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ARGENTINA'S GRAND STRATEGY IN TIMES OF HEGEMONIC TRANSITION: CHINA, PERIPHERAL REALISM AND MILITARY IMPORTS*

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ABSTRACT

This paper applies peripheral realist theory to the analysis of the opportunities open to Argentina as a result of the ascent of China, which is already a more important importer of Argentina, Brazil and Chile than the United States. It assumes that the decline of a superpower that does not complement itself well with Argentina's, and its replacement by a power that needs part of its production, is beneficial to its interests. It reminds us that Argentina is a case of declining state mobility, and that its decay was accentuated by two main historical policies: its neutrality

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during World War II, and the Falkland/Malvinas War of 1982. These policies showed that its leadership did not understand how the interstate order works. Indeed, world order is hierarchical: a handful of states are rule-makers; a great many are rule-takers; and another handful are rebels. The study concludes that Argentina's rebellions are mainly to blame for its notable degradation, whereby it has lost its capacity to defend itself vis-à-vis neighbors that are not great powers. The new changes in world order, however, could help it recover its lost status, so long as it develops an adequate relation with China. The study concludes that Argentina's rebellions are mainly to blame for its degradation, whereby it has to-date lost its capacity to defend itself vis-à-vis neighbors that are not great powers: a quasi-protectorate. The new changes in the world order, however, could help it recover its lost status, so long as it develops a *modus vivendi* with China.

Keywords: Peripheral Realism, Military Imports, Strategy, Hegemonic Transition, China, United States, Argentina.

LA GRAN ESTRATEGIA ARGENTINA EN LOS TIEMPOS DE LA TRANSICIÓN HEGEMÓNICA: CHINA, REALISMO PERIFÉRICO E IMPORTACIONES MILITARES

RESUMEN

Este trabajo aplica la teoría del realismo periférico al análisis de las oportunidades abiertas a la Argentina gracias al ascenso de China, que ya es un importador más importante de Argentina, Brasil y Chile que Estados Unidos. Parte del supuesto de que es ventajoso que una potencia hegemónica como Estados Unidos, cuya economía no se complementa bien con la de Argentina, sea reemplazada por una potencia que se complementa mejor. Nos recuerda que Argentina es un notable caso de movilidad estatal descendente, y que su decadencia se acentuó debido a dos circunstancias históricas principales: su neutralidad durante la Segunda Guerra Mundial, y la Guerra de Malvinas de 1982. Al adoptar estas políticas, las dirigencias argentinas demostraron no comprender el verdadero orden interestatal, cuya estructura es incipientemente jerárquica: hay unos pocos forjadores-de-reglas; una mayoría de tomadores-de-reglas, y un puñado de Estados-rebeldes. El estudio concluye que las rebeldías argentinas le valieron al país una degradación colosal, por la cual actualmente ha perdido su capacidad para defenderse frente a vecinos que no son grandes potencias. Los cambios en el orden mundial pueden ayudarle a recuperar el estatus perdido, pero siempre que consiga establecer una buena relación con China.

Palabras clave: Realismo Periférico, Importaciones Militares, Estrategia, Transición Hegemónica, China, Estados Unidos, Argentina.

A GRANDE ESTRATÉGIA ARGENTINA NOS TEMPOS DA TRANSIÇÃO HEGEMÔNICA: CHINA, REALISMO PERIFÉRICO E IMPORTAÇÕES MILITARES

RESUMO

Artigo que se aplica a teoria do realismo metodologicamente periférico para a análise das possibilidades de abrir para a Argentina graças a ascensão da China, maior importador de Argentina, Brasil e Chile que os EUA. O alvo vai mostrar como a potência hegemônica americana, está sendo substituído pela China. A Argentina é um caso de mobilidade descendente de Estado, e seu declínio acentuou-se por causa de duas principais circunstâncias históricas: a neutralidade Argentina durante a segunda guerra mundial e a guerra das Malvinas de 1982. Adotando essas políticas, a liderança Argentina mostrou não entender a verdadeira ordem da interestadual. A propósito, sua estrutura é hierárquica incipientemente. Na ordem entre os Estados, existem alguns fabricantes-de-regras (energia necessária para impor regras e quebrá-los); decisão fabricantes-de-regras (a grande maioria dos Estados-Membros) e um punhado de Estados-rebeldes (que, sem o poder de impor regras, recusar-se a seguir o estabelecido). O estudo conclui que as rebeliões argentinas ganhou o país uma degradação colossal, que atualmente tem perdido sua capacidade de se defender contra os vizinhos que não são grandes potências: um quase protetorado. Mudanças em ordem mundial podem ajudá-lo a recuperar o status perdido através de um *modus vivendi* com a China.

