US policy toward Nicaragua and Iran and the Iran–Contra affair: reflections on the continuity of American foreign policy*

Since the Iranian and Nicaraguan revolutions in 1979 the overarching US interest vis-à-vis these countries has been the termination of their revolutions. The US is committed to halting both the Sandinista nationalist movement and Iran’s Shi’ia fundamentalist nationalism and has employed a variety of policies in its attempt to realise this goal. The Iran–Contra affair was but one episode in the larger frame of American objectives. It is usually explained as having been an anomaly in American foreign policy; an event initiated by a few individuals within and outside the American government acting without institutional sanction. Indeed, the conclusions of the official, authoritative bodies that investigated the event reinforce such an interpretation. Independent analyses by the intelligentsia serve the same function. However, as this paper will demonstrate, the Iran–Contra affair was neither an occurrence unique to the Reagan administration nor an aberration in the foreign policy of the United States.

The Iran–Contra episode and the anti-nationalist policy that spawned it are intimately and directly related to an historic American opposition to indigenous nationalisms. Both evidence striking similarities with previous US foreign policies dating from the early nineteenth century and are intrinsically connected to primary and long-standing US national interests as these have been traditionally defined by the policy-making elite. Thus, it is necessary to place Washington’s goals in Iran and Nicaragua and the Iran–Contra affair against the background of American foreign policy historically, with particular attention to the

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continuity of American interests and objectives, and to the consistency of US international policies throughout the history of the republic.

The Iran-Contra affair in historical perspective

The historical/global perspective is imperative in analysing US goals in Nicaragua and Iran and the Iran-Contra episode because it illustrates the fact that foreign policy objectives are an outgrowth of the capitalist economic system that is the basis of American society as well as a reflection of the distribution of domestic power within the society. American national 'interests'—defined by this structure and distribution of power—have remained virtually unchanged for the past two centuries. They include: international freedom of access to raw materials, access to markets for manufactured goods, securing the environment for the expansion of American corporate and banking concerns, and maintaining a favourable international 'balance of power'. These interests are the engine that drives American foreign policy—which, at the broadest level finds expression in the practice of 'interventionism'. Intervention may be overt or covert; military, political, economic, or some combination thereof.

US intervention usually occurs when conditions arise that are considered 'threatening' to American interests. For instance, the objective of securing the investment climate involves accepting that entrepreneurs require 'stability' as a primary condition for capital venture. Particularly in Third World countries, the appearance of trade unions, peasant organisations, agrarian reform movements, political parties, and, especially, nationalist movements all represent threats to a favourable investment environment. Business therefore typically seeks their suppression and Washington responds to these concerns. Frequently repression of progressive movements is facilitated by Third World 'client' regimes; however, when they prove inadequate to the task of maintaining 'stability', Washington intervenes—as for example in the 1958 Marine landing in Lebanon and the 1965 invasion and occupation of the Dominican Republic. In addition, US intervention often occurs when a reforming government comes to power (replacing a client regime) and initiates economic programmes viewed unfavourably by US

1 For an examination of the economic roots of US foreign policy see Harry Magdoff, The Age of Imperialism: the economics of US foreign policy, New York: Modern Reader Paperbacks, 1969. Additionally, the economic basis of US foreign policy is a central theme of all Noam Chomsky's extremely important works.
capital. Examples include the 1953 operation in Iran against Mohammed Mossadegh and the 1954 coup in Guatemala against Jacobo Arbenz. Further, the objective of 'freedom of access' to the globe's raw materials leads to intervention when situations arise that are considered possibly detrimental to American access. The emergence of the Ba'ath Party in Iraq and Washington's attempts during 1963-75 to unseat it, and the 1973 election of Salvador Allende to the Chilean presidency and US involvement in his overthrow, illustrate the dynamic associated with the interest in protecting access.

It is also the case that the US intervenes in countries with no critical resources (for example, Vietnam), or where investment opportunities are so marginal as to be irrelevant to the US economy (for example, Grenada). In such instances, the objective of the interventions is to prevent the possibility of a 'demonstration effect'—that is, a government successfully organising its political and economic affairs for the benefit of its own citizens and then serving as an example for other countries (with important resources and a viable investment potential) to do likewise.

In all interventions the US government, including the State Department and the military, and since 1947 assisted by the CIA and the national security bureaucracy, acts to support the interests of corporate America. US intervention has secured American investment abroad and has protected US access to the world's resources, but it has also intensified poverty, inequality, and human rights abuses for two-thirds of the world's population. Such poverty and inequality is the major cause of instability in Third World countries, not, as Washington's propaganda would have the American people believe, the instigation of an external power or state.

American foreign policy involves both the definition of American 'interests' and the determination of policies to advance those interests. Foreign policy decision-making is dominated by the private business sector in political as well as economic matters. Corporate leaders move back and forth between business and government where they assume senior positions in the State Department, Defence, the CIA, the National Security Council, and elsewhere, as well as intersecting in 'policy planning groups'. Additionally, how a nation organises itself—whether for peace or war—determines to a considerable extent how it will pursue its interests. In this regard, the national security system is a crucial component of the foreign policy-making process, constituting the nexus
where corporate officials and military officers merge their institutional and personal interests.

The national security system

The National Security Council (NSC) was created by the National Security Act of 1947. It is an agency of the executive branch and is composed of the president, the vice-president, the secretaries of state and defence, the Joint Chiefs of Staff (the heads of the army, navy, and the air force), the head of the CIA, and a special assistant for National Security Affairs as well as any additional people the president chooses to include. It was intended to: centralise power, concentrate foreign policy-making in the executive branch, allow presidents freedom of action in foreign affairs that would not be subject to Congressional or other domestic interference, and integrate the military and the CIA into foreign policy decision-making.

Washington traditionally buttressed its economic expansion with military power but not until the aftermath of World War II was militarism, in the sense of permanent mobilisation for war, fully institutionalised. The NSC has been the locus of the institutionalisation of militarism, spawning a huge bureaucracy and becoming the most powerful body within the government. In the process it not only concerned itself with economic and military/security matters but additionally mobilised domestic institutions such as organised labour, the universities, the media, and foundations, in support of its objectives.

At the same time the national security bureaucracy supplied the rest of the government with a conceptual framework for thinking about foreign policy, consequently eroding the traditional barriers between political and military functions. Moreover, within a very short period the values, interests, and perspective of this institution moulded and defined American political culture—a culture that came to be characterised by an obsessive concern with national security and anti-communism. Indeed, the ideology of the national security state has been so pervasive that it masks the economic aspects of foreign policy; even the intellectual elite has internalised its world view.

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In 1971 Richard Barnet analysed the national security system and the capitalist economy on whose behalf it functions, concluding that these two factors were the primary cause of America's global interventionism. Barnet argued that militarism and interventionary practices result from:

... the concentration of power in a national security bureaucracy which increasingly comes to play by its own rules without regard to what it does to the country it is supposed to be defending. America cannot be organized for peace until the excessive power of that bureaucracy is broken ... The second ... [cause] is embedded in our capitalist economy (even more state capitalist) and the business creed that sustains it. The primary reason military power is protected abroad is to buy influence, which has been thought essential to the maintenance of the American standard of living ... The dependence of the American economy upon foreign raw materials or upon war production means that certain foreign policy options are for all practical purposes foreclosed. The United States cannot disarm, significantly lower the defense budget, or relax economic warfare against commercial competitors, nor can the American businessman halt the restless, exploitative search for economic opportunity abroad unless the economy is managed in a very different way ... as long as the American economic imperative is growth, the pressures toward economic expansion and military presence abroad will be irresistible.4

It is striking that those delving into the Iran–Contra episode did not even consider such issues, nor connect that event with its historical and institutional setting. Worse, the official investigating bodies completely exonerated the national security system.

American ‘policies’: the means to maximise interests
Over time the various policies employed to advance American interests have shown a remarkable continuity. One such policy is to issue unilateral proclamations (typically supported by sufficient military force to ensure that other countries acquiesce in their intention) as for example the Monroe Doctrine, the Truman Doctrine, and the Carter Doctrine concerning American ‘rights’ abroad. The most effective of these doctrines has been the ‘open door policy’, conceived in the mid-nineteenth century and originally designed to ensure US access to (or rights in) China and Japan. The ‘open door’ led to the imposition of the Treaty of Wanghia on China in 1844—an accord that included stiff tariff limitations on Chinese trade and granted the US extra-territoriality as well as many other privileges. The US then ‘opened’ Japan with the assistance of Commodore Matthew Perry’s formidable naval squadron.

A treaty was imposed on Japan in 1854 with provisions similar to the US–Chinese pact. Subsequently, the 'open door' was broadly applied, establishing the conditions under which the American system could be extended throughout the world without the inefficiency of traditional colonialism. And for a century and a half far beyond China and Japan, this doctrine has assured the USA's access to resources, markets, and investment opportunities throughout the world.

