus ventajas," *El Cronista Comercial* (Buenos Aires), Feb. 28, 1973; "Heavy Water Poses no Problem," *Buenos Aires Herald*, Mar. 6, 1973; U.S. Embassy, Buenos Aires, to Secretary of State, Apr. 18, 1972, Box 3049, Subject-Numeric File, 1970-1973, RG 59, NACP; Guillermo Horacio Lamuedra, *La historia de la Argentina nuclear* (Buenos Aires: Caminopropio, 2006), 95-105.

that Perón would want to be the “leader of Latin America.” Argentina would have significant influence in the Americas. He speculated that Perón would be able to succeed where Campora had failed, in disbanding the ERP revolutionary group. He compared the U.S. opportunity to strike a new, friendly relationship with Peron—perceived as a longstanding antagonist of U.S. interests in the Americas—to Nixon’s trips to Moscow and Beijing. At the same time, Lodge was clear in what American objectives should be—benefiting American companies and reducing anti-American sentiment in Argentina.<sup>29</sup>

In late September 1973, Assistant Secretary of State for Inter-American Affairs Jack B. Kubisch reported to Henry Kissinger that the Argentine ambassador in Washington, Alberto de la Plaza, had expressed concern that the U.S. government might take umbrage at recent Argentine government statements critical of the United States. The statements were for domestic consumption only. Kubisch, de la Plaza, and Kissinger were all in agreement. What was important was not posturing but actions, such as Peron’s recent crackdown on the extreme left; Argentina’s recognition of the new Chilean dictatorship prior to the September 1973 Argentine presidential elections, Argentina having sent relief supplies to Pinochet’s Chile; and Foreign Minister Alberto J. Vignes’s refusal at the recent nonaligned movement meeting to approve an anti-Israel resolution.<sup>30</sup>

In October 1973, shortly after his third election to the presidency, Peron told U.S. ambassador in Buenos Aires, John Davis Lodge, of his admiration for U.S. President Dwight D. Eisenhower and recalled Argentine-U.S. relations during the early 1950s as strong. Lodge wrote to President Richard Nixon that Peron had framed U.S. politics “through the prism of his own problems in Argentina. Accordingly, he expressed the conviction that the Watergate problem originated in the Pentagon, just as his own problems have been principally with the Military.” Lodge gently disabused him of that analogy.<sup>31</sup>

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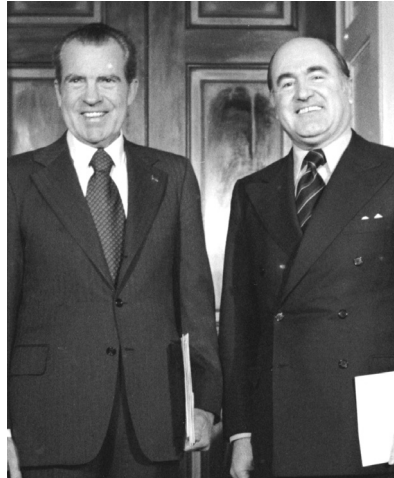
<sup>29</sup> Lodge to Kubisch, June 6, 1973, Box 2092, Subject-Numeric File, 1970-1973, RG 59, NACP; Ignacio Gonzalez Janzen, *La Triple-A* (Buenos Aires: Contrapunto, 1986), 87–102.

<sup>30</sup> Kubisch to Kissinger, Sept. 30, 1973, Box 2092, Subject-Numeric File, 1970-1973, RG 59, NACP; Tatiana G. Santori, “Argentina y el Movimiento No Alineados (MNOAL),” *Estudio y Accion* (2006), <http://cesyac.org.ar/images/stories/estudiodiaccion/tatiana%20santori%20-%20coyuntura%20internacional%20-%20argentina%20y%20el%20movimiento%20no%20alineados.pdf> (accessed June 5, 2012).