Palavras-chave: Realismo Periférico, Importações Militares, Estratégia, Transição Hegemônica, China, Estados Unidos, Argentina.

INTRODUCTION

This rather complex paper, centered on the case of Argentina, hinges around two main themes that are complementary to each other.

One of these themes is that Argentina is a state that has suffered a long-term degradation marked by two main turning points: its neutrality during the Second World War; and its 1982 invasion of the Falkland/Malvinas Islands, that unleashed a war with the United Kingdom.

The first policy backfired, leading to a substantial change in the South American balance of power, in favor of Brazil and to the detriment of Argentina. The latter was even more damaging, leading to the debacle of the Argentine military establishment, which lost its capacity to lobby domestically for an adequate defense budget.

Since 1982 to the present this situation has not been corrected and Argentina's armed forces have been increasingly neglected. Thus, this Southern Cone country has become defenseless vis-à-vis its two more powerful neighbors, Brazil and Chile. It survives legally as a state because there is an implicit consensus between the latter two to the effect that it must continue to exist. But from a political-scientific perspective Argentina has lost one of the main functions that define a middle-class state: the possibility of defending itself from neighbors that are not great powers. These events, policies and their consequences will be analyzed herein within the framework of peripheral realism (henceforth RP, from the Spanish original *realismo periférico*).

On the other hand, and this is the second theme of the paper, the Southern Cone of South America is undergoing a turning point in its history due the decline of the United States and the rise of the People's Republic of China (PRC), which is already the most important extra-regional trading partner of Argentina, Brazil and Chile.

Given the fact that relations between the United States and Argentina have seldom been good, the present world circumstances may generate new and unexpected opportunities for this declining South American country. In turn, these opportunities could help to rebuild its military capabilities and recover its former status as a full-fledged, middle-class peripheral state.

A LITTLE BIT OF HISTORY

For the first time since the end of the Second World War, the world is undergoing a process of hegemonic transition. In 1945 the United States became the dominant superpower, when it produced half of the world's wealth and was the only country with atomic weapons. Come 1949, with the detonation of Soviet nuclear bombs, the interstate system became fully bipolar. In 1991, with the collapse of the Soviet Union, the pendulum swung and the world appeared to become unipolar, with the undisputed leadership of the United States. But the many errors committed by Washington after September 11, 2001, added to the financial crisis of 2008 and to the soaring ascent of China, dramatically changed this perspective. By 2014 the US has almost been displaced by the PRC from the number one position in terms of its GDP, and this makes it necessary to rethink the international strategy of several South American countries, especially Argentina.

Until very recently, the history of Argentina's insertion in the world could be divided into two great stages. The first was between 1880 and 1948, when an asymmetric interdependence with the United Kingdom developed. Between 1880 and 1914 the British invested enormous sums in Argentina. As a consequence, railways expanded from 503 km. in 1869 to 31,104 in 1914. Ports and granaries were built. And thanks to these infrastructural works, the country's sowed area surged from 0.58 million hectares in 1869 to 20.62 million in 1914. Simultaneously, export trade jumped from 29.6 million gold pesos in 1869 to 431.1 million in 1914 (Díaz-Alejandro, 1970, p.2).

This economic explosion generated an increase in Argentina's per capita income, putting it in a similar level as those of Germany, the Netherlands and Belgium, and above those of Austria, Spain, Italy, Switzerland and Norway (Mulhall, 1896, p.391). As a consequence, Argentina's middle classes grew from barely 10.6% of the population in 1869, to 30.4% in 1914. Massive European immigration also flowed into the Pampas, changing Argentina's traditional Latin American ethnic and cultural profile into something new (Germani, 1969).

But interstate relations have never been kind and easy. Even with economic complementarity, the stronger party will attempt to take advantage of the weaker one. This lesson was learnt painfully vis-à-vis London when, during the First World War, it insisted that Buenos Aires grant them credits with no interest, as well as a monopoly of its foreign trade. The South American country would not accept this, and the result was a series of sanctions that harmed grain and beef production, as well as foreign trade. From that moment on, Anglo-Argentine relations were never again what they had been (Gravil, 1986; Weinman, 1994).

Obviously, with the advent of World War II, the asymmetric interdependence with the United Kingdom was replaced by a dependence on the United States. As the link with the new hegemon lacked the counterpart of a limited great power dependence on the peripheral state, the situation could only get worse. Unlike Britain, the United States did not need Argentina at all, whilst they could inflict severe economic and financial damage upon it. Indeed, the ascent of the US to global superpower status was the worst thing that ever happened to Argentina (Escudé, 1992).