Another policy with a lengthy history is opposition to nationalist movements. In fact, the US has attempted to crush all Third World nationalisms. (President Woodrow Wilson's much-acclaimed enthusiasm for national self-determination did not extend beyond Europe.) The reason for this policy, as suggested above, resides in the fact that the resources required for economic and military supremacy are largely to be found within the Third World; thus US decision-makers have considered it crucial that these areas and states remain dependent upon the United States. The threat posed to American interests by nationalist movements is their potential to utilise their resources in the service of their own people (rather than for the benefit of the United States) and to develop autonomous economic and political structures responsive to local needs. Opposition to nationalism has taken many forms including the manipulation of domestic politics in distant places, military invasions, occupations and coups. Hawaii and the Philippines were among the first to experience such anti-nationalist intervention and the continuity between these two nineteenth-century situations and contemporary policy towards Nicaragua and Iran is striking.

In 1887, the last native monarch of Hawaii, King Kalakaua, was forced by American businessmen to accept a new constitution that made him a mere figurehead. He was succeeded in 1891 by his sister, who attempted to recover control over the country. In 1893, an American-conceived and executed revolution deposed the queen and, with US naval forces poised in the islands, President Grover Cleveland immediately recognised the American-dominated 'Republic of Hawaii'. In 1898 the US annexed Hawaii. The same year, Commodore George Dewey crushed the Spanish navy in Manila Bay as part of the US intervention in Cuba's war for national self-determination (a policy that led to a vast expansion of American power in the Pacific and the

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1 This is the central thesis of William Appleman Williams's The Tragedy of American Diplomacy, New York: Delta Books, 1959.
Caribbean). On 12 June 1898 Emilio Aguinaldo, a Philippine nationalist leader who had spearheaded the fight against the Spanish in that country, declared Philippine independence; on 23 January 1899 he proclaimed the Philippine Republic. The following month Philippine nationalists revolted against the American occupation but the US quickly suppressed the insurrection and annexed the islands. Both Hawaii and the Philippines provided important stepping-stones to China and Japan from the American mainland while their own resources, sugar and pineapples, were profitable for American business. Cuban nationalism, discussed below, also received a severe blow after the Spanish–American war.

Other policies with deep historic roots include the buying-off of local elites, patron-client relationships, and the use of surrogates. The Somoza family in Nicaragua and the Shah of Iran were classic examples of client regimes but they were far from unique. Similarly, there were (or are) Duvalier in Haiti, Marcos in the Philippines, King Hussein in Jordan, the monarchy in Saudi Arabia, Diem in South Vietnam, Suharto in Indonesia, and many others.

The Somozas and the Shah of Iran were also considered valuable surrogates in that they functioned on behalf of the United States as regional policemen and as supporters and advocates of the US dominated political-economic order within their geographical areas. Iran nationalists toppled the Shah in January 1979 and the rule of the last of the Somozas ended when Nicaraguan nationalist forces compelled that dictator to leave his country in July 1979. The demise of two loyal clients/surrogate powers within a matter of months was a blow to American prestige and to its ability to control global events. However, Israel, the country which Washington considered its most valuable surrogate, remained strong, loyal, and acquired additional significance after the losses of Iran and Nicaragua.

**Israel as a surrogate**

A widely accepted—though disputable—tenet in policy-making circles claims that Israel functions as an effective surrogate for American interests in the Middle East. Israel is credited by many with countering Arab nationalist movements, fostering divisions in the Arab world, stabilising the Middle East through its absolute military superiority, containing the spread of Soviet expansionism, protecting the region’s oil resources and ensuring the survival of pro-American Arab regimes.
Indeed, it is on the basis of such beliefs that the US–Israeli relationship—the cornerstone of US Middle Eastern policy—is based.

After the fall of the Shah and Anastasio Somoza, some officials in Washington wanted to formalise and expand the US–Israeli tie. (Israel had always sought formalisation of the relationship since that would guarantee US economic and military assistance.) In March 1979, for the first time, the USA and Israel signed a Memorandum of Understanding on strategic military and security cooperation. In November 1981, they signed a second strategic accord, detailing proposals for collective action against ‘threats’ to the Middle East from the Soviet Union or Soviet controlled forces. The US suspended that agreement the following month as a result of Israel’s annexation of the Golan Heights, although the Israeli Defence Minister, Ariel Sharon, maintained that it remained secretly in effect. It was formally reinstated, in a third agreement, in November 1983.

The third strategic accord involved specific discussions concerning Washington’s expectations about Israel’s surrogate functions in Central America. From the mid-1970s Israel’s presence in Central America had been increasing—as a salesman of state-of-the-art weapons, military equipment, and technology; a provider of military and other kinds of advisers, counter-insurgency assistance, and technical advice; and engaged in a myriad of other ways. Given the strength and diversity of Israel’s activities in the region, US officials believed that there were numerous ways in which Israel could perform useful services for the United States.

In particular, the administration was interested in involving Israel in the training and arming of the Contras—the forces organised by the US to overthrow the Sandinista government. Washington expected Israel’s cooperation on this matter for a number of reasons, not least of which was that Israel and the Somoza family had had long and mutually beneficial relations (pre-dating the establishment of the State of Israel) and Tel Aviv had supplied Somoza with weapons between September 1978 and July 1979, when virtually every other country was boycotting

the dictator. And, indeed, by 1982 Israel was providing both arms and advisers to the Contras. But the evidence indicates that the Israeli effort fell far short of administration expectations. In fact, Israel’s disinclination to provide men and material to the Contras at a level acceptable to the Reagan administration led directly to Israel’s suggestion of the scheme to divert to the Contras the profits from the sale of weapons to Iran. So central was Israel’s role in both the sale of arms to Iran and the diversion of profits to the Contras that the *Jerusalem Post* correspondent, Wolf Blitzer, reported: ‘Israel actually may have set up the US in the entire initiative . . .’

**A sketch of the Iran–Contra affair**

In 1984 Congress passed the Boland Amendment cutting off funds for the Contras’ military and paramilitary operations. However, while President Ronald Reagan signed the bill into law on 12 October 1984, he ordered his staff, in the words of his national security adviser, to find a way to keep the Contras’ ‘body and soul together’. Subsequently, Lieutenant-Colonel Oliver North, Assistant Deputy-Director for Political-Military Affairs at the NSC, organised and oversaw a secret operation to supply military equipment and monetary assistance to the Contras. The operation, known as the Enterprise, had its own aircraft, pilots, airfield, operatives, ship, secure communication devices, and secret Swiss bank accounts. Funds were solicited from foreign governments, private individuals, conservative organisations, and by General John Singlaub (chairman of both the World Anti-Communist League (WACL) and its US affiliate, the US Council for World Freedom),


13 Blitzer, ‘Hakim implicates Israel’.


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and from WACL chapters around the world. For sixteen months, the Enterprise functioned as a secret arm of the NSC staff, acting without accountability to any official agency or institution, and running a fully-fledged covert Contra aid-programme. Two assistants to the President for National Security Affairs, Robert McFarlane and John Poindexter, as well as the CIA director, William Casey, were also deeply involved in the operation.\textsuperscript{15}

In the summer of 1985, the Israeli government requested permission from Washington to sell missiles to Iran. The President authorised Israel to proceed with the sales although they would violate the Arms Export Control Act as well as a US arms embargo imposed after Iran’s taking of American hostages at the US Embassy.\textsuperscript{16} (Why Israel sought presidential approval for its arms sales to Iran at that time is puzzling since Israel’s weapon sales had continued from the beginning of the revolution—even while the Americans were being held hostage in Teheran.)

Subsequent to the President’s authorisation, Israel shipped several batches of weapons to Iran including TOW anti-tank missiles and HAWK anti-aircraft missiles. One transaction, in November 1985, involved a US$1 million advance from Israel to the Enterprise. When the exchange was complete, the Enterprise was left with US$800,000 in spare cash which was the diverted to the Contras. This was the beginning of the Iran–Contra connection.

In February 1986, the US began to sell weapons directly to Iran and the difference between what the Enterprise paid the US for the TOW missiles it sold, and what it received from Iran, amounted to more than $6 million. Part of this profit went to the Contras, part to other covert operations. The diversion continued and in the end:

\ldots the Enterprise received nearly $48 million from the sale of arms to the Contras and Iran, and in contributions directed to it by North. A total of $16.5 million was used to support the Contras or to purchase the arms sold to (and paid for by) the Contras; $15.2 million was spent on Iran; Hakim, Secord, and their associate, Thomas Clines, took $6.6 million in commissions and other profit distributions; almost $1 million went for other covert operations sponsored by North; $4.2 million was held in ‘reserves’ for use in future operations; $1.2 million remained in Swiss bank accounts of the Enterprise; and several thousand dollars were used to pay for a security system at North’s residence.\textsuperscript{17}

\textsuperscript{15} Ibid.
\textsuperscript{16} Ibid.
\textsuperscript{17} Ibid, p 9.
All of this involved a huge cover-up by numerous individuals in the Reagan administration. The public disclosure, in November 1986, that the US had participated in secret dealings with Iran involving the sale of military equipment and that the proceeds from the transfers had been diverted to the Contras, generated the so-called Iran–Contra affair.