<sup>31</sup> NSC 5846, Lodge to Nixon, Oct. 15, 1973, Box 2092, Subject-Numeric File, 1970-1973, RG 59, NACP; A-532, Krebs to Secretary of State, “Peronist Economics,” Oct. 16, 1972, Box 716, Subject-Numeric Files, 1970-1973, RG 59, NACP; Department of State, Memorandum of Conversation, “Financial Assistance for Argentina,” Participants: Secretary of State, William P. Stedman, Jr. (Country Director, APU), Donald F. Barnes (Interpreter), Ismael Bruno Quijano, Special Emissary of President Lanusse, Sept. 15, 1971, Box 541, Subject-Numeric Files, 1970–1973, RG 59, NACP.

Perón spoke critically of communism, Trotskyism, and terrorism. Both Nixon and Lodge understood Perón's approach to them precisely as the latter intended, as ingratiating diplomacy meant to set parameters of friendly bilateral ties based on common Cold War-era concerns.<sup>32</sup> This encouraged Americans to treat the Campora-Peron transition as seamless, just as it had the Alejandro Lanusse-Hector Campora transition, as far as bilateral relations were concerned. After Peron's September 1973 election, Argentina quickly sought stronger ties with Washington on several fronts. The choice of Alejandro Orfila as ambassador to Washington could not have been a clearer signal to the United States of Peron's foreign policy. The future Secretary of the Organization of American States (OAS) and mediator of the Jimmy Carter-Omar Torrijos Panama Canal agreement, Orfila had been a career diplomat before moving to a farm in Virginia where he raised cattle from 1962 to 1973, and represented his family's Mendoza wine business. An outspoken anticommunist, Orfila was married to an American.<sup>33</sup>

In October 1973, Argentine Foreign Minister Vignes told Secretary of State Henry Kissinger that Argentina planned to work with the United States on questions of military and diplomatic strategy in Latin America. Like Peron, Vignes wanted to make abundantly clear that there would be no Argentine hostility toward Washington. At a meeting in New York, Vignes told Kissinger that, "public opinion in Argentina at this juncture is highly sensitized and euphoric as a result of the recent democratic achievement. Therefore, while this euphoria may have certain negative reflections, it can also be channelled to positive ends." Peronism, according to Vignes, had an inevitable populist tendency that could manifest an emotional politics. While Vignes neither condoned nor condemned populist street politics, he did not want American policymakers to take at face value what might be shouted at a street



Alejandro Orfila (right), Argentina's new ambassador, meets with President Nixon after his appointment in 1973. Peron's selection of Orfila reflected his desire for improved relations.

<sup>32</sup> Nixon to Lodge, Nov. 28, 1973, Subject-Numeric File, 1970-1973, Box 2092, RG 59, NACP.

<sup>33</sup> Kenneth Rush, Acting Secretary of State, to Nixon, Nov. 5, 1973, Box 2092, Subject-Numeric File, 1970-1973, RG 59, NACP.

rally in Buenos Aires. Vignes pointed out that the key for Argentina to good relations was Argentina's chronic trade deficit with the United States and a desperate need for scrap iron for industrial production.<sup>34</sup>

Kissinger deflected the conversation to Perón's 65 percent majority in the June presidential election that made him a man of "historic importance." He stated further that he preferred working with "big people"; while they were more difficult to deal with, the process and results were more worthwhile. Kissinger probed Vignes about Argentina's \$200 million credit arrangement with Cuba for Argentine exports. While publicly, the Argentine government had cast the credit offering as a triumph of Argentine international independence, in private Vignes responded defensively. The arrangement was exclusively financial, he told Kissinger, in order to allow the Argentine farm machinery industry to function at full capacity. "Cuba knows," Vignes added, "that Argentina is *justicialista* and anti-communist." The dual point was not lost on Kissinger. Anticommunism and Peronism (*justicialismo*) went hand in hand. Moreover, Kissinger and Vignes were on the same page in recognizing the difference between appearance (Argentina's credit arrangement with Cuba, for example, or the populist component of Peronism) and a deeper strategic commonality of interests.<sup>35</sup>

### **Diplomacy and Desarrollismo**

A sequence of developments in Chile that included the immediacy of perceived threats to American business, the manner in which many Chileans framed a socialist menace, as well as rapid and long-term political and social change distinguished Chile from Argentina in the minds of American diplomats and policymakers. At the same time, these differences alone do not explain why American diplomats and policymakers responded differently to leftward shifts in Argentina and Chile.