Most especially, this was reflected in US-sponsored sanctions against Argentine neutrality during World War II, which were much more severe than the analogous British-sponsored penalties during World War I (Escudé, 1983; Gravil, 1986). Indeed, once US hegemony was established, the consequences of Argentine legalism vis-à-vis its presumed neutrality rights were devastating.

To make it worse, Brazil, which was Argentina's competitor in South America, complemented itself much more with the United States, was much more relevant geopolitically, and had a much better historical relationship with Washington. Hence, the US economic boycott and political destabilization of Argentina, which lasted from 1942 to 1949, came together with pro-Brazilian policies (Hilton, 1979; Escudé, 1983).

Suffice to say that, in January 1944, President Franklin D. Roosevelt wrote to Secretary of State Cordell Hull instructing him "to give Brazil an effective fighting force near the Argentine border such as two or three divisions of motorized regiments" (Frank 1979:65); and that by February 1945, US Export Policy 1 towards Argentina read: "Export of capital goods should be kept at present minimums. It is essential not to permit the expansion of Argentine heavy industry" (U.S. Department of State, 1969)." Simultaneously, the US was promoting the nascent Brazilian steel industry. Indeed, the Volta Redonda steelworks were practically a US gift to Brazil (Hilton, 1979).

The severity of US sanctions against Argentina, which during the war were much more serious than those imposed upon Western European neutrals such as Spain, Switzerland and Ireland, were to a great extent the product of Argentina's lack of strategic and commercial relevance for the United States. Argentina's only competitive advantage was being a great producer of grain and beef, and the United States was the greatest producer worldwide of these goods. Contrariwise, though dependent on Washington for its very survival, London continued to need Argentine foodstuffs during the entire length of the war, and discretely lobbied for a less recalcitrant US policy vis-à-vis Buenos Aires, usually with little success (Escudé, 1983).

Thus, it is patently clear that the replacement of the United Kingdom by the United States as the hegemon in the Southern Cone region of the Americas had ruinous consequences for Argentina. But with the recent decadence of the United States, things have changed, because the People's Republic of China, the great power that is replacing it, has an economy that is complementary to Argentina's. In this context, if Argentina is to revert its decay and make good use of this new opportunity, it is urgent to learn from the lessons of the past.

ARGENTINA'S PLACE IN THE WORLD IN THE LIGHT OF PERIPHERAL REALIST THEORY

As mentioned, the period of US hegemony in the Southern Cone, from approximately 1948 to 2008, was one of permanent decay for Argentina. However, it would be a mistake to suppose that lack of complementarity between the US and Argentine economies was the only major factor underlying this unhappy outcome.

Doubtless, incompetence and corruption also played a part. But in addition to these intervening variables, there is another major cause for Argentina's failures that has often been overlooked by historians and international relations experts: Buenos Aires' lack of understanding of the *real* world order.

Argentina's neutrality during both world wars and its moral outrage at the sanctions it suffered as a consequence is an eloquent proof of this lack of understanding. Argentina took the juridical equality of states seriously, not unlike the neorealist theorists of a later age, such as Kenneth Waltz and Hedley Bull. Indeed, the myth of sovereignty, which is parallel to the naïve assumption that international law is equally applicable to all, is akin to *the neorealist concept of "anarchy" as coined by Waltz, who claims that states are "like units" with similar functions in the interstate system, even if there are enormous power differentials between them* (Waltz, 1979, p.78).

Peripheral realism, in contrast, is a theoretical construct that stresses the differences in functions engendered by power differentials between states. It logically and empirically demonstrates that although great powers interact under conditions of anarchy, the world order as a whole is hierarchical (Escudé, 1997, 1998 and 2014). According to Stephanie Neuman, Douglas Lemke and Ira Straus, peripheral realism's is a correction to realist international relations (IR) theory

that was badly overdue (Neuman, 2009, p.85; Lemke 2002, p.203; Straus, 2004, p.67). And as Robert Close (2009, p.236) has argued, it is an attempt at “making realism more realistic.” Notwithstanding, it has been largely overlooked by most mainstream theorists, at least partly for the structural reasons studied by Arlene B. Tickner (2013): as in other human endeavors, the academic “mainstream” stems from the center, not the periphery.

RP amends the error of supposing that the interstate order is anarchical, introducing a conception of the structure of the interstate system that includes three functionally-differentiated types of states:

- *Rule-makers (which forge both the written and unwritten rules of world order),*
- *Rule-takers (which do not have the power to forge these rules and accept them so long as they do not damage their economic interests), and*
- *Rebel states (which do not have the power to forge rules, but defy them forcibly and go “rogue”).*

The rule-makers, which are also the principal rule-breakers, are the five permanent members of the Security Council plus an economic great power, Germany. The five permanent members of the Security Council are rule-makers because they have the power to destroy the world. Germany, in turn, is a rule-maker because of its primacy in the Eurozone and the European Central Bank, which makes it the financial master of Europe.

