

## **Paternalism and Profits: The Ideology of U.S. Aid to Latin America, 1943-1971**

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# PATERNALISM AND PROFITS: THE IDEOLOGY OF U.S. AID TO LATIN AMERICA, 1943-1971

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America as the dynamic center of ever-widening spheres of enterprise, America as the training center of the skillful servants of mankind, America as the Good Samaritan, really believing again that it is more blessed to give than to receive, and America as the powerhouse of the ideals of Freedom and Justice — out of these elements surely can be fashioned a vision of the 20th Century to which we can and will devote ourselves in joy and gladness and vigor and enthusiasm.

It is in this spirit that all of us are called, each to his own measure of capacity, and each in the widest horizon of his vision, to create the first great American Century.

Henry R. Luce, *The American Century* (1941)

Mr. [H.R.] Gross: We don't know how much we are going to lose. We know we are going to lose, but we don't know whether we are going to lose our pants as well as our shirts; do we?

Mr. [John] Petty: It is a very serious problem.

—*New Directions for the 1970's — Part 2* (1971)

Obviously, something went wrong with the American Dream. Compare the lofty vision of publisher Henry Luce with the sober dialogue between an Iowa congressman and a Treasury Department official discussing "Development Assistance Options for Latin America" (the symbolism implied in the two gentlemen's names is entirely fortuitous). The point of this paper, however, is not to poke fun at the American predicament. It is rather to analyze that predicament in an ideological context, with particular reference to the role of foreign aid within that context.<sup>1</sup>

During the last half of the 1960's the New Deal version of American liberalism, which Paul Conkin has aptly described as a "subsidized, regulated welfare capitalism," began to reach an internal crisis. The Vietnam war, and the public reaction to it, constituted only the most prominent indicator of that crisis. The deepening balance of payments deficit was another indicator. So was the reaction from both the "right" and the "left" to the welfare program, particularly in view of its relationship to the racial situation.<sup>2</sup>

Concomitant with these reactions, there was a widespread disaffection with foreign aid programs, also involving both "right"- and "left"-wing criticism. A good example of "leftist" criticism is provided by Profes-

sor J. P. Morray's analysis of the Alliance for Progress. "The true Alliance," he writes "is between U.S. investors and Washington, with the Latin Americans expected to rest content with what the growing prosperity of U. S. investors would pay to them in taxes, dividends, wages, and protection from revolution." The aforementioned Congressman Gross provides us with a colorful example of "rightist" criticism in this exchange with the Deputy U.S. Ambassador to the Organization of American States:

Mr. Gross: They would resent us less if we were less heavily involved?

Mr. Dentzer: No; more heavily involved in aid and trade.

Mr. Gross: On their terms, I suppose.

Mr. Dentzer: On fair terms.

Mr. Gross: On their terms, I suppose.

Mr. Dentzer: On fair terms.

Mr. Gross: How many faucets do we have operating, spewing it out down there?<sup>3</sup>

As the above colloquy would suggest, a continuing theme of the "right-wing" critique has been that foreign aid is, at bottom, a foolish giveaway of taxpayers' funds. The late Senator Robert A. Taft, Sr., for example, opposed the 1940 Volta Redonda loan for construction of a steel mill in Brazil. "As far as I can see," he wrote, "the loan is simply based on the theory that we would thereby be promoting the general prosperity of Brazil, from which we might or might not benefit." The "left-wing" critique, on the other hand, stresses the notion that far from being a giveaway, foreign aid is a very effective means of purchasing stability and preventing the rise of harmful ideologies. Socialist scholar Harry Magdoff accusingly quotes President Kennedy: "Foreign aid is a method by which the United States maintains a position of influence and control around the world, and sustains a good many countries which would definitely collapse, or pass into the Communist bloc."<sup>4</sup>

At first glance, it might seem as though the "right"- and "left"- wing critiques have little in common, apart from the fact that they are both critiques. The one attacks foreign aid because it doesn't produce profits for America, the other attacks it because it does. On closer examination, however, the two critiques can be seen to share an important premise, namely that foreign aid is a logical and consistent outgrowth of domestic liberalism. By "liberalism", we should note, both sides appear to mean in essence "New Dealism", which, to quote Conkin again, "still stands, thirty years later, as the core of American domestic policy." Foreign aid, from the "right-wing" point of view, is the welfare giveaway applied to international affairs; from the "left-wing" point of view, it is the welfare purchase applied internationally. The welfare state, both sides seem to agree, is preeminently a product of the New Deal.

