

Allies and Rivals. Latin American Aspects of US-British Relations and World War II

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With two-thirds of mankind under colonial rule, this being particularly true of Africa and Asia, and the natural resources of the subjugated territories under the direct control of the most heavily industrialized core or central states, Latin America of the late 1930s represented the biggest concentration of non-European nations of the world capitalist system owning among them the richest deposits of natural resources outside the direct political control of that system's industrialized countries. The outbreak of war in Europe enhanced international interest in Latin America, primarily of the big Anglo-Saxon powers.

US expansion in Latin America, however, was of a much earlier vintage, having made much headway there back during the First World War (a "European" war, as Latin Americans saw it) which witnessed a relaxation of Latin America's economic ties with Europe. In the 1930s the vigorous activities of the Third Reich in Latin America helped whip up the competition there. One must stress at this point that throughout the period in question the United States carried on as a very active party, its isolationism being aimed at Europe alone with Latin America spared "good-neighbourly" the effects of isolationism economically, ideologically and politically. The outbreak of the war in Europe furnished a new opportunity for the expansionism of the United States, and when the latter joined the war effort against the Axis, the war became an important factor shaping both relations between the American states themselves and their relations with those European nations that happened to be of greatest importance to the two Americas.

The war also exerted a direct impact upon British-Latin American relations and by this token upon Great Britain's relations with the most powerful state of the two Americas. The importance of Latin America

for the British grew in step with the victorious westward push of the Japanese armies which kept shrinking the areas Great Britain depended upon for its badly needed raw materials. It had also grown as a consequence of a serious threat the global hostilities posed to the shipping lanes linking the "mother country" with its colonies and dominions. Given the circumstances, it was only too bad that before the war broke out, Great Britain had been put on the defensive in Latin America by both the United States and Germany.

Although the two Anglo-Saxon powers kept courting the whole of Latin America, Argentina had become a particularly sensitive spot in their mutual relations. However, it was above all to Europe that Argentina was tied by the ethno-cultural composition of its immigrant society, the intellectual framework of its elites, foreign trade, polity patterns and the strategic orientation of its governments. Economically, it was bound with Britain first and foremost: the British happened to be the biggest foreign investors there, the British market played the most important role in the procurement of Argentine agricultural produce including meat, and Argentina belonged to the sterling zone. Therefore, the contention to the effect that Argentina was something like the fifth, if unofficial, British dominion and the recipient of a fourth of all British investment outlays in Latin America was more exact than exaggerated.

Things looked different in Argentina's relations with the United States, which offered evidence of the former's aloofness if not downright opposition to the Northern power. Economically, the two countries vied with each other in the sense that on the American market Argentina's principal export commodities ran into the gales of competition stirred up and sustained by US tariff barriers and stringent health regulations. Furthermore, that competition became ever more pronounced on the third markets, whereas on the political plane the superior airs Argentina assumed *vis-à-vis* its South American environment — which fed its ambitions to lead on the sub-continental scale — stood in opposition to the hegemonistic bent exhibited by the Colossus of the North. From the end of the 19th century onwards Argentine ruling élites and governments had countered the Washington-concocted slogan "America for the Americans" with the wishful motto "América para la Humanidad". In this manner, a Pan-American policy of the North had been challenged by a pro-European universalism of the Southern republics which did not like at all the sight of US hegemonism. On the eve of World War II the diplomatic initiatives of Buenos Aires, aimed at a codification of the principles of non-intervention, and its role in international endeavours to bring to an end the war over Chaco, as well as a Nobel Peace Prize for an Argentine foreign minister strengthened the prestige of Argentina as a state with pretensions to the status of a regional power which, it will

be remembered, accounted for merely 16% of South American territory and the same share of the region's population but, on the other hand, boasted 43% of the total length of its railways, 45% of telephones, 50% of the subcontinent's foreign trade turnover, 58% of its cars and 73% of gold reserves in the 1920s. Let us add to this that Argentina was also a major food exporter: in 1934—1938 it recorded 64% of the world's exports of maize, whereas its sales of wheat and meat in the said period accounted for 19 and close on 40% respectively.