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<sup>34</sup> U.S. Department of State, Memorandum of Conversation, "U.S.-Argentine Relations," Alberto Vignes, Henry Kissinger, Nel Seidenman, Waldorf-Astoria Hotel, New York, Oct. 5, 1973, Box 2092, Subject-Numeric File, 1970-1973, RG 59, NACP.

<sup>35</sup> *Ibid.*; Kissinger to Argentine Foreign Minister, Oct. 26, 1973, Box 2092, Subject-Numeric File, 1970-1973, RG 59, NACP; Department of State, Memorandum of Conversation, Participants: Ambassador Pedro Real (Argentine Embassy, Washington), Mario Cámpora (Political Counselor, Argentine Embassy, Washington), Irving G. Tragen (Country Director), John D. Whiting (Argentine Political Affairs), "U.S.-Argentine Trade Relations; Domestic Politics; Chile," July 30, 1970, Box 1044, Subject-Numeric Files, 1970-1973, RG 59, NACP; Andrés Cisneros and Carlos Escudé, *Historia de las relaciones exteriores argentinas*, vol. 14 (Buenos Aires: CARI, 2000), <http://www.ucema.edu.ar/ceieg/arg-rree/14/14-030.htm> (accessed May 6, 2012); No. 259, Departamento de América Latina to Dirección General de Política, Aug. 18, 1971, Caso Cuba/OEA, Box 27 (América Latina), AMRE; No. 261, Departamento de América Latina to Dirección General de Política, Aug. 18, 1971, Análisis de la política exterior argentina frente al caso Cuba, Box 27 (América Latina), AMRE.

On the contrary, we know that despite differences from one Latin American country to another, American policymakers tended frequently to conflate problems they faced in one nation with those they saw or imagined they saw in another.<sup>36</sup>

In part, strong bilateral ties through a period of Argentine economic and political unrest during the early 1970s depended on effective U.S. diplomacy and an unusually strong understanding of Argentine political and economic nuance. The brief dictatorship of Alejandro Lanusse (1971–73), for example, was right-wing and thuggish, but at the same time it showed tendencies of some of the left-leaning military regimes with which Washington had recently come into conflict. The Americans relied on the assessment of Argentine diplomat Mario Cámpora, who urged Washington to treat the Lanusse regime as a positive political development, one that would put an end to dictatorial rule in Argentina and usher in a return to democratic rule. The State Department found compelling



Gen. Alejandro Lanusse's brief dictatorship, 1971–1973, was right-wing and thuggish, and ended with elections that brought Héctor Cámpora to power.

Cámpora's argument that Lanusse marked something new in Latin America—a military regime genuinely dedicated to the return of democracy. In the 1950s, Perón had set in motion a Latin American trend toward military rule (Manuel A. Odría in Peru, Marcos Pérez Jiménez in Venezuela, and Gustavo Rojas Pinilla in Colombia).<sup>37</sup> Now, after a second wave of dictatorships in Peru, Guatemala, Ecuador, Brazil, and Honduras, Cámpora predicted erroneously—but convincingly to the Americans—that the supposed decline of tensions between Peronists and anti-Peronists in Argentina suggested the possibility of a reasonably strong democratic government in the near future. He did predict correctly that its stance would be pro-Washington.<sup>38</sup>

<sup>36</sup> See, for example, Stephen G. Rabe, *Eisenhower and Latin America: The Foreign Policy of Anti-Communism* (Chapel Hill: University of North Carolina Press, 1988), 42.