Given the Reagan administration’s commitment to overthrowing the Sandinista revolution, maintaining and strengthening the Contras through covert activities is not surprising. But the sale of weapons to Iran appears inexplicable at a number of levels. For six years President Reagan had portrayed Iran as the centre of world terrorism and as the most barbaric state on earth. The domestic propaganda was intense; moreover, the administration had pressured its European allies to isolate the Teheran government, impose an embargo of arms sales to it, and otherwise exclude it from the family of nations. In addition, the commitment to rolling back the Iranian Revolution and replacing it with a friendly regime was an integral aspect of the American perspective on Iran, and while operations against the Iranian regime were less conspicuous than those against the Sandinistas, US hostility to Iranian nationalism was unequivocal.

The explanation for the arms sales resides in a combination of factors including the Reagan administration’s extremely shallow understanding of the Iranian Revolution and the depth of Iranian antipathy toward the USA after nearly thirty-five years of US domination and manipulation. It included Washington’s failure to comprehend Iranian political culture, combined with the belief that the US could manage any global situation if the correct combination of military force, economic pressure, hostile propaganda, diplomatic isolation, divide and rule practices, and the offer of potential (or actual) US assistance were applied. Washington utilised all these tactics vis-à-vis Iran in its effort to roll back the revolution thus appearing to pursue contradictory objectives. However, the objective remained consistent. The administration apparently believed there was a ‘moderate’ element in Teheran, who, if it could be reached and adequately bought off, would not only turn against Khomeini and the revolution, but after assuming power itself, would be a sturdy friend of the United States.

Official investigations of the Iran–Contra affair

Three official commissions of inquiry looked into the Iran–Contra episode and for some ten months the American public was deluged with
hearings, investigations, reports and media coverage related to the activities of these authoritative bodies. Considering the amount of time and resources spent on the inquiries one might have hoped that some important questions were being asked about the nature of American foreign policy. Such, however, was not the case. A brief summary and analysis of the approach and conclusions of the investigations suggests why.

The Senate Select Committee on Intelligence, the first party to conduct an inquiry into the Iran–Contra affair, failed to draw any conclusions about its implications: '... the Committee believes that it could not appropriately reach conclusions or findings ... other than to note discrepancies and gaps and to identify areas of inquiry which might merit future consideration ...'[18]

The second investigative body was the Tower Commission, a special bipartisan review board appointed by President Reagan to examine the Iran–Contra affair in particular and the national security bureaucracy in general. The Tower Commission focused primarily on issues of proper processes and procedures, and its report concluded:

The Iran–Contra affair was clearly an aberration. The NSC system is alive and has served us well for the 40 years of its existence ...

The NSC system, the Council itself, the NSC staff, and the national security advisor is ... the President's own instrument. The National Security Act recognized this by giving the President wide latitude to fashion it to his liking ...

We do not believe any amendment in the provisions of the National Security Act dealing with the structure and operation of the NSC system is required or is desirable ... the problem, at the heart, was one of people ... It was not that the structure was faulty ... [Emphasis added].[19]

... The arms transfers to Iran and the activities of the NSC staff in support of the Contras are case studies in the perils of policy making outside the constraints of orderly process ... The Board believes that ... [the Iran–Contra affair] resulted in large part from the flaws in the manner in which decisions were made.


Established *procedures* for making national security decisions were ignored . . . [Emphasis added].

Finally, a special House-Senate Committee looked into the Iran–Contra issue for eleven months and concluded that it had 'resulted from the failure of individuals to observe the law, not from any deficiencies in existing law or in our system of government'. Further, 'At the operational level, the central figure . . . was Lieutenant Colonel North . . .'; 'North's conduct had the express approval of Admiral John Poindexter . . . North also had at least the tacit support of Robert McFarlane . . .'; 'the late Director of Central Intelligence, William Casey, encouraged North . . .'; 'There is no evidence that the Vice-President was aware of the diversion . . .'; 'On this critical point [the role of the President] . . . the record [is] incomplete.'

The persons identified as having gravest responsibility—North and Poindexter—were removed from their government positions. Casey died from natural causes. Subsequently the new director of the CIA, William Webster, ' . . . dismissed two field operatives and disciplined three senior officers for improper action during the Iran–Contra affair . . . Later, a special prosecutor handed criminal indictments to the central individuals. However, the administration also leaked stories to the media to the effect that after the November 1988 elections there would be 'pardons' for those indicted.

Each of the official probes missed the real significance of the Iran–Contra affair, namely, its continuity with previous situations, the ways in which it reflected the essential nature of the foreign policy-making process—in particular the character of the national security system, as well as the fact that it grew out of the fundamental interests and objectives of the US in the international system. Instead of considering such substantive matters, the official probes focused on procedural issues—who did what, when, and who knew about it—and therefore elicited nothing more than the description of an episode that was made to appear aberrant in the annals of US foreign policy. The formal investigations were little more than exercises in symbolic politics,

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undertaken to reassure the American public of the legitimacy of
governing institutions and to reinforce apathetic support for the system
and its policies. The utilisation of symbols, for example, ‘impartial
commissions’ to study ‘problems’, identify ‘individual wrong-doers’, and
‘punish’ those responsible, is a standard technique employed by the
government to defend the validity of the institutional status quo
whenever issues arise that create questions in the public mind.24

Independent analyses of the Iran–Contra affair

Significantly, even most of the independent analyses of the Iran–Contra
episode failed to raise the crucial issues or to contrast this affair with
similar policies pursued by Washington in the past. Nor did they
examine the critical linkages between this occurrence and the domestic
institutions of American society.25 These analyses suggest the extent to
which the intelligentsia conform to the dominant ideology in American
political culture and function in the service of the state.

An analysis by Stanley Hoffmann that appeared in the New York
Review of Books illustrates this. Hoffmann argued that the Iran–Contra
affair was the result of three factors: the Reagan administration’s (and in
particular the President’s) obsession with the Soviet Union and
anti-communism; the extent to which the interests of the United States
were in the grip of the Israelis; and the President’s fanatical commitment
to the Contras regardless of what Congressional restraints had to be
circumvented to support them. In conclusion, Hoffmann commented:
‘The question that needs to be addressed is that of the compatibility of
American democracy with an underworld of spooks that no agency, and
certainly not Congress, has been able to control.’26

Hoffmann’s concern is well founded but he fails to draw out the real
implications of his question. A more pertinent way of posing it would
have been to ask: How much longer can a nation that proclaims a set of
universal values including self-determination, democracy, and human
rights as natural rights to life, liberty, and prosperity, continue to pursue
foreign policies whose explicit effect is to deny those same values to

24 For analyses of symbolic politics see for example G William Domhoff, Who Rules America Now: a
view for the 80’s, Englewood Cliffs, New Jersey: Prentice Hall, 1983; G William Domhoff, The
25 See for example Frances FitzGerald, ‘Reagan’s band of true believers’, New York Times (Sunday
Magazine Section), 10 May 1987, pp 36–9, 42–3, 84.
two-thirds of the world’s peoples? It is striking that the intellectual elite do not expose the dichotomy between the USA's rhetorical commitment to universal values and the reality that US foreign policy means they are applicable to Americans only. Nor do these people point out that if the US wishes to actualise the universal principles for which it claims to stand it must make substantial alterations in its domestic institutions and its foreign policies.

What is more, the Reagan administration was not the first to be 'obsessed' by the Soviet Union or anti-communism. Similar obsessions on the part of President Harry Truman led to the creation of the NSC in the first place. President Dwight Eisenhower and his Secretary of State, John Foster Dulles, were no less fanatically anti-communist than President Reagan and his administration. Eisenhower's policies in Guatemala, Iran, Lebanon, and elsewhere were also no more legitimate than contemporary policies in Nicaragua, Libya, Grenada, Lebanon, and the Persian Gulf. Washington has typically raised the spectre of the Soviet threat and communism to mobilise domestic support for virtually all foreign interventions. Finally, while the US-Israeli relationship has been a constant in American policy since at least 1967 and Hoffmann is correct in pointing to Israel's role in the Iran-Contra affair—it was indeed pivotal—and he is one of the few analysts with the integrity to discuss Israel, a topic usually considered taboo in analyses by American intellectuals: nevertheless, the focus on Israel should not obscure the inherently American character of the event.27

In the following sections the historical perspective is applied to an analysis of US foreign policy in Latin America to illustrate the continuity of United States policies in that region in order to comprehend current goals and policies vis-à-vis Nicaragua and Iran and to contextualise the Iran-Contra affair more clearly.