All that the above suggests, of course, is that both critiques encompass a unified perspective on foreign and domestic policy. They may still be miles apart in other respects. But there is one further common perception which seems to provide an interesting point of departure for a reexamination of the whole problem. Both sides seem to see New Dealism, in both its foreign and domestic aspects, as operating through a particular political technique: paternalism.<sup>5</sup>

Of course, a common antipathy to what Senator Goldwater calls the "social engineering and paternalism of the liberals in government" is hardly sufficient to bridge the gap between "right" and "left". For when Goldwater talks of "liberal paternalism", he has reference to what he calls the "liberal device" of promoting "collective guilt", and his assault on the notion of "collective guilt" takes him quite far from those whose political programs are in many ways collectivist. Nonetheless, "right-wing" anti-paternalism has some interesting manifestations when applied in the field of foreign affairs. "It is easy to slip into an attitude of imperialism and to entertain the idea that we know what is good for other people better than they know themselves," wrote Senator Taft, who was a staunch opponent both of Roosevelt's pre-war liberalism and much of Truman's Cold War liberalism. Applying this thesis directly to the field of foreign aid, Congressman Gross elicited a telling admission from an AID official involved with Latin America:

Mr. Gross: I would like to ask you, Mr. Cox, who are you trying to save these people from? Their own governments?

Dr. Cox: Partly, I suppose, and partly from themselves.<sup>6</sup>

Neither the rhetoric nor the attitude expressed in these cases is remarkably different from that expressed by "new left" historian William Appleman Williams, who in advocating an "open door for revolutions", also remarks: "Having realized that 'self-righteousness is the hallmark of inner guilt', Americans would no longer find it necessary to embark upon crusades to save others." It is no accident, moreover, that in recent years "new left" academics, many of them trained either by Williams himself or by his numerous students, have come increasingly to appreciate what "old rightists" like Taft knew years ago: the central figure of recent American paternalism, both with respect to domestic and foreign affairs, was the architect of the New Deal, Franklin D. Roosevelt.<sup>7</sup>

The foregoing suggests two lines of inquiry. First, how accurate is the "left-right" critique which sees foreign aid as a direct outgrowth of New Deal liberal paternalism? Second, if the critique is historically accurate, is it possible to divorce foreign aid from this framework of paternalism (which both Taft and Williams have identified in its international manifestation as "imperialism")? The latter inquiry is of more than theoretical interest. For

what we shall find when we come to discuss foreign aid under the Nixon administration is that the current policy emphasis is precisely on separating aid from its paternalistic associations. This is not surprising, considering that the *Rockefeller Report on the Americas*, commissioned by the President on his first full day in the White House, explicitly criticized the “paternalistic relationship the United States has had in the past with other hemisphere nations.” Far from recommending a cutback in foreign aid, however, the *Report* recommended an increase, but based on a “relationship of true partnership, in which [the U.S.] will cooperate with other nations of the hemisphere in those areas where its cooperation can be helpful and is wanted.”<sup>8</sup>

Can it be done? What then would become of the “right-wing” critique of “paternalism without profits”? And the “left-wing” critique of “paternalism with profits”? In order to attempt the second line of inquiry, we must begin with the first.

### *1. Origins of Foreign Aid*

Paternalism in American foreign affairs certainly did not begin with Franklin Roosevelt. It goes back at least as far as 1898, when President McKinley decided after the Spanish-American War that the Philippines could not be left to themselves — “they were unfit for self-government” — and would therefore have to come under direct American control. “There was nothing left for us to do,” the President explained, “but to take them all, and to educate the Filipinos, and uplift and civilize and Christianize them, and by God’s grace to do the best we could by them, as our fellowmen for whom Christ also died.” Theodore Roosevelt extended the principle to the Western Hemisphere in 1904 when he formulated his Roosevelt Corollary to the Monroe Doctrine. He stated in part:

Chronic wrongdoing, or an impotence which results in a general loosening of the ties of civilized society, may in America, as elsewhere, ultimately 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, however reluctantly, in flagrant cases of such wrongdoing or impotence, to the exercise of an international police power.