<sup>37</sup> Extraordinaria nota gráfica sobre la revolución que derrocó a Pérez Jiménez, *Así* (Buenos Aires), Jan. 27, 1958; A-366, Krebs to Secretary of State, "Monthly Economic Report: June 1972," July 27, 1972, Box 717, Subject-Numeric Files, 1970–1973, RG 59, NACP.

<sup>38</sup> John J. Youle, Counselor, Department of State, Conversation with Political Counselor Mário Cámpora, Mar. 24, 1972, Box 2092, Subject-Numeric File, 1970–1973, RG 59, NACP.



Tied to thoughtful U.S. diplomacy was an American acceptance of *desarrollismo* as a basis for economic policy that transcended political differences and that—unlike in Peru or Chile—did not represent a significant threat to U.S. business interests. Stated otherwise, in Chile, American policymakers treated developmentalist economic policy that emphasized state capitalism and rigorous state economic controls as potentially devastating to U.S. business interests. In Argentina, on the other hand, they saw it as an unavoidable inconvenience to be worked around. One of those whose advice they sought on the subject was Rodolfo Tecera del Franco, a second-line Peronist who had assumed multiple political roles inside and outside of Peronism over the preceding two decades. The Americans viewed him correctly as having insights into Perón’s thinking. More important, American diplomats presciently read Tecera del Franco as thinking like a Peronist from the era of Perón’s first presidencies in the 1940s and 1950s, which they regarded as essential to understanding economic policy in 1970s Argentina across political divides. With or without Perón present, Argentines had “Peronized” their thinking on the role of the state in the economy.<sup>39</sup>

In September 1970, Tecera del Franco intimated to Americans that if they could weather *desarrollismo* politics and economics—if they could find a way for American business to function in a developmentalist climate—bilateral U.S.-Argentine relations would thrive. Americans accepted the precondition of developmentalist economics in part because of what Tecera del Franco and others warned were more pressing, shared U.S.-Argentine priorities that transcended political divisions in both countries. Many Argentines were becoming “radicalized,” he warned, in an overtly Cold War context. This was not news in and of itself. Moreover, Tecera del Franco’s concern was in part that of a socially and politically conservative Peronist. He worried that traditional political and labor-based Peronist politics were declining among radicalized, younger Peronists, some of whom had identified the Cuban Revolution as a model for social change in Argentina. In addition, Tecera del Franco argued to American diplomats that Allende’s Chile was communist and that there was no such dangerous equivalent looming in Argentina’s political mainstream. His hope was that, despite traditional antipathies, the Argentine mil-

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<sup>39</sup> George B. High, Political Officer, U.S. Embassy, Buenos Aires, Conversation with Rodolfo Tecera del Franco, Sept. 22, 1970, Box 2087, Subject-Numeric File, 1970–1973, RG 59, NACP; Jesús Burillo, *Peronismo y clase obrera en Argentina (1968-1973)*, *Anales de Historia Contemporánea* (Murcia), 5 (1986): <http://hdl.handle.net/10201/6990> (date accessed May 6, 2012); A-151, Lodge to Secretary of State, “Five-Year National Development Plan: Aspects and Comments,” Feb. 26, 1970, Box 717, Subject-Numeric Files, 1970–1973, RG 59, NACP.

itary would see Peronism as a bulwark against communism. Without Peronism there was going to be a social and political explosion in Argentina. Ominously, after Allende's election to the Chilean presidency, Tecera del Franco urged the United States to intervene so that he would not be able to assume power.<sup>40</sup>

Americans took Tecera del Franco at his word, which meant that far from seeing developmentalist economics in Argentina as an extension of Allende's Chile, they viewed a transition from military rule to Peronist government in Argentina as a best alternative to the Chilean socialist model. Moreover, in 1973 Tecera del Franco predicted to Americans what few Argentines at the time ignored. Now reporting from Perón's side in Madrid, he told Washington that on his return to government, Perón would be a force for political and economic moderation—meaning that he would pursue policies to the right of Cámpora and possibly even Lanusse. He would bring young radicals under control. Anyone affiliated with Peronism, Tecera del Franco went on, who was guilty of violence would be declared a traitor to the movement.<sup>41</sup>