During World War II a lion's share of Argentina's economic potential was committed to the war effort of the Anglo-Saxon powers when its strategic metals, food, wool, leather, and so on, were exported to Great Britain and the United States. The proceeds from the deliveries to the principal (British) market were stashed away in a blocked and interest-free sterling bank account in London. The consequence of Argentina's almost total economic alliance with the two countries was two-pronged: 1) for the United States, imports from the Rio de la Plata area represented a welcome and profitable boost to domestic market deliveries; they also furnished guarantees of Allied control over Argentina's strategic metals exports and made easier access to a conveniently located Argentine market for manufactured goods and fuels which could not reach it from war-torn Europe; 2) in Great Britain the deliveries of Argentine meat, in addition to being the number one commodity thus supplied, accounted for 40% of the total supplies of rationed meat to the domestic market while the payment for these deliveries to all intents and purposes took the form of an advantageous Argentine loan. Taking into account Britain's long-term interests in South America, the Argentine-British wartime ties augured well for post-war relations, promising a continuation of historically-moulded structural ties.

Things looked different where the long-term interests of the United States were at stake, for they were by no means restricted to the economic sphere. The realization of the US hegemonistic endeavours, as it were, required a subjection of Argentina to the continental leadership of Washington.

The economic-political posture of the kind the United States struck *vis-à-vis* Argentina, which enjoyed the highest degree of independence of the Anglo-Saxon power, bore a corollary in the form of a US attitude to Great Britain. It turned out that in pursuit of war aims cooperation did not preclude action to enfeeble the British Empire. To the contrary, it made such action easier. Within the Latin American context, that was tantamount to an imposition of curbs upon the British naval presence on the Caribbean and, more important still, snatching Argentina away from the zone of British economic influences.

The declared US wartime political goals with reference to Latin America included, as of the turn of 1941, a) ensuring the lowest common denominator of the attitudes of Latin American governments *vis-à-vis* the Axis in the form of severance of all economic and diplomatic relations with the latter and preventing it from pursuing any activities whatsoever in Latin America; b) utilization of Latin American resources to boost the Allied war effort.

From the viewpoint of the declared policy aims of the United States, the performance of Argentine governments was unsatisfactory because they had managed to retain diplomatic relations with the Axis until January 1944, being the last of the Latin governments to sever them. That reflected their traditional policy-line which enjoyed full public backing and consisted in the pursuit of military and diplomatic neutrality. But in that particular case neutrality happened to be limited and was unmistakably pro-Allied to boot. And it was precisely the limited nature of that neutrality that triggered off — directly and formally — a conflict between Buenos Aires and Washington which continued unabated all the way up to and beyond the severance by Argentina of diplomatic relations with Japan and Germany. It kept smouldering even after Argentina had declared war on the two countries. The North American accusations levelled at Argentina also underwent an evolution of sorts: initially, the Argentine governments were blamed for their pro-Axis bias which was to give way to charges, after the end of the hostilities, that the influences of Nazism and Fascism were being allowed to spread on the Rio de la Plata which was apparently conducive to World War II. Constant unmitigated pressure brought to bear by the United States was a response to the fact that Argentina whose basic resources, it will be remembered, served the Allies, was still desirous of preserving its independence and regarded its neutralism as a symbol thereof. And it was not only the United States that coerced Argentina into giving up that neutrality, after all. It was, first and foremost, changes in the international situation that prompted that country's step in the direction of adjustment to the polar political setup in the post-Yalta world: joining the war was a precondition for being admitted to the United Nations.

In the meantime, however, the United States had become the super-power number one of the capitalist world and its diplomatic machinery could not bring itself to tolerating any manifestations of independence anywhere in the Western hemisphere. Therefore, even the ultimate toeing by Argentina of the publicly-proclaimed US policy line did not help and the conflict between Buenos Aires and Washington was allowed to keep on simmering. When the guns of war died down in Europe the instruments of US pressure upon Argentina changed, too.