It is this “exercise of an international police power” by which the Corollary is most often remembered. But the motive of benevolent paternalism toward the Latin Americans was also present, as signified by Roosevelt’s further comment: “They have great and natural riches, and if within their borders the reign of law and justice obtains, prosperity is sure to come to them.” Woodrow Wilson, preeminently the stern but benevolent schoolmaster in the White House (“The Senate must take its medicine,” he once remarked during the League of Nations controversy), went Roosevelt

one better when he announced during the Mexican Revolution that he would “teach the South American [sic] republics to elect good men.”<sup>9</sup>

In none of these cases did American policy involve foreign aid in the sense of an outlay of public funds specifically to promote prosperity in foreign countries. The Philippines, of course, became an American possession, and were not, strictly speaking, foreign territory at all. In Latin America, U.S. paternalism was usually affected by military intervention and by the use of American personnel to administer the *internal* resources of the occupied nation. This was most conspicuously done in the Dominican Republic, Haiti, and Nicaragua.<sup>10</sup>

It was not until the coming of the New Deal that the idea of foreign aid began to emerge. That idea developed gradually out of two complementary New Deal notions, both of which, like the New Deal as a whole, constituted a response to the Great Depression. First came the notion that it was the federal government’s responsibility to promote and maintain domestic prosperity. Pre-New Deal “reformism”, as Richard Hofstadter pointed out, differed from New Dealism in that the former “displayed a mentality founded on the existence of an essentially healthy society; it was chiefly concerned not with managing an economy to meet the problems of collapse but simply with democratizing an economy in sound working order.” In a sense, pre-1933 “progressivism” centered upon an application of the same “police power” to domestic economic affairs as Theodore Roosevelt had envisioned in regard to international affairs. Under the New Deal, the federal government emerged, in Carl Degler’s words, as guarantor of a “minimum standard of welfare for the people of the nation.”<sup>11</sup>

Second, the New Deal embodied the notion that the depression required an international as well as a domestic solution. As early as 1934, Congress had authorized the Reciprocal Trade Agreements Program in the hope of using expanded foreign trade to fight the depression. Trade expansion was not possible, however, unless foreign nations possessed or could acquire funds necessary to buy American goods. So in keeping with the New Deal notion of federal responsibility, Congress also created the Export-Import Bank to loan dollars directly for purchase of American goods abroad.<sup>12</sup>

From there it was only a brief step to the notion that while short-term trade promotion loans might be adequate for short-term recovery, more was required for long-term maintenance of American prosperity. Administration officials agreed that America’s best markets were in the developed countries; the logical conclusion was to use American funds to stimulate development in the less developed areas. “Mutual prosperity” was the idea. By 1938 the Export-Import Bank had made its first “development

loan" for public works construction in Haiti. In 1940 came the Bank's Volta Redonda loan to build the great steel plant in Brazil.

Two other factors helped promote foreign aid during the New Deal. One was the growing threat of international nazism, manifest in Latin America by an aggressive German drive for markets and influence. The Volta Redonda loan, for example, was partly a response to a German threat. Brazilian President Getulio Vargas had hinted that he might negotiate a deal with the Krupp interests if a U.S. initiative were not forthcoming.<sup>13</sup> But to attribute the development of foreign aid principally to fear of nazism would not be accurate. Far more important was the fear of indigenous Latin American nationalism.

As I have argued elsewhere, Roosevelt's "good neighbour policy" seems to have developed in large part as a strategy for containing Latin American revolutionary nationalism. The strategy was well summed up in Roosevelt's 1940 remark: "Give them a share. They think they are just as good as we are, and many of them are." It was in this spirit that the administration had moved to resolve the dispute over Mexican expropriation of U.S. oil properties in 1938. It was in this spirit that successful negotiations were undertaken to prevent similar expropriations of much larger American holdings in Venezuela. And it was in this spirit that development loans became part of U.S. economic foreign policy.<sup>14</sup>

To emphasize the anti-nationalist and anti-nazi aspects of foreign aid is not to undercut the "mutual prosperity" theme. American policy-makers saw all three as complementary. A foolish or short-sighted nationalism (Assistant Secretary of State Spruille Braden referred to it in 1946 as "neurotic nationalism") would lead to economically unsound decisions as well as dangerous political alignments, both of which would jeopardize hemispheric prosperity. Conversely, it was economic depression, or lack of prosperity, which had given rise both to nazism in Europe and nationalism in Latin America.<sup>15</sup> There was thus a conceptual unity in the development of foreign aid, both in regard to the threats which produced it and the notion of federal government responsibility for dealing with the crisis.