The subtlety of U.S. diplomacy, the careful reflection on what well-placed informants were telling American diplomats, and the foundation for how Washington approached Argentine *desarrollismo* during the early 1970s, are evident in the American reaction to the Argentine economic policy superstar, Aldo Ferrer. In 1970, at the time of the transition of military governance from de facto president Juan Carlos Onganía to his successor, Roberto Levingston, the latter appointed the conservative Economy Minister Carlos Moyano Llerena. He depended far more heavily, though, on Minister of Production Aldo Ferrer. Though a “soft” *desarrollista*—that is to say, far to the right of Allende's government in Chile—Ferrer's policies might have alarmed Washington in other contexts. He favored increased government intervention in the economy through subsidies and investment; a higher domestic component requirement in the manufacture of large durable goods; stronger collective bargaining rights; and a “buy Argentine” consumer campaign. Ferrer remained in government into the early part of the Lanusse administration, but left in May 1971.<sup>42</sup>

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<sup>40</sup> Wayne S. Smith, Political Officer, U.S. Embassy, Buenos Aires, Meeting with Rodolfo Tecera del Franco, Apr. 2, 1973, Box 2089, Subject-Numeric File, 1970–73, RG 59, NACP.

<sup>41</sup> *Ibid.*, Horacio Verbitsky, *Ezeiza* (Buenos Aires: Contrapunto, 1986), 53–64.

<sup>42</sup> Aldo Ferrer, “El capital extranjero en la economía argentina,” *Anales de la Academia Nacional de Ciencias Económicas* (Buenos Aires), 14 (1969): 66–97; Aldo Ferrer, “La economía política del peronismo,” *Trimestre Económico* (Buenos Aires), 44 (1977): 73–115; Bureau of Intelligence and Research, Department of State, “Latin America: US influence on the Latin American Military,” Jan. 5, 1971, Box 1764, Subject-Numeric Files, 1970–1973, RG 59, NACP.

The U.S. assessment of Ferrer was accurate and carefully framed on *desarrollismo*, Ferrer's political strength, military politics, and more. In addition, that assessment was fully supportive of Ferrer's developmentalist agenda. Americans correctly read Ferrer when they noted two related points. First he had unambiguously distanced himself from more hard-line *desarrollistas* (including ex-president Arturo Frondizi and Frondizi administration economist Rogelio Frigerio) when he joined the Levingston administration—as the hard-liners had distanced themselves from him. Not only were American diplomats and policymakers clear on the fact that not all developmentalists and state capitalists marked a threat to U.S. interests, they grasped that the hard-soft break had much less to do with economic policy *per se* than with political appearance and power. They also rejected the argument of some who argued that Ferrer would be in the pocket of newly elected pro-Perón CGT leader Jose Rucci, finding instead that Ferrer would have to keep his distance from the CGT in order to get much of his economic program implemented. Despite his *desarrollista* past and present, Ferrer inspired confidence and so would have the backing of the Argentine business and financial establishment—another perceived advantage for Americans watching Argentine political developments.<sup>43</sup>

Like key Argentine business leaders, and many in the military (now keen on holding on to the share of

<sup>43</sup> A-588, Lodge to State, Dec. 20, 1970, Box 2088, Subject-Numeric File, 1970–1973, RG 59, NACP; A-124, Lodge to Secretary of State, “Ferrer’s Economic Policy in Trouble,” Mar. 19, 1971, Box 716, Subject-Numeric Files, 1970–1973, RG 59, NACP.