**US Intervention in Latin America: 1823–1923/28**

The basis of US policy towards Latin America resides in the fundamental national interests discussed at the outset: access to raw materials and to markets for manufactured goods, securing the environment for investment, and maintaining US power. In addition, the geographical proximity of Latin America, particularly the Central American-Caribbean sector, has resulted in Washington being more

27 Marshall, Scott and Hunter, *The Iran-Contra Connection*, pp 83–124, 167–86, and passim also provide an in-depth analysis of Israel's role.
deeply involved over a longer period of time in this region than in any other part of the world. The formal beginning of US intervention in Latin America was the Monroe Doctrine.

The Latin American countries had barely emerged from their wars of independence from Spain (1810–21) when, on 2 December 1823, President James Monroe delivered his famous proclamation to Congress. In essence, the Monroe Doctrine stated: (1) that any attempt on the part of the European powers to extend their political power to the Western hemisphere would be considered dangerous to the ‘peace and safety’ of the United States; and (2) that intervention by any European power in the affairs of the new Latin American republics would be viewed ‘as the manifestation of an unfriendly attitude toward the United States’.28

Reading the text of Monroe’s statement one could easily infer that the intention of the doctrine was to protect the new states of Latin America from foreign domination. However, there is very little evidence to suggest that the continental European states (including Britain) seriously harboured territorial ambitions in Latin America. Moreover, in the three years following Monroe’s proclamation, five explicit requests for US guarantees of Latin American independence were directed to Washington, and all were denied or evaded.29 In fact, at the time Monroe enunciated the doctrine his major interest in Latin America was the acquisition of the Mexican department (province) of Texas and the Spanish colony of Cuba.30 (Within twenty-five years the US had acquired Texas plus the additional Mexican territories of California and New Mexico.31 US control of Cuba was delayed until 1898.)

In reality, the Monroe Doctrine established the precedent for the extension of US prerogative throughout Latin America—a position that no subsequent president, regardless of his particular programme, for example FDR’s Good Neighbor Policy, Kennedy’s Alliance for Progress, Carter’s human rights policy—has ever been willing to modify or relinquish.

The primacy of economic considerations in US relations with Latin America, though often obscured in discourse about ‘security’, is apparent in brief sketches of individual situations.

By the last quarter of the nineteenth century, US capital was seeking foreign markets and investment opportunities. Mexico became an important source of both. Between 1876 and 1910, during the dictatorship of Porfirio Diaz, US capital invested more than $1 billion in Mexican mining, oil, and public utilities. This economic penetration gave the US an important stake in Mexico and when the revolution erupted in 1910 the US was overtly antagonistic to the popular insurrection. Indeed, in 1914 President Woodrow Wilson sent troops to the Mexican port city of Veracruz—an act of war—in order to force the resignation of the Mexican president, Victoriano Huerta. The US did not withdraw its military forces until 1917 at which time it granted the Mexican government diplomatic recognition—seven years after the revolution—and only on receiving guarantees that the demands for agrarian (and other) reforms by nationalist leaders such as Emiliano Zapata and Pancho Villa would not be permitted to threaten American economic interests.

By 1895 US businessmen had some $50 million dollars invested in Cuba and trade between Cuba and the USA averaged $100 million annually. The Cuban war of independence against Spain negatively affected these interests and elicited pressure from American businessmen for intervention in the conflict. In 1898 the US entered the war—ostensibly for the humanitarian purpose of saving the Cubans from Spanish atrocities; however, economic considerations (present and future) were clearly paramount.

The US victory over Spain resulted in Washington’s domination of Cuba as well as its acquisition of Puerto Rico (in addition to various Pacific territories). Moreover, in the aftermath of the war US pre-eminence over the entire Western hemisphere was an accomplished fact; no European power, in particular Britain, could realistically

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33 See for example the analysis by Gil, Latin American–United States Relations, p 108.
34 One analysis that documents the penetration of US capital into Mexico is Raymond Vernon’s The Dilemma of Mexico’s Development: the roles of the private and public sectors, Cambridge: Harvard University Press, 1963. However, Vernon’s argument is that Mexican development has been impeded since the revolution by insufficient US capital, too much redistribution, and government policies that have discouraged American investment.
entertain the possibility of challenging Washington's position. Yet, between 1901 (the first year of President Theodore Roosevelt's administration) and 1917 (including the presidencies of William Howard Taft and Woodrow Wilson) the rhetoric of US policy vis-à-vis the republics to the south was always couched in Monroe Doctrine language about 'external threats' and 'security'. At the same time, the US devised a variety of new means for extending and solidifying its control over Latin America. These policies included: a system of protectorates by which the US gained dominance over a number of states and bound them securely to the US political-economic system; the Platt Amendment through which Washington controlled Cuba; and the instigation of insurrections and military occupations that facilitated US hegemony in Panama, the Dominican Republic, Nicaragua and Haiti.

**US intervention in Central America and the Caribbean**

In the aftermath of the Spanish–American War, the US chose not to annex Cuba formally, instead imposing the Platt Amendment on the new Cuban Constitution (inaugurated 20 May 1902). Among other provisions, the Amendment stipulated that Cuba: (1) should never make any treaty with a foreign nation nor permit any foreign power to secure 'lodgement or control over any portion of its territory' without the consent of the US; (2) should permit the US to intervene for the preservation of Cuban independence and for the maintenance of a government adequate for the protection of life, property, and individual liberty; (3) should ratify all acts of the United States military government; (4) should agree to leave the future status of the Isle of Pines to future treaty negotiations with the US; (5) should sell or lease to the US 'lands necessary for coaling and naval stations'; and (6) should 'embody the foregoing provisions in a permanent treaty with the United States'.

The permanent treaty was signed in 1903.) The most important provisions in terms of compromising Cuba’s sovereignty and extending America's control were the second and fifth: the intervention clause and the clause requiring the selling or leasing of land for bases. Within a few years a large American naval base was constructed at Guantanamo Bay on the southeastern end of the island (which the US still owns and operates today, twenty-five years after the Cuban Revolution).

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At the same time (1902), an important trade agreement was imposed on Cuba, resulting in a spectacular expansion of trade and investment, especially in the sugar industry. United States investments in the island rose from $50 million in 1895 to $220 million in 1913, and to $1.5 billion in 1929—an increase of 536 per cent between 1913–28. By 1914 Cuba was in sixth place among all the purchasers of US goods while the Cuban share of the sugar market in the USA rose to 50.4 per cent.38 A succession of Cuban governments cooperated with Washington, particularly in ensuring a 'stable' environment for US investors. On the other hand, by the 1950s, living conditions among the Cuban masses were among the worst in the region. However, that the US would oppose by all possible means the Cuban Revolution in 1959 is obvious and comprehensible in this context. Indeed, US efforts to overturn the revolution included an invasion (the Bay of Pigs in April 1961); a complete economic embargo involving international monetary institutions as well as US trade, aid, and loans; countless attempts to assassinate the Cuban president, Fidel Castro; and a wide variety of covert operations inside Cuba intended to disrupt the country's economic development.39

Panama was a special case in that it was a legal part of the sovereign state of Colombia when the US turned its attention toward the area, looking to construct a canal across the Central American isthmus. Such a canal was needed in order to promote American commercial and shipping interests, especially in shortening the links between China, Japan, the Pacific colonies and the American eastern seaboard. In 1903, after the Colombian Senate rejected the terms for building a canal in a treaty written by the US Secretary of State, John Hay, on the basis that the impairment of Colombian sovereignty was too great and the price ($10 million) was too low, Washington fomented an insurrection in the Department of Panama, interfered with Colombian attempts to suppress the uprising, and promptly recognised the severed Colombian territory as the independent Republic of Panama. A few days later (18 November 1903), a representative of the new Panamanian government signed a treaty with the US, giving it even more privileges than Washington would have received under the proposed agreement with Colombia. By virtue of this accord, the US received in perpetuity the use of a zone

38 Ibid, p 92.

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across the isthmus, ten miles in width (five miles on each side of the canal) in which it could exercise all the rights and authority that it would possess if it were actually sovereign, as well as many other concessions. Construction of the canal began in 1904 and was completed in 1914.