To this degree, then, the "left-right" analysis of foreign aid as an outgrowth of New Deal liberalism seems accurate. But what of the "paternalist" dimension? It would be hard to deny the paternalistic overtones of McKinley's program for "civilizing, Christianizing, and uplifting" the Filipinos, or of Theodore Roosevelt's "big stick" interventionism, or of Wilson's moralistic lecturing of the Mexicans. But the whole thrust of the "good neighbor policy", begun by Herbert Hoover and more fully developed by Franklin Roosevelt, was to replace "big stickism" and its attendant attitudes with a policy based on mutual respect. Indeed, in his first inaugural address, Roosevelt had defined the "good neighbor" as one

who “resolutely respects himself and, because he does so, respects the rights of others.” At the 1936 Buenos Aires Conference, which Roosevelt attended in person, Secretary of State Hull had signed on behalf of the United States an unconditional pledge of nonintervention in the internal affairs of other American nations.<sup>16</sup>

Even the motivation behind New Deal foreign aid seems more defensive than arrogantly aggressive. Roosevelt’s policies were a defense against economic depression and the spread of nazism. His rationale for a flanking movement around Latin American nationalism — “they think they are just as good as we are, and many of them are” — might sound patronizing in tone, but a patronizing tone is not necessarily equivalent to a paternalistic policy.

The key, however, lay not in the tone but in the strategy of Roosevelt’s anti-nationalism. “Give them a share” was the strategy, and the all-important premise was that the United States would retain the power, initiative, and leverage of the giver. As early as 1933, Roosevelt had exercised such leverage in a negative way, withholding a new sugar purchase agreement in order to bring down the nationalist regime of Ramón Gran San Martín in Cuba.<sup>17</sup> Foreign aid was to be a positive application of the same leverage principle. This came out clearly as foreign aid moved past the embryonic Export-Import Bank loan stage to a more sophisticated lending program. The first “Eximbank” loans were of course bilateral, direct from the United States to individual recipient governments. The Roosevelt administration soon came around to the view that a multilateral approach would be superior, both in terms of economic efficacy and in terms of neutralizing anti-American resentment. A look at the administration’s first multilateral effort, the proposed Inter-American Bank (IAB) and Inter-American Development Commission (IADC) of 1940, shows how the New Dealers defined multilateralism.

Initially, it was the Latin Americans who had requested an IAB, hoping thereby to enlist U.S. funds in a joint development effort. All the American republics would purchase voting stock in amounts proportional to their respective size and economic strength. The U.S. insisted upon, and obtained, a provision whereby one nation could purchase up to 33% of the voting stock, while at the same time a four-fifths majority was required for operating decisions. Obviously, with the United States the only nation in a position to subscribe 33% of the working capital, this would give it a veto not only over the use of its own funds but over the use of all funds. The IADC, with subcommissions in each country, would seek out and work up “complementary” development projects into specific funding proposals for the IAB.



The term “complementary” was a crucial one. It meant in essence “not competitive with existing industries”. The idea was to channel Latin American industrial development so as not to undercut U.S. industrial exports to the area. Lloyd Gardner has referred to this as an updating of Adam Smith’s division-of-labor thesis.

The IADC was quickly established. Its chairman was a young American businessman named Nelson Rockefeller, who also served the Roosevelt administration as head of the Office of the Coordinator of Inter-American Affairs (OCIAA). The IAB was not established, ironically because of the combined opposition of anti-New Deal Senators who viewed it as a “giveaway” of U.S. funds and certain private American bankers who saw in it a potential for dangerous government competition with private enterprise.<sup>18</sup>

For the time being, U.S. lending programs remained bilateral in the hands of the Eximbank, with the IADC reduced to a shadow of its projected self. The war further undercut early development of an integrated foreign aid program. Nonetheless, the American approach to “multilateralism” at this time is instructive. The Latin Americans would require supervision not only in the disposal of U.S. funds but even in the disposal of their own funds. Their economic development would be channelled, under U.S. guidance, into areas “complementary” to rather than competitive with existing U.S. industries. On these terms, Latin America would be “given a share”.