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FROM : Embassy BUENOS AIRES										DATE: March 19, 1971	
SUBJECT : Ferrer's Economic Policy In Trouble										N.D. Double	
REF :										SUMMARY	
Aldo Ferrer has applied his intellectual energies to the direction of the Argentine economy for five months. Ferrer has initiated policies based upon his judgments of how Argentina could maximize economic growth. He has rejected the thesis of his immediate predecessors -- sustained growth through stability -- favoring instead increases in demand to cause high rates of growth which would cause structural changes toward higher productivity. In the short term, the program is failing. Ferrer is faced with growing inflation, a serious absence of confidence in the economy's growth, and is being forced into patchwork price control measures to hold some degree of stability. Ferrer has not been able to channel the energies of the economy toward growth. Nonetheless, Ferrer has had a measure of political success through the nationalistic aspects of his program, such as "buy Argentine" and limitation of foreign investment authority in the economy. If continued, and there is considerable support for economic nationalism in the various political sectors, Ferrer's policies tend toward more Government control of the economy. But there is no evidence that Ferrer's policies will meet their growth objectives in the near future. There are indications that Ferrer is a short-timer and is now										GROUP 3 Downgraded at 12-year intervals, not automatically declassified.	
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U.S. Ambassador John Davis Lodge wrote to the State Department in March 1971 assessing Minister of Production Aldo Ferrer's nationalist economic policies, stating that thus far they had not stimulated economic growth.

the statist economy that military institutions controlled), the Americans saw Ferrer as competent, a known quantity, and somebody who could work with all sides. Moreover, still doubtful in 1970 of what sort of government Perón might lead on his return from exile, the Americans, like Argentine military and business leaders, feared a more demagogic alternative to Ferrer running government economic policy.<sup>44</sup>

This is not to say that Americans were not at times concerned with Argentine economic directions, as they were when Ferrer proposed a 51 percent Argentine ownership stake in U.S.-owned car parts manufacturers and other firms. All the same, U.S. financial policy in Argentina remained consistent and was the backbone of strong bilateral ties. The U.S. government consistently favored loan issues to Argentina despite growing Argentine indebtedness and growing financial instability between 1967 and 1970 (some have argued cynically that they favored the loans because of growing Argentine indebtedness). Washington also relied on the International Monetary Fund for an ongoing assessment of Argentine economic prospects (which also tended to not regard Argentine indebtedness as a crisis).<sup>45</sup>

### **A New Partnership?**

In 1970, the U.S. government made what may well have been its most important single decision vis-à-vis Argentina for the five years that followed, a decision that both marked an expression of confidence in Argentine development and alarmed Argentines in many sectors; the United States ended aid assistance programs to Argentina. The decision explicitly referenced what many American leaders saw as a victory; Argentina was moving slowly but surely in a direction that the Alliance for Progress had signaled as possible. There was ongoing economic growth and the promise of more to come.<sup>46</sup>

At the same time, there was a mixed message. While the policy shift marked a congratulatory pat on the back for Argentina, the implementation mechanism sug-

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<sup>44</sup> Bureau of Intelligence and Research, Department of State, "Argentina: Inflation and Economic Nationalism," Feb. 19, 1971, Box 716, Subject-Numeric Files, 1970–1973, RG 59, NACP.

<sup>45</sup> U.S. Department of State, Conversation, May 20, 1971, Lodge, Pedro Real (Argentine Ambassador, Washington), Mário Cãmpera; John Whiting, Argentina desk officer, Department of State, Box 2088, Subject-Numeric File, 1970–1973, RG 59, NACP; A-230, Lodge to Secretary of State, "Argentina's Alternative Economic Strategies," May 14, 1971, Box 716, Subject-Numeric Files, 1970–1973, RG 59, NACP.