Contrariwise to such rule-makers, states like North Korea, Iraq in the times of Saddam Hussein, Iran until its recent rapprochement with the United States, and a few others, belong to the category of rebel states.

And the remaining members of the international community, including most advanced industrial countries, are essentially rule-takers. Together with the rebels, they are operationally defined in RP as “peripheral states.” (Escudé 1997, 1998 and 2014)

Of course, case studies make it possible to refine these main categories. For example, a further distinction within the category of the rule-takers which is particularly relevant to the South American case we analyze here is that between:

- *Rule-takers that are capable of providing for their own security vis-à-vis other rule-taking peripheral neighbors, and*
- *Rule-takers that can do no such thing and survive as formally independent states because of interstate consensuses to that effect. Although from a juridical perspective they are full-fledged states, from a political scientific point of view we can consider them quasi-protectorates.¹*

1. Other case studies will warrant the coinage of other subcategories. For example, in the context of a study of economic conflicts of interest among European rule-takers, it would be reasonable to assert that Italy is not in the same league as Slovenia. Whilst RP postulates three main types of states, several functionally differentiated subtypes can be conceptualized *ad hoc* when useful for understanding relevant phenomena. This flexibility adds to the usefulness of the theory.

As suggested in the Introduction, Argentina is a state that, as a consequence of misguided policies, fell from the first sub-category of rule-takers to the second. It is now functionally differentiated not only vis-à-vis the United States, but also vis-à-vis Chile and Brazil.

The moral of the Argentine tale is that, for a peripheral state, rebellion is costly. This assertion is neither an assumption nor speculation, but the offshoot of the empirical historiographical research conducted mainly in the 1970s and 1980s which we have referred to above (Simonoff 2003). And as we have seen, the theoretical conclusions to these empirical studies were dramatically confirmed with the consequences, for Argentina, of the Falkland/Malvinas War of 1982.

Put in terms of RP theory, that war was the quintessential example of “rebellion.” In a move without parallels in the history of Latin American international relations, a rule-taker (Argentina) invaded a territory that had been held since 1833 by a major rule-maker (the United Kingdom). Not surprisingly, the most important rule-maker (the United States) cooperated with its great historical ally, and Argentina was amply defeated.

But Argentina did not learn the lesson and its challenge did not end there. Under the democratic administration of Raúl Alfonsín (1983-89), and notwithstanding its previous defeat at war, it continued to refuse to sign the Nuclear Non Proliferation Treaty, did not ratify the 1967 Tlatelolco Treaty for the Prohibition of Nuclear Weapons in Latin America and the Caribbean, devoted its scarce resources to the enrichment of uranium, and undertook a joint venture with Egypt, Iraq and Libya for the development of an intermediate-range guided missile, the Condor II, which could have destabilized the Middle East (Escudé 1992).

But by the time the Menem Administration (1989-1999) was inaugurated, the historiographical research regarding the US boycott of Argentina during the World War II era had been understood by part of the political leadership. The new government realized that Argentina's profile vis-à-vis the world was dangerous only to itself and that, if Buenos Aires continued to be perceived as a potential destabilizer and proliferator, another US boycott of even more devastating consequences could be unleashed. Hence, it set out to reform its foreign and security policies.

Among other measures, it reestablished relations with Britain, dismantled the Condor II missile project, became a member of the Missile Technology Control Regime (MTCR), and signed and ratified the nuclear treaties. This reform, which essentially followed RP normative guidelines, is still largely in place. Despite the anti-US rhetoric of presidents Néstor Kirchner (2003-2007) and Cristina Fernández (2007-2015), Argentina has not denounced the nuclear treaties or the MTCR. And despite anti-British rhetoric, diplomatic relations with the UK are normal and Argentines can travel to Britain without a visa.

But this post-1990 reaction vis-à-vis its previous excesses may have come too late. The Falkland/Malvinas War meant not only a humiliating defeat but also the beginning of a major military debacle. It was the worst possible end for the military dictatorship, because as stated before, and

unlike the Brazilian and Chilean cases, the Argentine armed forces lost the domestic bargaining power needed to preserve an appropriate part of the national budget.

The 1990s' neoliberal dismantling of the arms industry, plus successive economic crises, did the rest. Today, Brazil and Chile spend billions of dollars per year in arms procurement, while Argentina spends nearly nothing. In 2012 Argentina's military expenditure as a percentage of GDP was 0.9%, the lowest in South America, as compared with Brazil's 1.5% and Chile's 2.0% (SIPRI, 2013). Anthropomorphically-speaking, the 1982 rebellion broke the backbone of the Argentine nation.