The Panama Canal intensified US influence in Central America and was a highly visible symbol of American domination; nevertheless, the real source of America’s power was US capital, backed, of course, by American military force. It was not until 1977 (and then only after thirteen years of intermittent crises and intense negotiations) that the USA agreed to a treaty that granted Panama territorial jurisdiction over the canal and gave back part of the Zone’s land. The US–Panamanian pact provided for the replacement of North American authority with Panamanian legal jurisdiction, to take place over a three-year period. It also stipulated that the USA would continue to operate and defend the canal until 31 December 1999 including the retention of lands and waters ‘necessary’ for the passageway’s operations and its defence. In addition, the agreement set out the particulars of how the canal would be run. Until New Year’s Day 2000, it is to be operated by a newly-created nine-member agency. The USA has a majority of five in the organisation as well as possessing the power to appoint the four Panamanians. US citizens in the Zone who work for the American government or the new agency retain many of the legal and procedural rights they would enjoy in the United States. Finally, even after Panama gains control of the canal in the year 2000, the treaty reserves for the USA the permanent right to defend the canal from any ‘threat’. This means that the USA will maintain ultimate control over the canal, the Zone, and Panama itself.

The same year that the USA began construction of the canal, Washington issued a proclamation that provided the ‘justification’ for direct US military intervention in Latin America when the USA perceived ‘threats’ to its interests. In 1904 President Theodore Roosevelt announced the ‘Roosevelt Corollary’ to the Monroe Doctrine. The essence of the declaration delivered on 6 December was the following:

If a nation shows that it knows how to act with reasonable efficiency and decency in social and political matters; if it keeps order and pays its obligations, it need fear no interference from the United States. Chronic wrongdoing, or an

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impotence which results in a general loosening of the ties of civilized society, may . . . require intervention by some civilized nation, and in the Western Hemisphere the adherence of the United States to the Monroe Doctrine, may force the United States . . . to the exercise of an international police power.43

Subsequently Washington made extensive use of the policing powers ‘granted’ by the corollary throughout the Central American-Caribbean region.


United States policy toward Latin America has been expressed since 1928 in a variety of doctrines, declarations, and programmes that have served as rhetorical ‘legitimation’ and ‘justification’ for its interventions. For instance, in 1928, a State Department officer in President Calvin Coolidge’s administration wrote the Clark Memorandum (though it was not made public until two years later), which extended the concept of threats to US interests to internal dangers. This new policy made any event—even an election—a potential justification for US intervention.44

President Franklin D Roosevelt, who assumed office in 1933, proposed to repair the damage done by the overt US interventionism of the previous forty-five years with the Good Neighbor Policy—a programme that was ostensibly an effort to put US–Latin American relations on a more equitable basis. But as Walter LaFeber perceptively commented: ‘The Good Neighbor carried on interventionism in Central America and tightened the system far beyond anything Theodore Roosevelt and Woodrow Wilson probably imagined.’45 The policy was based on three pillars: (1) the acceptance (and furthering) of dictatorships as the best means to protect the status quo and US economic interests; (2) the replacement of private bankers by the US government as the source for Latin American government funds (accomplished through the creation of the Export–Import Bank that gave US government credit to foreign nations so that US exporters could sell more goods abroad);46 and (3) the extension and consummation of relations between the US military and Latin American militaries involving the supply of American equipment and the provision of

43 LaFeber, Inevitable Revolutions, p 70.
44 Ibid, p 80.
training—either in Latin American countries or at institutions in the United States.47

Another policy legitimation was the 1950 Miller Doctrine. At the time Washington was interested in devising a means to circumvent the article in the Charter of the Organisation of American States that prohibited the intervention—directly or indirectly, for any reason, in the internal or external affairs—by one state or a group of states in another. Edward Miller, who was Assistant Secretary of State for Inter-American Affairs in the Truman administration, wrote an elaborate justification preserving the US right to unilateral intervention.48 That right was exercised in the 1954 coup in Guatemala (during the first administration of Dwight D Eisenhower), in which the US overthrew the second freely-elected president, Jacobo Arbenz, to protect the interests of the United Fruit Company.49

In 1963 President John F Kennedy wanted to issue a Kennedy Doctrine announcing that another Cuba would not be ‘tolerated’ in the hemisphere though apparently he was persuaded by aides that such a statement would unnecessarily provoke America’s friends in the region.50 However, while the doctrine remained formally undeclared, Kennedy ordered a rapid build-up of US conventional and counter-insurgency forces and, on 13 March 1961, announced the Alliance for Progress. Despite the Alliance’s apparent emphasis on an inter-American partnership to foster economic development and improve the living conditions of the Latin American masses,51 the programme was little more than a massive counter-revolutionary scheme whose major legacy was the strengthening of the Latin American militaries. Under the umbrella of the Alliance enormous sums were poured into military assistance and counter-insurgency training programmes and in 1964 the Central American Defense Council (CONDECA) was established.52 In the words of one analyst:

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47 LaFeber, Inevitable Revolutions, p 81–3.
50 LaFeber, Inevitable Revolutions, p 150.
51 For a very positive, but highly misleading, analysis of the Alliance see Harvey S Perloff, Alliance for Progress: a social invention in the making, Baltimore: Johns Hopkins Press, 1969.
There could be no pretense that CONDECA was designed to meet external aggression ... After 1964 [there were] more than a dozen counter-insurgency operations by CONDECA ... For the US Southern Command, CONDECA proved an excellent instrument. It was politically more convenient for local forces to assume the old US role of regional policeman ... Counter-insurgency operations were directly linked in to the CIA through US military missions in each country, and CONDECA brought the USA one further benefit: the right to use the territory of any member country as a base for future attacks on Cuba.53

President Lyndon B Johnson carried forward Kennedy's policy and in April 1965 emphasised the American position by sending 22,000 troops into the Dominican Republic. Concern about the well-being of the US multinational, Gulf and Western, was one important aspect of the US invasion and occupation.54

President Richard Nixon's approach to Latin America was to increase military assistance, and to intensify and strengthen the militarism promoted by Kennedy and Johnson. When the President announced in October 1969 that 'we must deal realistically with governments in the inter-American system as they are', the army held power in every Central American country except Costa Rica. Clearly Nixon agreed with Roosevelt's thinking about the benefits of working with dictators who were loyal clients. As LaFeber comments:

This approach fit well into the widely trumpeted Nixon Doctrine of 1969; that in the wake of the Vietnam War, the United States could no longer act as sheriff in the world, but would work closely with—and arm heavily—selected allies who could act as policemen. The cops included the Shah of Iran on the Middle East beat, the Brazilian generals on the South American, and the military regimes on the Central American. Somoza turned out to be a special favorite ...55

In 1973 the Nixon administration participated in the organisation of the Chilean coup that overthrew the constitutionally elected president, Salvador Allende Gossens (ending one of the longest democratic traditions in Latin America), after a major campaign to disrupt the Chilean economy, and serious efforts to manipulate the election that had brought Allende to power.56 The interests of US multinationals, in

53 Black, Triumph of the People, pp 48–9.
55 LaFeber, Inevitable Revolutions, p 203.
particular International Telephone and Telegraph and Anaconda, were prominent considerations in this intervention.

President Carter chose the rhetoric of human rights in an attempt to ‘reform’ several of the worst Latin American regimes. Initially he appeared to believe that stability in the Latin republics, and in turn US interests, could be best assured if the Latin American governments were less abusive of their own people. Thus, for example, the US threatened to cut off military aid to Guatemala (after some twenty years of counter-insurgency assistance and thousands of civilian murders)\textsuperscript{57} if it did not improve its human rights record. But before the administration had an opportunity to implement such a policy Guatemala rejected US military assistance and turned to Israel (who from 1977 until 1986 provided a succession of regimes in Guatemala City with arms, advisers, and a variety of other types of assistance, more than making up for what did not come from the USA.\textsuperscript{58} Indeed, Carter’s whole approach was fraught with contradictions. For instance, in early 1980 he sent arms and aid to the Salvadoran military junta in direct contravention to a plea from the Salvadoran archbishop, Oscar Romero, who had written to Carter that military aid ‘will surely increase injustice here and sharpen the repression that has been unleashed against the people’s organisations fighting to defend their most fundamental human rights’.\textsuperscript{59} A few weeks after Carter dispatched the assistance, Romero was murdered in his own church. In less than a year, by the time Ronald Reagan took office in January 1981, ‘some 10,000 people had been killed, mostly peasants, many after hideous torture’.\textsuperscript{60}

The contradictions of Carter’s approach—human rights versus US national interests—resulted in a policy that differed not at all from previous administrations. Indeed, as one analysis pointed out: ‘Carter had provided the incoming Republican Administration with the policy


foundations to pursue a military solution in El Salvador and covert action against Nicaragua.\textsuperscript{61}

President Ronald Reagan came to office in 1981 without even the discourse of the Good Neighbor or human rights policies. Richard Allen, the President’s first national security adviser, set the tone for the Reagan administration’s approach with the comment that ‘US military power has always been the basis for the development of a just and humane foreign policy’.\textsuperscript{62} And, indeed, the Reagan team used every aspect of the US military/security establishment in its attempt to control events in Latin America. The invasion of Grenada in 1983, support for the Salvadoran military, and the efforts to overturn the 1979 revolution in Nicaragua were but the most obvious manifestations.