<sup>46</sup> William Rogers, Secretary of State, to U.S. Ambassador, Buenos Aires, Feb. 3, 1970, Box 541, Subject-Numeric File, 1970–1973, RG 59, NACP.

gested something different again. By the terms of the Conte-Long Amendment to the Foreign Assistance Act of 1968 (PL 90–249; 81 Stat. 936), Argentina had exempted itself from U.S. aid in small measure through economic or financial performance indicators but, more importantly, by having spent an amount equivalent to U.S. aid on sophisticated weapons systems. More specifically, and under the umbrella of what was a very ample definition of “sophisticated,” Argentina had purchased a World War II–vintage aircraft carrier, the *25 de Mayo*, from the British Navy. The State Department cited its hope that the United States could forge a new partnership with Argentina serving as a donor, rather than a recipient, of aid in the Americas.<sup>47</sup>

Was the partnership statement genuine? If so, it marked a sea change in how U.S. policymakers viewed Argentina. More likely, the partnership vision was tentative and predicated by conservative optimism in Washington on what mattered most in the southern cone of South America—political and economic stability, as well as a consistent anticommunist approach to strategic affairs. Whatever the case, the Americans moved with lightning speed. Aid officers were alerted to prepare in 60 days for a scheduled phaseout of bilateral aid projects during the 1970 calendar year. The U.S. embassy in Buenos Aires urged caution in a quick implementation of the change, but the State Department wanted quick implementation that would mark Argentina’s “graduation” to non-concessional aid status (like Mexico).<sup>48</sup>

By early 1971, Washington’s plans for a partnership with an economically stable Argentina were in tatters. Argentina’s economic situation seemed to be spiraling quickly downward. So grave was the problem that, despite the new non-concessional “partnership” with Washington, General Lanusse secretly appealed directly to Richard Nixon for a massive financial bailout. In June, Lanusse contacted the Central Intelligence Agency in Buenos Aires with a message for Nixon. Using as an intermediary Gen. Rafael Pannullo, Secretary General of the Presidency, and fearful of sparking an even more devastating crisis, Lanusse wanted to avoid any discussion of the growing Argentine economic crisis with the president of the Argentine Central Bank or with members of the U.S. mission in Buenos Aires. The situation, he wrote to Nixon in a secret letter, was desperate and far worse than the Argentine public realized. On June 23 (a day before Lanusse wrote to Nixon), the value of the

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<sup>47</sup> Action Memorandum From the Assistant Secretary for Inter-American Affairs (Meyer) to the Under Secretary of State (Richardson), Washington, Dec. 9, 1969, *Foreign Relations of the United States, 1969–1976* vol. 10, Documents on American Republics, 1969–1972, Document 60, <http://history.state.gov/historicaldocuments/frus1969-76ve10/d60#fn1> (accessed June 5, 2012).

<sup>48</sup> Department of State to U.S. Embassy, Buenos Aires, Feb. 13, 1970, Box 541, Subject-Numeric File, 1970–1973, RG 59, NACP.

Argentine peso had dropped 20 percent against the U.S. dollar on open markets. The economy was in free fall. Lanusse needed between \$500 million and \$1 billion (U.S.) in capital from outside to stop the bleeding, but he could not get a penny on international markets except at exorbitant interest rates. Perhaps as a reflection of Secretary of State William Rogers's falling political star, while Rogers suggested to the President offering U.S. \$1.3 billion in direct U.S. investment and \$400 million in new exports, Nixon simply responded "no." In a rapid reversal in the aid-related new bilateral partnership, Nixon told Lanusse that he should ask the International Monetary Fund and New York banks for help. As much as anything, then, good bilateral relations depended on an ongoing sense in Washington that whatever the nature of the political or economic crisis that Argentina faced, that country simply did not represent a significant problem or issue in U.S. foreign relations. Argentina's economic problems were Washington's problems only to a point.<sup>49</sup>