During the war, the form and intensity of these instruments had undergone an evolution both as a result of a clash of trends displayed by the consecutive Roosevelt and Truman administrations and an evolution of Argentine policy itself. However, there was nothing transient in the principal US modes and methods of making its displeasure known to the Latin partner and those included:

1) economic discrimination against Argentina (selective boycott of Argentine merchandise, restriction of exports of certain strategic goods to Argentina, freezing Argentine assets in North American banks, credit restrictions, and the like);

2) pressuring Great Britain into putting the brakes on the flow of Argentine exports to the British market, or even stemming it altogether;

3) an embargo on US arms exports to Argentina with the simultaneous extension of benefits accruing to its neighbours and rivals (Brazil) from Lend-Lease deliveries of war *matériel*;

4) waging a vigorous diplomatic and propaganda campaign aimed at distorting the image of that country's internal relations and its foreign policy;

5) resorting to unorthodox and, indeed, unlawful political moves (which bore all the hallmarks of interventionist diplomatic actions) as ways of challenging certain political movements and governments in Argentina.

The wartime pressure was disguised by the official contention that Argentina was favourably disposed towards the Axis, constituted a base for Fascism-Nazism in Latin America and posed a threat to the Allied war effort, as well as to freedom and democracy in American states. This did not hold water for, in fact, Japan did not play any role at all in Argentina, the impact of Italian Fascism was negligible there, while the political and economic presence of Germany was part and parcel of European presence in this most European of Latin American countries and in the final analysis took on the importance comparable to that of the presence of non-colonial powers in the colonized areas of Asia or the Middle East. In the Far East some social forces viewed Japanese imperialism as a tool of combating British and French colonialism. Things looked similar in the Middle East where there was no shortage of tendencies to play German influences off against British and French colonialists. All things considered, Argentine neutralism was an expression of Argentine particularism and Argentine anti-Yankeeism, not Fascism. In the Argentine public mind, neutralism was finally identified with the concept of sovereignty.

As to the British, their wartime analysis of the situation in Argentina and their assessment of that country's foreign policy was certainly at variance with that of Washington which was manifested by a conspicuous

absence of their support for its both current and long-term policy goals in Argentina. All said and done, British opposition to the US policies centred around the following two issues: firstly, the British were all against the severance, or even limitation, of the Argentine meat delivery contracts (a form of US-advocated boycott of Argentine goods); secondly, the Foreign Office was opposed to the general drift of US policy and was worried about its intensity, rightly regarding this as a factor helping destabilize Argentina internally. The Foreign Office likewise could not fail to realize with anxiety that political changes in that country would be conducive to Argentina's political reorientation *vis-à-vis* Great Britain.

The minutes of conversations between diplomats of the two Anglo-Saxon powers, the texts of messages exchanged by the US President and the British Prime Minister, internal memoranda of both the Department of State and the Foreign Office, published memoirs of diplomats, and so on, offer tangible proof of the divergence of the two countries' interests, which was also highlighted by press reports of the day and some representatives of the business quarters. All these documents prompt an unequivocal conclusion that the war had become a catalyst of the process of extending the political and economic hegemony of the United States to cover the whole of Latin America amidst efforts to curb British economic activities there. The Roosevelt administration deliberately took advantage of the wartime conditions to attain its strategic objectives at the expense of both Latin America and Great Britain.

The anti-Argentine posture the US government struck after the Allied victory in Europe and the explicitly interventionist moves resorted to by the Truman administration helped fan defensive nationalism in Argentina, whose edge was aimed against the United States. One might, therefore, confidently state that Washington policy was counter-productive. However, this phenomenon might also be viewed as part of a wider-ranging manoeuvre mounted by the US administration. For as I have stated earlier in this paper, the American pressure upon Argentina outlived the war and continued unabated well into peacetime, because knocking that country out of the British orbit and forcing its own leadership upon it remained Washington's coveted prize. The implementation of this design played itself out on the following two planes.

Firstly, US diplomacy backed up the British endeavours to sell the British-owned railways in Argentina to the Argentine government for 150 million pounds sterling — which was an enormous sum in those days — in other words, for the sum total of payments for Argentine wartime deliveries amassed on that country's bank account in

Britain. That support helped clinch the deal, the entire transaction having been further assisted by a non-convertibility of the pound for the dollar, which had been forced through by the United States. Admittedly, a war-tired Britain had thus rid itself of a serious financial burden, but it was also true that the British railways represented a substantial premise for Argentine-British ties. The support the United States lent to the British strivings undoubtedly stemmed from this aspect of the railway deal.