\textbf{US policy in Nicaragua 1855–1988: the full circle}

Nicaragua has had, perhaps, more experience of exploitation \textit{vis-à-vis} the USA than any other Latin American country. The first US involvement—though more of a rogue affair than an official undertaking—is nevertheless well remembered and deeply resented by Nicaraguans. In 1855 an American by the name of William Walker (who was supported by a group of fifty-eight American mercenaries and powerful Southern slave state interests) installed a puppet government behind which Walker was the real power. Washington granted the new regime immediate recognition. In 1856 Walker formally took over the presidency, legalised slavery, and declared English the official language.\textsuperscript{63} The following year he was overthrown by an alliance of Nicaraguans, other Central Americans, the American railroad magnate, Cornelius Vanderbilt, and the British who controlled a protectorate on the Atlantic (Miskito) coast (administered from the port town of Bluefields). Thereafter the British remained on the Miskito coast until 1893 when Nicaraguan troops under the leadership of Liberal party president José Santos Zelaya delivered an unexpectedly sharp military blow. In 1895, a combination of US State Department manoeuvres and Nicaraguan military pressure expelled Britain from its former protectorate, permanently ending British involvement in the region.\textsuperscript{64}


\textsuperscript{64} Black, \textit{Triumph of the People}, p 6 and LaFeber, \textit{Inevitable Revolutions}, p 46.
That, however, was one of the few areas of cooperation between Zelaya and the United States.

Between 1893 and 1909 Zelaya, a Nicaraguan nationalist, made considerable progress in modernising the country’s economy but his economic reforms and his commercial overtures to Britain and Japan met with intense US opposition. He actively promoted Central American reunification which the US considered a threat to its interests. Washington made no secret of its desire to see Zelaya overthrown and when a local threat emerged, US support was decisive in its success. In 1909 Conservative party members Emiliano Chamorro and Juan Estrada led a revolt against Zelaya financed with one million dollars of private American capital. Moreover, the US consul at Bluefields was sufficiently involved with Chamorro and Estrada to provide Washington with three days’ advance notice of when the revolt would occur. Once the Chamorro–Estrada campaign began in 1909, President Taft sent troops to support the rebel stronghold in Bluefields; Zelaya then resigned and went into exile. The Nicaraguan Congress elected Liberal José Madriz to the presidency but Washington refused to recognise him and sent more troops to back the Chamorro-Estrada faction until it seized power in mid-1910. Estrada ruled for a brief period but encountered so much domestic (Nicaraguan) opposition that the US engineered the installation of another president, the Conservative Adolfo Diaz.

It is significant that internal politics in Nicaragua involved struggles for power played out in a party system made up of Conservatives and Liberals involving periodic elections as well as military coups. The Conservative party represented the economic interests of a small class of coffee growers, but the interests of the Liberal party were also fundamentally elitist even though it reflected different economic concerns. The USA was convinced that its interests would best be served by the Conservatives, whom it supported against the Liberals from 1890 until 1928. The masses of workers and peasants played virtually no role in the political life of the country until a popular movement, led by Augusto Cesar Sandino, emerged in 1927.

During the US-imposed Diaz regime Washington vastly expanded its control of Nicaragua, appointing an administrator of customs revenues

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65 LaFeber, Inevitable Revolutions, p 47.
66 For an analysis of what economic interests the parties represented, the importance of various economic interests to the US, and the nature of Nicaraguan domestic politics during this period, see Black, Triumph of the People, pp 10–12.
and assuming effective control of Nicaraguan finances. Tax laws and currency rates were altered according to Washington's dictates and 51 per cent of the shares in the National Bank were given to US bankers. Loans were contracted with outrageous interest rates from the US banking firm of Brown Brothers and Seligman, while US corporations seized major share holdings in the railway system and the national steamship company—which were run by American administrators, and in addition, were used as collateral for the loans.67 Domestic opposition to the rule of Diaz grew rapidly and by 1912 he faced a full-scale rebellion. In response, the USA dispatched a contingent of 2,600 marines that suppressed the revolt, propped up Diaz, and commenced a twenty-year occupation of Nicaragua.

From 1910–25, the USA ran Nicaraguan affairs through a series of surrogate presidents (beginning with Diaz, followed by two other Conservatives, Emiliano Chamorro and Diego Manuel Chamorro). In addition to the commercial advantages which Washington gained during Diaz's rule, when Emiliano Chamorro became president he agreed to the Brian–Chamorro Treaty in 1916, which granted the USA exclusive rights to construct a canal on Nicaraguan territory as well as giving it a renewable 99-year lease on the Corn Islands off the Atlantic Coast and rights to build a naval base in the Gulf of Fonseca (which lies between Nicaragua, Honduras and El Salvador). By the end of the period, Nicaraguan currency had become tied to the dollar, while half of the country's exports and nearly 40 per cent of its imports involved the United States. As noted by Walter LaFeber:

... dependence had already gone beyond mere trade. The very structure of Nicaragua was shaped and controlled by North American bankers and soldiers ... power was determined more in Washington than in Managua. That determination mirrored both the ... quest for political stability and the burgeoning US industrial and financial complex's search for profits in an area where its military force now stood supreme.68

An election in 1924 brought a weak Conservative-Liberal coalition government to office, but Emiliano Chamorro staged a coup in 1925, whereupon the deposed Liberal vice-president, Juan Sacasa, turned to Mexico for assistance. Washington was concerned by the prospect of Mexican involvement in the affairs of Nicaragua as well as by the country's instability. Thus in 1927 Washington again sent in troops to

67 LaFeber, Inevitable Revolutions, p 47–9 and 64–9; Black, Triumph of the People, pp 3–14; and Walker, Nicaragua, pp 15–24.
68 LaFeber, Inevitable Revolutions, p 49.
quell the internal discord (though American military personnel had remained in occupation of Nicaragua from 1910). After arranging a cease-fire between the Conservative supporters of Chamorro and those of the Liberal party supporting Sacasa (including the hand-over of all arms to the US marines), Washington insisted that Chamorro step down, then placed its old friend Adolfo Diaz in the presidential office. With the termination of the Liberal-Conservative clash both parties signed the pact of Espino Negro in which they effectively agreed to accept permanent subservience to US domination. The only dissent came from Sandino who continued military operations against the US marines.

From 1927 until 1933, Augusto Cesar Sandino waged a guerrilla campaign that the US marines were unable to halt. At the height of the war, in 1932, Sandino had 6,000 men in his movement and was carrying out operations in ten of Nicaragua’s sixteen departments. The inability of America’s conventional forces to suppress the guerrillas led to Washington’s creation of a Nicaraguan military force that could manage the rebellion and protect US interests. Thus, while the US supervised elections in 1928 (which brought the Liberal party’s Jose Maria Moncada to power) and provided a facade of democracy to Nicaraguan politics (though hardly of consequence after the Espino Negro Pact, considering US engineering of the election, and given the economic and political domination by the USA in the country), at the same time Washington systematically ‘Nicaraguanised’ the internal conflict. This involved the intensification of a policy (begun in 1925) to recruit, train, arm, and equip a local National Guard.

American forces withdrew from Nicaragua in 1933 and, as Washington expected, the new National Guard filled the vacuum. In 1934, the Guard’s commander, General Anastasio Somoza Garcia, ordered the assassination of Sandino—though, as he had promised, Sandino had laid down his arms after the departure of US troops in order to negotiate a new order with Nicaragua’s Liberals and Conservatives. Neither party, however, had the slightest intention of accommodating the interests Sandino represented; moreover, even if they had, their subordination to the USA would have precluded real reforms.