Because of the rarity of interstate war in South America, which ranks as one of the greatest zones of peace in the world (Kacowicz 2005), it is unlikely that Argentina's present defenseless situation will imperil its territorial integrity. Notwithstanding, because rule-makers are rule-makers, not rule-takers, they cannot be trusted to punish perpetrators (Neuman 2009: 81-82). Argentina's territorial integrity depends more on a Brasilia-Santiago consensus than on a US security umbrella. Hence, this is one of the most radical pacifist experiments of all time. It is a Russian roulette that unwittingly tests the hypotheses of classical realism in the South American context.

It thus follows that it is urgent for Argentina to recover its status as a military peer of (at least) Chile. Considering that three decades have lapsed since Argentina began falling behind, this is a daunting task. Indeed, as can be seen in the Table, Argentina is far behind its major neighbors in terms of accumulated military expenditures 1995-2013.

Furthermore, under Anglo-American hegemony the recovery of Argentina's previous status requires a minor miracle, because as we have seen, the geopolitical odds are piled up against it. Under these circumstances, maybe the only visible window of opportunity lies in the possibility that the People's Republic of China fully replace the United States as the leading economic superpower. This would not guarantee success, but US hegemony will almost certainly lead to continued failure.

Table 1. Military expenses 1995-2013 in millions of constant US dollars, according to the SIPRI database

Año	Argentina	Brazil	Chile
1995	2,513	22,854	2,734
1996	2,230	21,253	2,756
1997	2,193	21,107	2,941
1998	2,211	22,688	3,060
1999	2,278	23,242	3,166
2000	2,170	25,175	3,329
2001	2,138	29,161	3,404
2002	1,822	29,550	3,387

Año	Argentina	Brazil	Chile
2003	1,876	23,574	3,397
2004	1,931	24,494	4,040
2005	2,028	26,503	4,335
2006	2,091	27,442	4,937
2007	2,421	29,596	4,944
2008	2,750	31,489	5,222
2009	3,264	34,335	4,569
2010	3,607	38,129	5,131
2011	4,052	36,932	5,440
2012	4,578	37,650	5,347
2013	4,929	36,165	5,309
Total 1995-2013	US\$ 51,082	US\$ 541,339	US\$ 77,448

Source: Stockholm International Peace Research Institute (SIPRI) Yearbook, 2013.

CAN CHINA TAKE THE PLACE OF 19TH CENTURY BRITAIN IN ARGENTINE DEVELOPMENT?

Indeed, although catching up is very difficult to accomplish, the hegemonic transition currently taking place in the world in general and in the Southern Cone in particular may be of help to Argentina. The star of Washington is waning and that of Beijing is rising, and this is not inconsequential for the interests of Buenos Aires. The up-and-coming chinese superpower, which is already the most important trade partner of Brazil and Chile, receives 7.5% of Argentina's exports and provides it with 11.9% of its imports. In contrast, despite its gigantic market, the United States buys from Argentina less than its tiny neighbor, Chile (CIA, 2013).

If Buenos Aires is imaginative, future Sino-Argentine cooperation can grow exponentially. An example of the type of deal that could be struck is the 2011 agreement between the Argentine province of Río Negro and the Chinese province of Heilongjiang, which unfortunately has been paralyzed for domestic political reasons.

The idea was to increase the productive area of the arid province of Río Negro through irrigation. It is almost a carbon copy of the sort of deal that generated the Argentine boom of 1880-1914, when the Anglo-Argentine liaison was working well. The 300,000 hectares to be irrigated, which today are a desert on both sides of the Río Negro River, would not be sold to the Chinese investors but only leased for twenty years. If we consider that, presently, the entire surface under cultivation in the rich High Valley of the Río Negro is of only 200.000 hectares, the proposed project is potentially of great value.

In some ways, Argentina and China find themselves in circumstances that closely mirror those of 1880 between Britain and Argentina. However, in other senses the situation today is very different.

Argentina still lacks the capital it needs to develop, and this is why it can be classified as a “dependent” country. Río Negro and other provinces still lack the infrastructure they need, and this is why the Heilongjiang project is so interesting.

But contrariwise to the situation in 1880, Argentina’s is now an industrial economy. Complementing itself with China is therefore more complicated than was complementing itself with Britain in 1880, and the problem is even more difficult due to some of the characteristics of the People’s Republic.