## Conclusion

In the months that followed Lanusse's request, Washington came to view him as ineffectual and indecisive. U.S. pragmatism on developmentalist economics, dictatorship, Perón, and financial instability in Argentina extended to backing a return to democracy in 1973 as way of shunting aside military regimes that had lacked ability. Decisions in Washington on how to improve diplomatic, financial, and commercial ties during periods of profound economic uncertainty, how to respond to the radical economic interventions proposed by Héctor Cámpora, and how to anticipate Perón's return all drew on the harsh pragmatism of Nixon's refusal to bail out Lanusse in 1971. Nixon's "no" to Lanusse was both unusually blunt and at the same time responded to the Argentine president much as Treasury Secretary Paul O'Neill reacted to the 2001 Argentine economic collapse 40 years later. There would be no U.S. government bailouts. Those with investments in the Argentine economy would have to pay the price of crisis. American business would have to take the good with the bad when investing in a risky economy. Most important, both Nixon and O'Neill made harshly clear that long-term stability in bilateral relations would not be punctuated by any sort of U.S.-sponsored reversal of the international financial power structure as long as the Argentine economy did not present signs of long-term, sustained growth.

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<sup>49</sup> "Message from General Alejandro Lanusse, President of Argentina, to Nixon, Requesting Financial Assistance," June 24, 1971, Box 541, Subject-Numeric File, 1970-1973, RG 59, NACP; R. E. Cushman, Jr., Lieutenant General, USMC, Acting Director, Central Intelligence Agency, to Kissinger, June 25, 1971, Box 541, Subject-Numeric File, 1970-1973, RG 59, NACP; Rogers to Nixon, July 3, 1971, Box 541, Subject-Numeric File, 1970-1973, RG 59, NACP; Alexander M. Haig, Jr., Deputy Assistant to the President for National Security Affairs to Theodore L. Eliot, Jr., Executive Secretary to the Secretary of State, July 19, 1971, Box 541, Subject-Numeric File, 1970-1973, RG 59, NACP.

This case of bilateral relations over one short time period may change little in how scholars approach the sweep of U.S.-Latin American relations during the Cold War period. At the same time, there is a persistent tendency in the U.S. historical literature to overlay one set of bilateral problems onto another. This is evident, for example, in the ongoing assertion that the U.S. government “approved” the March 1976 military coup d’état in Argentina, as though such approval had ever been sought or required by the Argentine military, and in an effort by some to link U.S. roles in military takeovers in Chile and Argentina. This case makes clear that there is much that is left to probe in how American policymakers approached Argentine politics and economic policy.

In August 1973, Argentines read in the Buenos Aires media of yet another triumph of Argentine anti-imperialism. When Economy Minister José Ber Gelbard announced a \$200 million Argentine line of credit to Cuba, the U.S. embassy in Buenos Aires pointed out the obvious (though clumsily and unnecessarily). Because of its embargo of Cuba, the U.S. government would block the sale of Argentine-made, American-branded automobiles to Cuba by the terms of the new credit program. Gelbard responded by threatening to expropriate Ford, Chrysler, and General Motors in Argentina. Jacobo Timerman’s newspaper *La Opinión* called this Argentina’s first steps toward a new, independent foreign policy. Weeks later, at the Waldorf-Astoria in New York, Foreign Minister Vignes told Henry Kissinger in private to disregard the bluster on Cuba.<sup>50</sup>

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*Photo credits:* Peron returns, <http://oscarbouzas.blogspot.com>; Héctor Cámpora and Allende, [www.magicasruinas.com](http://www.magicasruinas.com); Ambassador Orfila and President Nixon, Richard Nixon Library; Alejandro Lanusse, Wikipedia; State Department document, Records of the Department of State, RG 59, National Archives and Records Administration.

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<sup>50</sup> A raíz de la vasta operación concretada con la Argentina. Concluye el aislamiento comercial de Cuba respecto de América Latina,” *La Opinión* (Buenos Aires), Aug. 8, 1973; Primeros pasos hacia la concreción de una política exterior independiente. Argentina otorgó a Cuba un crédito de 200 millones de dólares y está en vías de integrarse al Grupo Andino, *La Opinión*, Aug. 7, 1973.