Anastasio Somoza seized power in a military coup in 1936 marking the beginning of a dynasty that ruled Nicaragua until 1979. He was assassinated in 1956 whereupon his son Luis assumed the presidency and reigned for seven years. Between 1963 and 1967 Rene Schick occupied
the presidential office but the National Guard (that is, the Somoza family) ruled de facto. In 1967, another son, West Point-trained Anastasio Somoza Debayle, head of the National Guard from 1955, assumed power after a blatantly rigged election and controlled the country until he was deposed in 1979.69

The Somoza family is characterized both by its plunder of Nicaragua, and for serving as one of the most dependable US clients/surrogates in the globe.70 In addition to cooperating fully with US economic interests, the Somozas also consistently backed US militarism. For instance, they permitted the USA to establish military bases in Nicaragua during the Second World War, to use the country as a base for training and organising the 1954 CIA-sponsored coup against President Jacobo Arbenz of Guatemala, and as a staging ground for the 1961 Bay of Pigs invasion of Cuba. Moreover, anti-Castro Cubans were permitted to organise military training camps in Nicaragua and were given economic incentives which established Managua (together with Miami) as a major base for operations against Cuba. In addition, Nicaraguan National Guardsmen aided in the US occupation of the Dominican Republic in 1965. The Somozas also offered to send members of the National Guard to fight in Korea and Vietnam.71

The patron–client relationship was cemented during the era of FDR’s Good Neighbor Policy when economic and military links were deepened. As noted, Anastasio Somoza Debayle was trained at West Point; more importantly, as a result of Roosevelt’s initiative the Nicaraguan National Guard became the most heavily US-trained military establishment in Latin America. By the 1960s, more members of Somoza’s guard had received military instruction from the USA than any other military establishment in Latin America (including that of Brazil, a country approximately fifty times larger in population).72 FDR’s military assistance programme also benefited Nicaragua: between 1946 and 1976 Managua received $23.6 million in military aid through grants and credits.73 Economic ties growing out of the Good Neighbor Policy were also particularly important to Nicaragua:

69 See the analysis by Walker, Nicaragua, pp 27–30.
70 LaFeber, Inevitable Revolutions, pp 64–9; Black, Triumph of the People, pp 9–13; and Walker, Nicaragua, pp 20–23.
73 Black, Triumph of the People, pp 47–8.
By 1939, the Ex-Im [sic] Bank had loaned money for projects in Nicaragua, but with the conditions that a US engineer headed the largest project, that Washington officials had access to Nicaraguan records and approved certain expenditures, that US materials were used, and—of social significance for Nicaragua’s development—that Somoza encouraged agricultural and small industrial enterprises that fit into, and would not compete with, North American businesses. The Ex-Im Bank thus not only helped mold Nicaraguan development, but carefully fit it more tightly into the North American System.\textsuperscript{74}

The primary effects on Nicaragua of President Kennedy’s Alliance for Progress were to increase the power of the National Guard, to strengthen the Somoza dictatorship and to worsen the economic situation of the majority of Nicaraguans. As one analyst noted: ‘The Alliance accelerated Nicaragua’s revolution. The program raised hopes, but it did little or nothing for peasants and laborers who were displaced by machines, forced to subsist as squatters, or searched for survival in the cities.’\textsuperscript{75} In fact, by the mid-1960s the condition of the masses had become so desperate that when the National Sandinista Liberation Front (FSLN) emerged in 1967 it rapidly garnered widespread support among the Nicaraguan people.\textsuperscript{76}

Nicaragua’s economic problems were not primarily a result of a lack of capital but of structural factors that were reflected in the disparities between the lavish life-style enjoyed by a tiny elite (with the Somoza family at its apex) and the desperate poverty of some 80 per cent of the population. In fact, during the 1960s capital flow into the country was relatively high. Between 1961 and 1967, the Alliance authorised nineteen loans to Nicaragua, totalling $50 million. The Inter-American Development Bank injected another $50 million, and direct US investment rose from $18 million in 1960 to $75 million ten years later.\textsuperscript{77} Moreover, during this period:

American companies’ share of all foreign investments grew until it represented 80% of the $170 million total... Secrecy of operations was one of the many


\textsuperscript{75} LaFeber, \textit{Inevitable Revolutions}, p 164.


\textsuperscript{77} LaFeber, \textit{Inevitable Revolutions}, p 162.
benefits enjoyed by US companies investing in Nicaragua. They were granted exemption from foreign exchange purchase restrictions, fiscal incentives, unlimited rights of transfer of capital and profits, free importation of machinery and export of finished products, and mutually beneficial credit arrangements through Somoza’s development bank INFONAC. American capital increased its foothold in various ways, establishing new enterprises and buying up traditional ones, squeezing out local firms, notably in the fishing and chemical industries, by persuading competitors to reduce their level of operations, and entering into joint investment ventures with Somoza and other Nicaraguan businessmen. Eventually 63 American transnationals and 70 subsidiaries were operating in Nicaragua: 76% of all foreign controlled enterprises. The most powerful were Exxon (an oil refinery), Hercules and Pennwalt (chemicals), United Brands (a plastics subsidiary), Nabisco and General Mills (food processing), Sears Roebuck Co. (department stores), and US Steel, who operated the METASA plant jointly with Somoza.78

The investment climate was obviously highly favourable from the point of view of American capital.

The Nixon Doctrine, institutionalising the concept of regional surrogates acting as substitutes for direct US military intervention, further strengthened the Somoza family’s position. As noted earlier, Somoza was a particular favourite of President Nixon, who revitalised CONDECA, and gave special emphasis to Nicaragua’s role in it:

As the symbiotic relationship between the USA and the National Guard deepened, Somocismo emerged as the staunchest ally of North American imperialism in Central America and the lynchpin of CONDECA’s system of regional repression.79

The contradictions of President Carter’s human rights policy were nowhere more apparent than in Nicaragua. While professing to value human rights, Carter made clear his preference for Somoza over the FSLN. Indeed, the moment the dictator gave even the appearance of a slight easing of repression, Carter dispatched $2.5 million in arms (in late 1977) and, significantly, withheld economic aid. In the same vein, though perhaps even more fundamental, while Carter pressed Somoza to open up the political process and limit the unbridled violence practised by the National Guard, he did nothing to encourage redistribution of Nicaragua’s national wealth or to broaden the opportunities for the overwhelming majority of the population who were excluded from the

78 Black, Triumph of the People, p 39.
economic and political life of their country. Nor did Carter even comment on the massive corruption of the Somozas.  

Between September 1978 and July 1979, the Carter administration sought, without success, to manipulate Nicaraguan politics to produce a ‘moderate’ pro-USA, centrist government that could function as an ‘acceptable’ alternative to both Somoza and the FSLN.  

When that failed, the USA tried other tactics, some described by Alfonso Robelo (at one time a pro-USA figure in the FSLN, later a Contra leader):

First, the US came and told everyone they would put pressure on Somoza to go. They created false expectations. When Somoza’s reaction was to say, ‘come and [remove me] physically,’ they backed down. They actually downplayed the process and at the end put little pressure on Somoza and gave him valuable time to build up his National Guard.  

In early 1979 Carter attempted to exert some pressure on Somoza by cutting back on US aid but this did not reduce the military effectiveness of the National Guard who had been well trained by the USA; and, moreover, Israel and Argentina more than made up in weapons, assistance, and advisers what the USA held back. As late as May 1979, two months before Somoza fell, Carter supported his request for a $66 million loan from the IMF. On 17 July 1979 Somoza fled Nicaragua.  

After the triumph of the Sandinista Revolution the Carter administration attempted to control the new government through a variety of measures. The President proposed $75 million in assistance of which one-third was to go for the training of Sandinista soldiers (a standard US tactic intended to coopt a military establishment to a pro-American position against its own government—a military that can then be counted on to stage a coup). Congress haggled over the aid request for eight months before approving it, in the end adding sixteen conditions, including that 60 per cent of the assistance should go to the private business sector, that no funds should go to projects using Cuban personnel (effectively cutting out aid to health and educational facilities), that the Sandinistas hold elections within ‘a reasonable period of time’, and other similar demands.

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81 See the analysis in PAGCA, Changing Course, pp 23–5 and LaFeber, Inevitable Revolutions, pp 229–41.
82 LaFeber, Inevitable Revolutions, p 233.
However, after successfully pressing Congress for the assistance, Carter suspended it in the last months of his administration because of Sandinista aid to the rebels in El Salvador. When the issue of aid resumption came before the Reagan administration that took office in January 1981, the new President responded with an ultimatum to Nicaragua giving it thirty days to halt all arms shipments to the Salvadoran guerrillas as a prerequisite for any assistance. Managua complied with the demand and even Reagan officials admitted that arms transfers had ceased. Nevertheless, in April Washington announced that aid would not be resumed; the USA then suspended concessionary wheat sales, and all bilateral assistance to Nicaragua ended. This act heralded the first step in the Reagan team's economic war against Nicaragua—a war that was rapidly augmented with covert operations and a surrogate military campaign, plus a propaganda offensive of extraordinary intensity and massive disinformation. Cold war rhetoric was extensively employed as the President and his men warned of 'Soviet–Cuban aggression' in Central America, the 'Marxist–Leninist regime in Managua', and exhorted Americans to excise the 'cancer of Communism' that was spreading in their backyard.