It is true that China will soon have the biggest economy in the world, but with nearly 1.4 billion inhabitants, its GDP per capita is much lower than Argentina’s: US\$ 18.600 vs. US\$ 9.800 (CIA, 2013). China’s economic power is overwhelming, but in many ways it is still a developing country, with the needs of a developing country. These needs, in turn, engender a competition between the two countries that is very difficult to translate into a win-win game.

Indeed, both China and Argentina need to generate and export as much value added as possible. While China needs Argentina’s food, notably its soy, it would prefer that Argentina not add any value to its primary production, so that factories in China can do the manufacturing and generate labor for the Chinese people. Contrariwise, Argentina needs to add as much value as possible to its exports to China. It must reduce its sales of unprocessed foodstuffs.

This sort of conflict of interest generated the 2010 soy bean crisis between the two countries, when China suddenly interrupted soy oil imports from Argentina, claiming that the oil was not pure enough, and proceeded to replace it with US soy oil, which demonstrably is less pure. Beijing wanted Argentine soy beans with no value-added. But Buenos Aires responded by selling some of the unwanted soy oil to India at a slightly lower price, and using the surplus for biofuels, which it also exported, gaining instead of losing from the Chinese maneuver.

Although in that instance Argentina defended itself successfully from the Chinese attempt to capture for itself the value added to Argentine soy exports, this will not always be the case, because China’s economic weight is enormous and it can always acquire its food elsewhere (Oviedo 2011).

Hence, the great challenge that the two countries face in their bilateral relationship is to find a way out of this zero-sum game. In my opinion, what needs be done is to generate incentives for the Chinese so that they acknowledge Argentina’s legitimate right to develop its industries. To achieve this, Argentina must import more, not less, from the PRC, finding a niche for Chinese exports that has not yet been exploited. And again in my opinion, that niche is in the Argentine defense and security sectors, which desperately need a revamping.

Indeed, as argued in the previous section, because South America is a zone of peace, Argentina’s successive governments have not manifested a special concern over the growing disparity in

military capabilities within the continent (Escudé, 2011). But this is a dangerous gamble that will not go on forever. In this context, it is not surprising that the Argentine government presently appears to be interested in purchasing arms abroad. In my opinion, part of Argentina's grand strategy should consist in making such procurements in China... *but only if the PRC is willing to make a quid pro quo, agreeing to import more value added from Argentina.*

ANTI-CHINESE PREJUDICE AND LOBBYING VIS-À-VIS THE US-CHINA STRATEGIC ENTENTE REGARDING LATIN AMERICA

This is a unique opportunity, because Argentina's armament is so decrepit that acquiring technologies that are different from the previous Western equipment will generate practically no extra costs. The main obstacle towards embarking on this road is anti-Chinese prejudice and the fear that a strategic relationship with China will be punished by the United States.

It is probably due to prejudice or adverse lobbying, and not to the alleged malfunctions, that after an initial purchase of four vehicles, Argentina cancelled its projected order of an additional thirty-one WMZ-551 Chinese wheeled armored personnel carriers (Ellis, 2013). Grave malfunctions justifying the cancellation of an order are hard to believe regarding tested equipment that is currently being used intensively by a war-ridden country like Pakistan, as well as several other Third World states.

Rather, what all these countries have in common is that they are not Western, and a very major problem in Sino-Argentine relations lies in the fact that many if not most members of the Argentine military and economic establishments consider themselves Westerners.

Furthermore, many members of the Argentine establishment know that some US politicians and think-tanks alert loudly about the alleged threat to US security posed by China's new role in Latin America (Hulse, 2007; US Congress Armed Services Committee, 2009; and US Department of Defense, 2006, 2010 and 2014). This worries them.

In reality, however, things are very much under control in the US-China relationship as refers to Latin America, because for many reasons China needs the United States almost as much as Argentina needs China. Indeed, many US officials know that the PRC does not pose a real security threat in the region, and this is the reason why former US Assistant Secretary of State Arturo Valenzuela resumed the US-China Strategic Dialogue on Latin America, which was initiated by his predecessor, Thomas Shannon. Deputy Assistant Secretary of Defense Frank Mora has even observed that Chinese arms sales can contribute to security in the Hemisphere (Ellis, 2011).

It is thus apparent that there is no substantive strategic reason why a country like Argentina should not rely on China for the rearmament which it will have to undertake. Seen from the perspective of RP, which is more sensitive to the risks of confrontations with great powers than other theoretical constructs, it seems a reasonable risk to take.

AN EXAMPLE: SHOULD ARGENTINA BUY FIGHTER PLANES FROM ISRAEL, SPAIN OR CHINA?