## 2. *Postwar Planning*

Despite the temporary reversion to bilateralism, wartime planning for the postwar era indicated continued U.S. interest both in multilateralism and in development finance. Henry Luce, whose vision of an “American Century” carried the idea of American leadership and “responsibility” to its loftiest heights, was of course not a New Dealer. He explicitly criticized Roosevelt for reaching for more and more power and apparently thought of the American Century as something of an alternative to New Dealism. However, his views on postwar foreign policy were not significantly different from those of the New Dealers, particularly in his anti-nationalist insistence upon taking a “very tough attitude toward all hostile governments”. He summed up the similarity of outlook in his remark: “With the help of all of us, Roosevelt must succeed where Wilson failed.”<sup>19</sup>

Meanwhile, the New Dealers themselves were translating the American Century ideal into an even wider multilateralism — “American style”. Fearing a postwar reversion to “spheres of influence”, the administration moved toward a more global approach. In the field of foreign

aid, this meant an abandonment of the idea of an Inter-American Bank and its replacement by a World Bank. The Treasury Department's White Plan, named for monetary expert Harry Dexter White, envisioned both a World Bank (the International Bank for Reconstruction and Development) and a companion International Monetary Fund for rectifying international balance of payments problems. Treasury Secretary Henry Morgenthau aptly called the White Plan a "New Deal in international economics". The IMF and IBRD were translated into reality at the Bretton Woods Conference of 1944.<sup>20</sup>

Development assistance planning for Latin America continued within this enlarged multilateral context. By 1943 Rockefeller's OCIAA had prepared a comprehensive report projecting postwar U. S. involvement in "Industrial and Other Economic Development in the Western Hemisphere". The report was a remarkable document, showing clearly the linkage between New Deal liberalism and foreign aid. It accepted the mutual prosperity thesis, emphasizing, as Roosevelt himself put it, that "helping the standard of living in neighboring countries generally has a reciprocal beneficial effect". It spelled out the federal government's responsibility for promoting such an effect, suggesting that the U.S. be prepared to invest up to \$3.5 billion in Latin America during the coming ten years, "about 75% [of which] might have to be under government auspices." The report recommended an investment timetable with an annual rate of "approximately 250 million dollars in the first 3 years, 350 million dollars in the next 4 years, and 450 million dollars in the last 3 years". It urged that government "assume increased vigilance over U. S. investors and enterprises abroad" in order to prevent repetition of past mistakes and abuses, just as domestic New Deal legislation had involved vigilance over investors and enterprises at home. Finally, the report accepted the "complementarity" thesis of the IADC.<sup>21</sup>

Interestingly, the New Deal's postwar program included a significant hedge regarding "multilateralism". While the Inter-American Bank idea was to be scrapped, the Eximbank was not. On the contrary, the administration called for an enlarged Eximbank appropriation. One reason was to have a functioning lending mechanism while the IBRD was still in process of organization. Foreign Economic Administrator Leo Crowley explained another reason in a colloquy with Senator Taft:

Senator Taft: . . . the International Bank expressly provides that we cannot require that dollars loaned by the bank be spent in this country even though the dollars are raised in this country; isn't that correct?

Mr. Crowley: There is a great advantage to us having something of our own.

Taft's position by this time was becoming increasingly uncomfortable. Though no thorough-going isolationist (he supported ratification of the United Nations Charter), he had grave doubts about the paternalistic American Century approach, fearing that it might encourage the Russians to make a parallel try at a Russian Century. He likewise disapproved the idea that the World Bank might "have the power to decide whether this country is developed or that country is developed, whether this country can successfully trade or that country can successfully trade." Yet he coupled this "leftish"-sounding critique with an increasing interest in securing profits abroad; thus he supported continuation of the Eximbank.<sup>22</sup> Falling between two stools, Taft saw himself losing ground within the Republican Party to more enthusiastic "internationalists" such as Senator Arthur Vandenberg of Michigan. Vandenberg, while opposed to the New Deal domestically, supported Roosevelt's international program as the only realistic one, and criticized the President only for not being "tough" enough with the Russians. Though no more intellectually consistent than Taft, Vandenberg had the advantage of being able to work more closely with the administration. He quickly became his party's leading spokesman on foreign policy matters.<sup>23</sup>

Meanwhile, the Latin Americans were also having trouble reacting to the New Dealers' postwar plans. Nationalists among them shared Taft's fears of postwar Great Power paternalism. But businessmen among them feared that a cutoff of U.S. funds, public and private, might seriously impede their economic development, and perhaps thus encourage domestic "radicalism". By 1945, most Latin American governments were in the uncomfortable position of encouraging New Deal foreign aid while attempting to deny the anti-nationalist assumption upon which that aid was based. Roosevelt administration officials clearly perceived the Latin Americans' dilemma, particularly their fear of repudiating the "good neighbor policy" in favor of some more radical nationalism. At the Chapultepec Conference of January and February 1945, the last major inter-American conference before Roosevelt's death, Assistant Secretary of State Will Clayton bluntly told the Latin Americans to cool their heels while the United States concentrated on the higher priority task of European reconstruction.<sup>24</sup>