Reagan's economic strategy was predicated on the thesis that through the destabilisation of the Nicaraguan economy and the infliction of economic hardship on the Nicaraguan people, the USA could foster discontent among the population and turn it against the Sandinistas, eventually leading to counter-revolution. Thus the termination of all bilateral economic assistance was followed by US efforts to block Nicaragua's access to multilateral channels of financial aid. The World Bank (IBRD) and the Inter-American Development Bank (IDB) were the two major multilateral sources to which the Sandinistas could turn for assistance; however, the USA is the largest shareholder in each and possesses significant influence over their lending processes. In early November 1982, the Reagan administration exerted pressure on both institutions to cease making loans to Nicaragua. That same month, the World Bank froze all loan applications from Nicaragua, and in

84 Gilbert, 'Nicaragua' in Blackman, Leogrande, and Sharpe, Confronting Revolution, p 99.
86 Gilbert, 'Nicaragua', pp 99–100.
September 1984, it announced that the IBRD was officially terminating further lending until the Sandinistas repaid $6.9 million in overdue debts.88

In the Inter-American Development Bank the Reagan administration used its veto over ‘soft-window’ (low interest) loans in January 1982 and June 1983 to block aid to Nicaragua. The USA does not have veto power over ‘hard window’ (high interest) loans in the IDB but nevertheless it managed to obstruct Nicaragua’s access to those developmental credits as well. In January 1985 it threatened to terminate US funding of the IDB if further loans were made to Nicaragua. None were.89 Similarly, the Reagan administration put pressure on private American banks not to lend to the Sandinistas.

A third aspect of the economic war was the reduction of bilateral trade between the US and Nicaragua, followed by the imposition of a complete trade embargo. In 1981 the USA terminated Export–Import bank guarantees to finance American exports to Nicaragua; in 1982 prohibitions were placed on the export of US chemical feedstocks. Shortly thereafter Washington imposed a highly unfavourable schedule for the shipping of Nicaraguan sugar to the USA; and in June 1983 Reagan ordered the closing of all Nicaraguan consulates—without which commercial relations are virtually impossible. A direct sugar import quota was imposed in May 1983. Finally, in May 1985, Washington instituted the full embargo.90

Reagan’s war of economic destabilisation proved highly destructive to the Nicaraguan economy. Production declined; the private sector contracted; inflation soared; decreased export earnings forced the government to limit imports of machinery, fertilisers, oil, and other industrial and agricultural necessities; foreign borrowing increased; Managua’s ability to meet its debt obligations declined; development of key economic sectors stagnated; and because of the financial resources needed to defend the country against the Contra war, scarce resources required for economic development had to be shifted into military spending.91

The Contra war was the key tactic in a campaign of military pressure that accompanied the economic warfare in Washington's objective of overturning the Sandinista Revolution. (Direct CIA covert operations were also widely employed.) Reagan officials appeared to believe that the Contras had a fair chance of defeating the Sandinistas, especially if adequately organised, advised, supplied, and otherwise supervised by the United States. However, even if they were unable to win, American decision-makers reasoned that the Contras would make a significant contribution to halting the nationalist movement by causing it to become 'militaristic and totalitarian', allied with Cuba and the Soviet Union, and incapable of developing its economy or meeting the needs of its people.92

President Reagan portrayed the Contras as freedom fighters and the equivalent of America's Founding Fathers, but two former Contra officials—Edgar Chamorro and Silvio Arguello Cardenal—describe them as a CIA proxy force that engaged in little but terrorism against civilians. In late 1984, Chamorro resigned from his leadership position in the directorate of the largest Contra organisation, the Nicaraguan Democratic Force (FDN), because of CIA control and the Contras' terrorist tactics. In an affidavit which he submitted to the International Court of Justice, Chamorro stated:

The atrocities ... were not isolated incidents ... I complained to ... the CIA station chief ... but nothing was done to stop them ...

The FDN turned out to be an instrument of the United States Government and, specifically, of the CIA. It was created by the CIA, it was supplied, equipped, armed and trained by the CIA and its activities—both political and military—were directed and controlled by the CIA ... It could not exist without the support and direction of the United States Government.93

In June 1985, in order to give the FDN a facelift for public relations purposes in the USA, Washington catalysed the formation of the United Nicaraguan Opposition (UNO) by bringing together three Contra leaders, Aldofo Calero, Alfonso Robelo and Arturo Cruz. But the UNO did not differ from the FDN except for the addition of Cruz and Robelo. And, as Silvio Arguello Cardenal, a former vice-president under Somoza,


93 Quoted in UPDATE, Washington DC, Central American Historical Institute, Georgetown University, 5 (3) 31 January 1986, pp 8–9. (Also see Chamorro, Packaging the Contras, passim, for a personal account of his experiences with the Contras, their terrorist tactics and their relationship with the CIA.)
commented: 'UNO is designed to do battle in Congress ... It owes its existence ... exclusively to ... US intelligence agencies that provide it direction and exercise strict everyday control over its military operations and political pronouncements.'

As a serious fighting force the Contras have proved ineffective. But they have forced the Sandinistas to institute an unpopular draft and state of emergency. In addition, the Contra war has damaged vital national infrastructure, compelled the government to divert resources from economic development to the purchase of arms, and in general has contributed to the impoverishment of Nicaragua. The Contras have also engaged in acts of gross terrorism against the civilian population of Nicaragua.

Finally, the USA has torpedoed every attempt—on the part of Nicaragua or other Latin American countries—to pursue a diplomatic solution to the conflict. To mention but a few of the more important efforts: in 1982 and 1983 the Sandinistas made repeated private and public attempts to open negotiations with the United States. In 1982 Mexico and Venezuela undertook an initiative to mediate the conflict. The following year that was broadened to include Panama and Colombia, the collective that came to be known as the Contadora Group. In mid-1983 Nicaragua launched a diplomatic offensive designed to identify itself with Contadora's objectives, and in the months that followed the Sandinistas elaborated an increasingly conciliatory negotiating position. In 1987 the presidents of all the Central American republics agreed on a plan sponsored by the Costa Rican president, Oscar Arias Sanchez (subsequently known as the Arias Plan that won the Costa Rican the Nobel Peace Prize). Nicaragua has made every attempt to cooperate with the Arias Plan. Conversely, the USA has made no positive response to any of these initiatives—indeed, it has worked to undermine them—because Washington does not want a diplomatic settlement. It wants to terminate the Nicaraguan revolution, oust the Sandinistas, annihilate Nicaraguan nationalism, and install a government which the USA can manipulate to serve its own objectives.

**Conclusion**

The examination of US policy toward Nicaragua since 1885 as part of an analysis of Washington’s relations with Latin America and the location

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96 For a full discussion of these peace plans see Gilbert, 'Nicaragua', p 118–22.
of both in the global/historical context of US foreign policy generally has demonstrated several characteristic features of American foreign policy.

The most striking is the consistency and the continuity of the major elements of American foreign affairs over time and across the globe. There are four particularly important aspects of policy: (1) Foreign policy is fundamentally motivated by economic interests. American capital is concerned with securing a stable investment climate and ensuring access to raw materials and markets throughout the globe. The American government—a reflection of the structure and distribution of economic strength within the society—has utilised its power abroad to implement policies designed to maximise access and foster stable investment environments. The most important expression of this is the 'open door' policy, conceived in the mid-nineteenth century to facilitate access to China and Japan and thereafter constituting the base for all US foreign policy.

(2) The economic motivations behind policy are obfuscated in the ideology of 'national security'. This practice began with the Monroe Doctrine, was continued through a series of policies such as the Roosevelt Corollary, and has been institutionalised in the ideology of the national security state—an all-pervasive social system that, since the Second World War, has dominated every sector (including the intelligentsia) of American society. The discourse about security is essentially designed for domestic consumption: to ensure the support of the American public for foreign interventions that would probably be opposed if citizens knew the true reasons for policy. (People will often die for their country's security; they are less willing to do so to increase the profits of United Fruit or ITT.) The article has suggested a dichotomy between actual threats to US security and the utilisation of rhetoric concerning security threats, and has placed that inference against the frame of concrete and persistent economic interests.

(3) US opposition to Third World nationalist movements is a long-standing policy that originated in the early nineteenth century. It arises from structural and ideological factors inherent in the American economic system as well as from perceptions of policy-makers about the needs or requirements of the economy. This paper has illustrated Washington's anti-nationalism as manifested in behaviour toward the Far East (China and Japan), the Pacific (Hawaii and the Philippines), Central America and the Caribbean (indeed, all Latin America), the Middle East, and elsewhere. Contemporary US antipathy to
Nicaragua’s Sandinista nationalist movement and Iran’s Shi’ia fundamentalist nationalism are but the most recent examples of this historic and structural policy.

(4) The American government has traditionally utilised all means at its disposal to realise its objectives internationally. These have included military, political, and economic means and involve a myriad of tactics such as attempts to influence the outcome of elections; the organisation and execution of coups; the buying-off and cooptation of elites; establishment of patron–client relationships; deposing governments; granting military aid (the sale of arms, the provision of money, training armed forces, etc.); building up surrogates; fomenting and aiding insurrections; invasions; occupations; imposing treaties; writing and imposing constitutions; extending diplomatic recognition; assassination; the ‘show’ of force; issuing unilateral proclamations and doctrines; devising legalistic justifications and legitimations; imposing tariffs; embargoing trade; impeding access to international lending institutions; and endless other means. That the Iran–Contra affair was simply business as usual; not an aberration, is clearly apparent from the analysis herein.