



Foreign Policy

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Otto Reich: New Latin America Advisor

The New York Times
March 9, 2001

President Bush's choice for the top Latin American policy post, Otto J. Reich, will face strong Democratic opposition in an echo of the fractious foreign policy feuds that marked United States policy in Central America 20 years ago, according to administration and Congressional officials. Mr. Reich, who officials said is undergoing a White House background check before his nomination to be assistant secretary of state for the Western Hemisphere, was in charge of a

covert program during the Reagan administration to generate public support in the United States for the anti-Sandinista rebels, known as the contras. A government investigation concluded that Mr. Reich's office engaged in prohibited acts of domestic propaganda, like writing letters submitted to the op-ed pages of United States newspapers to appear as if they came from a contra leader. For the past six years, Mr. Reich, who came to the United States from Cuba when he was 15, has been a lobbyist, and one of his major clients is Bacardi-

Martini, which has paid him more than \$600,000, according to public records. Mr. Reich played a role in writing the Helms-Burton Act, which tightens the embargo on Cuba. The act has provisions that could benefit Bacardi by allowing suits against some foreign companies that do business in Cuba, which include Bacardi's competitors. Mr. Reich's firm has also lobbied recently on behalf of Lockheed, which seeks to sell F-16 fighter aircraft to Chile, a move that would end a two-decade ban on the sale of high-technology arms to Latin America.

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National Security Archive's Reaction

The Declassified Record of Ambassador Otto Juan Reich.
March 2nd, 2001

The Bush administration has floated the name of Otto Juan Reich for possible nomination as Assistant Secretary of State for Latin American Affairs (see Al Kamen, "In the Loop," The Washington Post, 15 February 2001). Mr. Reich's tenure at the State Department's Office of Public Diplomacy from 1983-1986 generated major controversy during the exposure of the Iran-contra scandal, and left an extensive document trail, some of the highlights of which are included in this

Briefing Book. For example:

* The Comptroller-General of the U.S. found that some of the efforts of Mr. Reich's public diplomacy office were "prohibited, covert propaganda activities," "beyond the range of acceptable agency public information activities...."

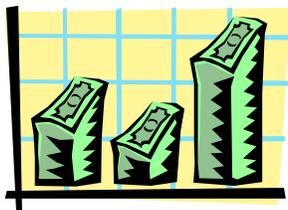
* The bipartisan report of the Congressional Iran-contra committees found that "[i]n fact, 'public diplomacy' turned out to mean public relations-lobbying, all at taxpayers' expense."

* A staff report by the House Foreign Affairs

Committee (September 7, 1988) summarized various investigations of Mr. Reich's office and concluded that "senior CIA officials with backgrounds in covert operations, as well as military intelligence and psychological operations specialists from the Department of Defense, were deeply involved in establishing and participating in a domestic political and propaganda operation run through an obscure bureau in the Department of State which reported directly to the National Security Council rather than through the normal State Department channels...."

Special points of interest:

- ? New US Ambassador to the UN's fame on human rights
- ? Peter Hakim and Charlene Barshefsky in the last issue of Foreign Affairs
- ? Events on Latin America to be held in New York City



New Economy Minister in Argentina

Can Lopez Murphy save Argentina?

Growth must go faster if investors, and the IMF, are to feel happy

ONCE again, Argentina's Alliance government has been overtaken by events. Faced with faltering economic growth, soaring country risk (the interest premium Argentina pays for its debt) and evaporating support, Jose Luis Machinea

surprised President Fernando de la Rúa by resigning as economy minister on March 2nd. The Argentine stockmarket rejoiced, surging by 2%. It went up another 8% after the weekend, when Mr de la Rúa named Ricardo Lopez Murphy to succeed him.

Investors, who never quite trusted Mr Machinea, positively like Mr Lopez Murphy. He is a conservative, a pillar of economic orthodoxy and, to reinforce his

neo-liberal credentials, has a master's degree from the University of Chicago. His appointment has calmed their nerves. But Argentina is not out of the woods yet and, as if admitting this, share prices dropped by 2% on March 6th.

THE ECONOMIST
March 8th 2001
BUENOS AIRES



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Foreign Affairs - March / April 2001

THE UNEASY AMERICAS

Peter Hakim

Hemispheric relations seem at an all-time high, as democracy and prosperity blossom throughout Latin America. But President Bush still faces potential problems south of the border, from mission creep in Colombia to chaos in Peru, from Chávez in Venezuela to Castro in Cuba. And then there is Mexico, where the first-ever democratically elected president is eager to engage Washington -- on his own terms. Only one thing is certain: Latin America must not be ignored.