An eloquent example of what I mean is the present government's desire to purchase fighter jets. Argentina first resorted to Spain, which has 18 Mirage jets on sale. But Madrid withdrew its offer because of London's objections to Argentine rearmament, a remnant of the Falkland/Malvinas War.

As a consequence, Argentina is now exploring the possibility of purchasing the same amount of Kfir Block 60 multifunctional fighters from Israel. Being as it is that China buys more than 6 billion dollars a year from Argentina, whilst Israel buys nearly nothing, it seems preposterous that Beijing not be given the first opportunity to sell equivalent aircraft to Buenos Aires.²

This strategy has been frustrated until now. Less than a year ago, *IHS Jane's 360* reported that Argentina and China were negotiating the co-production of the Chengdu FC-1/JF-17 multirole combat aircraft (Paris 2013). This is a tested Chinese warplane produced in China since 2007 and in Pakistan since 2008. As we know, Pakistan is a country that has cooperated with the United States in many spheres, so it should not shock anyone that Argentina recur to the same Chinese providers for the same product. But for unexplainable reasons, Buenos Aires suddenly turned to Jerusalem.

If the Chengdu project materialized, it would make it possible for Argentina to field advanced weaponry and radar systems. Indeed, the Chengdu Aircraft Corporation's (CAC) FC-1/JF-17 multirole combat aircraft can carry the 100 km-range Luoyang SD-10A (PL-12) active radar-guided beyond-visual-range (BVR) air-to-air missile (AAM), and the very high speed CASIC (China Aerospace Science and Industry Corporation) CM-400AKG anti-ship missile, which has a range of 180-250 km.

Indeed, the CASIC CM-400AKG is a hypersonic missile which, according to *Jane's*, would provide Argentina with much more effective fire power than the subsonic-speed Exocet anti-ship missiles that sank or destroyed several advanced British warships during the 1982 Falkland/Malvinas War (Paris 2013).³

Since Argentina's GDP is almost 50% higher than Pakistan's and its GDP per capita is about six times greater, it cannot be seriously stated that such weaponry is too expensive for it. Yet Pakistan has produced to date 54 of these warplanes, planning to build up to 250 more.

2. "Argentina negocia la compra de 18 aviones de combate a Israel", January 23, 2014, <http://actualidad.rt.com/actualidad/view/117846-argentina-compra-aviones-kfir-israel>, downloaded on May 27, 2014.

3. The AM 39 Exocet sank the British Type 42 destroyer HMS Sheffield, destroyed the container ship SS Atlantic Conveyor, and seriously damaged the destroyer HMS Glamorgan.

Likewise, given that Argentina's GDP is more than twice that of Chile, and that its GDP per capita is approximately equivalent to its Andean neighbor's, it cannot be seriously argued that Buenos Aires cannot afford the very advanced equipment with which Santiago provides for its own defense (CIA, 2013).

Hence, given Argentina's defenseless situation, it should not only buy such equipment, but it should also give the first options to its second best buyer, China (given the fact that Brazil, its first customer, does not produce this sort of goods).

In return, China should commit itself to buying more value added from Argentina.

SOME MODEST STEPS IN THE RIGHT DIRECTION

This is, from the present author's viewpoint, the sort of grand strategic alliance that Argentina and China should forge.⁴ Notwithstanding, as stated, Argentina is now looking towards Israel for the acquisition of fighter planes.

This cannot be explained away by claiming that the conditions imposed by the PRC are not convenient, because in that case what would be warranted would be to seek another great power that complements itself with Argentina, such as Russia. Moscow is an interesting alternative to Beijing because it buys Argentine foodstuffs, and is interested in investing in Argentine shale gas and oil, as well as in the country's nuclear sector.⁵

Nevertheless, all is not lost. A step in the right direction in terms of forging a truly strategic Sino-Argentine relation is the cooperation that is already under way between the province of Neuquén and the China Satellite Launch and Tracking Control General (CLTC).⁶

In Bajada del Agrio, province of Neuquén, CLTC is building a satellite tracking station.⁷

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4. This grand strategy, by the way, is incompatible with the deal announced on January 2014, whereby Argentina will buy 139.000 combat uniforms and large amounts of miscellaneous gear to the Chinese company Norinco. Such uniforms have previously been supplied by Argentine manufacturers. This operation is quite the opposite of the strategy proposed in this paper, of preserving value added for the local industry. In this author's opinion, when the Argentine state buys from China it should limit itself to equipment that cannot be produced in Argentina. That is surely the Chinese policy for its imports from Argentina. For details about the contract with Norinco, see *Boletín Oficial* (January 17, 2014, Primera Sección, Decisión Administrativa 123/2013).
 5. In July 2014, both Russian President Valdimi Putin and Chinese President Xi Jinping visited Argentina.
 6. The Argentine National Committee of Space Activities (CONAE) is also a party to this project.
 7. Another small step in the right direction was the 2013 launching of the first Argentine nanosatellite, a Cube-Bug 1 nicknamed "Captain Beto", from the Jiuquan Space Center in China, through a Longmarch 2 rocket. This was followed by the launching of a second nanosatellite, a Cube-Bug 2 nicknamed "Manolito", from a Russian platform.