Secondly, the policy of the US government made it immensely difficult for Argentina to take advantage of the increased demand for food in war-ravaged Europe which happened to be attractive currency-wise (Marshall Plan).

All in all, the post-war policies of the United States administration concerning Argentina and Great Britain, which had grown out of the line adopted earlier, had led to a debilitation of the Argentine economy (the accumulated sterling reserves having never been funnelled into productive investment projects while an incomplete access to post-war markets hampered the flow of foreign currencies to Argentina) which was no longer attractive from the viewpoint of the British interests. Argentina, a major buttress of the sterling bloc, had lost its importance for the British economy.

While taking stock of the US-British relations it will be in order to observe that the "Latin American" rivalry of these two powers concerned both the set of issues indirectly related to the economy, and the economy itself. Still, the main prize in the said contest were the natural resources of the region and its market. The United States was a more active party of the two, each of whom strove to strengthen its own position at the expense of the rival.

The object of rivalry was a peripheric region in the world capitalist system. However, the consequences of that rivalry had become apparent both on that system's periphery and within its centre. Changes in mutual relations between the United States and Great Britain, shifts in their stances *vis-à-vis* the other party — all this represented nothing other than manifestations of a dynamics of the centre of that world system. Simultaneously, the shifts within the centre sent the ripples to the system's peripheral areas. All this led inevitably to transformations within the functioning of the dominance-dependence setup which linked the central powers of the system with the peripheral areas from which raw materials were drawn. Thus, since a change in these relations was strictly, if not exclusively connected with the war, one can confidently state that a world war may be regarded as an exceptional form of rivalry involving not only the belligerent parties but also the allies. An armed conflict imparts dynamism to the relations between the allies.

Bibliographical Note

With the Argentine government archives still remaining off limits to this author, one can avail oneself of a wealth of source materials relevant to the problems discussed in this paper held primarily by the Public Record Office (Foreign Office collection) in London, and by Washington National Archives (Department of State collection). Materials of the Bonn Ministry of Foreign Affairs archives are also of interest. A number of Documents of the Department of State and the German Auswärtigen Amtes have so far been made available in print or on microfilm. An abundance of press publications offers a good supplement to the archive sources.

My research initially centred around unpublished British archive sources and printed German and American documents, as well as press materials, propaganda brochures and other kinds of printed matter. The results of my research saw the light of day twelve years ago as the monograph *Zależność i wyzwanie: Argentyna wobec rywalizacji mocarstw anglosaskich i Trzeciej Rzeszy* [*Dependence and Defiance: Argentina in the Face of the Rivalry among the Anglo-Saxon Powers and the Third Reich*], Warszawa 1975. The foregoing paper is based upon the monograph and subsequent research in the diplomatic archives of the United States and the Federal Republic of Germany, as well as upon Escudé's work mentioned further in this note.

Several years after the publication of my book, another three books were brought out dealing with the said issues. They are: R. B. Woods, *The Roosevelt Foreign Policy Establishment and the Good Neighbor* (Kansas 1979); M. Rapoport, *Grun Bretaña, Estados Unidos y las clases dirigentes argentinas 1940—1945* (Buenos Aires 1981); C. Escudé, *Gran Bretaña, Estados Unidos y la declinación argentina 1942—1949* (Buenos Aires, 1983). Important articles were published in the years 1974—1983 by J. S. Tulchin, P. Waldmann, E. R. May, C. A. Mac Donald, R. Pommerin.

The problems discussed in the foregoing paper have also been touched upon by this author in a number of articles, including:

— "Las potencias anglosajonas y el neutralismo argentino 1939—1945," *Estudios Latinoamericanos*, 1976, No. 3, pp. 129—160;

— "Castillo's Argentina and World War II. Economic Aspects of the Argentine-British-United States-German Quadrangle, in: J. Schneider, ed., *Wirtschaftskräfte und Wirtschaftswege*, V, Stuttgart 1981, pp. 801—823;

— "Las concepciones nacionalistas y sus contextos políticos en la Argentina: de Lugones a Perón," in: E. Garzón Valdés y P. Waldmann, eds., *El poder militar en la Argentina*, Frankfurt/M 1982, pp. 33—41, and Aires 1983 pp. 33—41.