TRADE POLICY FOR A NETWORKED WORLD

Charlene Barshefsky

The information economy creates both opportunities and challenges for global trade. The United States must lead its trading partners and multilateral organizations to extend the free-trade, open-market principles that govern physical goods to cover the intangible products now zipping through wire and air. Trade policy can lay the path for future growth in the new economy -- or block it.

Come Partly Home, America

By Michael O'Hanlon

The Bush administration wants to cut U.S. military deployments abroad in order to boost readiness and morale. But fully disengaging from any region where U.S. troops are now deployed could endanger America's strategic goals. Instead, Washington should bring home 10 percent of its troops now based or deployed abroad, mostly from Okinawa and the Persian Gulf. Such modest and pragmatic cuts could alleviate current problems without sacrificing U.S. interests.

AMERICA'S TWO-FRONT ECONOMIC CONFLICT

C. Fred Bergsten

America now faces the prospect of economic conflicts with both Europe and East Asia. The United States and the European Union have already fired the first shots of retaliatory sanctions over their ever-growing trade disputes. On the other side of the world, meanwhile, Asian countries are creating a bloc of their own that could include preferential trade arrangements and an Asian Monetary Fund. These developments could produce a tripolar world and hamper global economic integration. To avert this outcome, the United States must quell its domestic backlash against globalization and reassert its economic leadership in the world. The new Bush administration should make multilateral trade liberalization a top priority -- or it will face unpleasant economic and political consequences as the U.S. and foreign economies slow.

The Crusade for Free Trade by Jeffrey Frankel

In his latest collection of essays, articles, and speeches, eminent economist and free trade proponent Jagdish Bhagwati attacks the Clinton administration for negotiating regional trade agreements and aggressively opening foreign capital markets. He argues that regional trade agreements hinder multilateral free trade and that U.S. pressure on Asian countries to let in foreign capital led to the 1997 financial crisis. But such attacks are misguided: regional trade agreements can in fact promote global free trade, and developing countries may gain more than they lose from foreign capital investment.



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US Ambassador to the UN

Contra Aide
W. PICKS AN
AMORALIST FOR THE
UNITED NATIONS.

by Sarah Wildman

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date 03.19.01

One of the primary responsibilities of George W. Bush's new ambassador to the United Nations will be to berate countries like China, Burma, and Afghanistan for their violations of human rights. That's what America's U.N. ambassadors do.

Which is why, when the Bush administration announced its choice for U.N. ambassador this week, human rights activists did a

collective double take. For although John Dimitri Negroponte has a reputation for doggedly defending U.S. interests overseas, he has at least as strong a reputation for making sure human rights don't get in the way. Midway through a foreign service career that began in the mid-'60s in Vietnam and continued through a stint in Mexico in the '90s, Negroponte served as ambassador to Honduras. It was the early '80s, and the Honduran government was killing and "disappearing" political opponents by the dozens. Most close observers, including some who served within the U.S. embassy, insist America knew about the abuses. And they accuse Negroponte of turning a blind eye. Says one human rights law-

yer, "A guy like that is not going to be a very credible spokesperson for American principles on human rights."

The New Republic



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This Newsletter is for internal circulation only.

It reproduces extracts and summaries of articles published by top journals and magazines on foreign policy, as published on the world wide web.

Upcoming Events

Institute for Latin American Studies (ILAIS), Columbia University — <http://www.columbia.edu/cu/ilas/>

? Conference, "Widening Destruction: A Teach-in on the Drug War and Colombia", March 23 - 24

Council of the Americas / The Americas Society — <http://www.counciloftheamericas.org>

? Summit of the Americas III: The Road to FTAA - March 13, 2001, Tuesday

H.E. Peter Boehm – Canadian Coordinator for the Summit of the Americas III, Washington, D.C.

Hon. Luis J. Lauredo – U.S. Coordinator for the Summit of the Americas III, Washington, D.C.

H.E. Juan Gabriel Valdés – Permanent Representative of Chile to the United Nations

? Fox's First 100 Days - March 15, 2001, Thursday

Javier Murcio – Director & Regional Co-head, Latin America Economic Research, Credit Suisse First Boston Corporation

Grey Newman – Senior Economist, Latin America Economics, Morgan Stanley Dean Witter

Luis Carlos Ugalde – Visiting Scholar, David Rockefeller Center for Latin American Studies, Harvard University, Cambridge

? The Mystery of Capital - March 12, 2001, Monday

Book presentation: Hernando de Soto – President, Institute for Liberty and Democracy (ILD), Lima

? Cesar Rodriguez Batlle, President, Central Bank of Uruguay— April 25, 2001, Wednesday Friday, March 9, 2001

Bildner Center for Western Hemisphere Studies, CUNY — <http://web.gc.cuny.edu/dept/bildn/bild.htm>

? International Symposium Reforming Brazil — Friday, May 18, 2001