It is the third of its kind, the other two being in Chinese territory. The new facility is being built in Patagonia because CLTC needed a station in the Southern Hemisphere in order to cover the totality of the skies.⁸ The core of the project is an antenna with a 35 meter diameter, built for the Chinese Lunar Exploration Program, CLEP (Prensa CONAE, 2012). According to the agreement, Argentina will be able to use the satellite tracking station for its own ends at least 10% of its operational time. CLTC will build the electricity-generating facilities needed for the antenna, and will be in charge of the maintenance of two provincial roads. A plot of 200 hectares will be lent to China for fifty years, after which the agreement will lapse.

This facility is, needless to say, dual use technology. It can be used for the Lunar Exploration Program and it can also be used for intelligence gathering. The United States, as is widely known, is very touchy about intelligence and has recently accused China of espionage. But, as a witty analyst recently wrote, the cynical message from Washington seems to be “practice what I preach, not what I do” (Hart, 2014).

Were it not for the many contradictions that mar the picture, this Patagonian satellite tracking station could be interpreted as an eloquent sign that Argentina is willing to go a long way toward making its relationship with China truly strategic.

CONCLUSIONS

Summarizing my strategic conclusions in a nutshell, given Argentina’s present circumstances, a *quid pro quo* involving important military and security imports from China, on the one hand, and more value added in Argentine exports to China, on the other, is the best bet for the construction of a truly strategic relationship.

If this is accomplished, a new stage in Argentina’s relationship with the world will come to be, which may be analogous to the heyday of Anglo-Argentine relations of the 1880-1914 period. If this is not accomplished, Russia should be studied as a potential alternative to the PRC.

Thus far, larger Argentine satellites (for example, the SAC series) have never been launched with a Chinese rocket, but instead from US and occasionally Indian facilities. Brazil stands in sharp contrast with Argentina. Its main satellite program is CBERS (China-Brazil Earth Resources Satellite Program), which has launched four satellites since 2003 and relies on Chinese rockets. This contrast is a paradox, because Brazil has a better overall relationship with the United States than Argentina and a lesser need of China, yet Argentina continues to buy launching services from the US while Brazil buys them from China.

8. “La construcción de la estación espacial china de Bajada del Agrío continúa a buen ritmo”, Monday March 17, 2014, <http://argentinaenelespacio.blogspot.com.ar/2014/03/la-construccion-de-la-estacion-espacial.html>, downloaded on May 27, 2014.

Leaving aside incompetence and corruption, which can be found in any country, Argentina's problems are twofold:

- First, it needs a hegemon that needs it, to avoid discrimination and help fire up its productive energies. The rise of China and the relative eclipse of the United States can help, if the problems outlined above are solved and a positive-sum game can be engendered between the Asian great power and the decaying Southern Cone State.
- Second, its leadership must come to understand the true nature of the interstate order, which is hierarchical. Unfortunately, international law is not equally applicable to all, and unfair double standards are the rule. Whoever falls under the deception that states are functionally equivalent, loses.

Indeed, states are either rule-makers, rule-takers or rebels. Notwithstanding, there is mobility in the interstate order, which is not frozen. After World War II, for example, Germany, formerly a great power, became a devastated rule-taker. But largely because during decades it docilely played by the geopolitical rules of the game, while devoting great efforts to its economic recovery, it has now risen again to the role of rule-maker. Germany is the most eloquent case of recent upward state mobility.

Conversely, Argentina defied the rules of the game, ostensibly during the World War II period and during the Falkland/Malvinas War of 1982. It first defied the Allies by taking its right to neutrality seriously, and it later waged war against a major Western rule-maker. As a consequence, it was degraded, becoming a quasi-protectorate that now lacks the capacity of defending itself vis-à-vis neighbors that are not great powers. It is the foremost example of downward mobility in the Western Hemisphere.

But there may yet be a way out of this predicament. The United States is declining and China is rising. Like the United Kingdom in a previous era, and unlike the United States throughout its history, China is complementary to Argentina. A real and not merely rhetorical strategic partnership with the People's Republic is plausible.

But a bargain must be struck. And in circumstances in which the depleted armed forces of Argentina urgently need replenishment, the byword must be: buy Chinese!

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