### *3. Cold War Context: Phase One*

From the Latin American point of view, this American preoccupation with European reconstruction, signifying an emerging East-West Cold War, came at a particularly bad time. It not only undercut large-scale U.S. aid to Latin America; it threatened to force Latin American involvement in the Cold War as the price for any aid program at all. Despite their fears of indigenous revolutionary nationalism, most Latin American governments

were not interested in enlisting in a power struggle between the Great Powers. The Russian "threat" to Latin America was minimal, and communism (unlike nationalism) was not a major political force in Latin America. As U. S. Ambassador to Brazil Adolf Berle remarked in 1945, the program of the Brazilian communists was about equivalent to that of "Theodore Roosevelt in 1904". Unless there was some serious clash between the United States and Russia, Berle noted, there would not be any trouble with the Brazilian communists.

But as U.S. policy-makers began to anticipate precisely such a clash, they began to take a corresponding interest in enlisting Latin America in the Cold War. At the founding conference of the United Nations, which took place in San Francisco in the spring of 1945, the U.S. delegation moved to implement a program of anti-communist hemispheric solidarity. As Nelson Rockefeller, who was now Assistant Secretary of State for Latin American Affairs, explained it, unless the U.S. "operated with a solid group in this hemisphere," it "could not do what we wanted to do on the world front." Senator Vandenberg gleefully noted that the inept diplomacy of Soviet Foreign Minister Molotov had helped "solidify Pan America against Russia" and "done more to put the two Americas into a solid bloc than anything that ever happened heretofore." Meanwhile, during the conference President Truman gave his approval to a proposed inter-American meeting to be held in Rio de Janeiro in October 1945 to formalize an inter-American military alliance.<sup>25</sup>

The Latin Americans thus found themselves being drawn into the Cold War situation regardless of choice. They also found that U.S. aid was now being directed more toward military security than economic development. The Rio conference was delayed until the summer of 1947 by internal divisions within the U.S. State Department over what to do about the nationalistic Perón regime in Argentina. But the military aid program quickly got under way once the Truman administration was satisfied that Perón's nationalism had been sufficiently tamed.

Now an interesting thing began to happen. At first many Latin American governments decried the "reversal of policy" implied in the U.S. switch from economic to military assistance. They lamented the lapse in New Deal-type "good neighborism". It was the Latin American military who first got the point. U.S. aid policy was still being formulated along New Deal "liberal" lines; only the emphasis had been changed to meet changed circumstances. In pre-war days, Rooseveltian liberals had feared a link-up between Latin American nationalism and European totalitarianism in the form of nazism. Now the same kind of link-up was feared, except that the new European menace was Soviet communism. In pre-war days, U.S. anti-nationalist, anti-totalitarian aid had been chiefly

economic. But now, with the U.S. massively committed to European reconstruction, the feared Latin American link-up would have to be prevented, at least temporarily, by a more direct (and cheaper) program of military aid. In any case, the chief U. S. enemy within Latin America was still nationalism, and U.S. assistance would go mainly to those Latin American groups who were most ready to cooperate in the anti-nationalist program. By the end of 1948, the military in Peru and Venezuela had acted upon this understanding. The respective dictatorships of Manuel Odría and Marcos Pérez Jiménez became early recipients of large-scale U.S. military aid. On the other hand, after 1948 the reformist-nationalist government of Juan José Arévalo in Guatemala received no aid at all.<sup>26</sup>

Interestingly, no particular effort was made to hide the anti-nationalist character of U.S. military aid. Administration spokesmen publicly stated that military aid could be used for economic purposes, and vice versa. During discussions in 1947 about a proposed military cooperation program, Secretary of State Marshall was asked if the proposed legislation could be written in such a way as to provide "secure access to and protection of United States property, rights, or its citizens' rights, in strategic minerals or materials in Latin America." Marshall replied in the affirmative. In like manner, a \$125 million export promotion credit to Argentina in the spring of 1950 was explicitly termed a recognition of Perón's abandonment of his "erratic" nationalist policies, which had constituted a threat to inter-American security.<sup>27</sup>

The early Cold War approach, then, was not an abandonment of the New Deal liberal framework of American policy. Like Roosevelt's approach, it was geared to the prevention of an alliance between Latin American nationalism and a dangerous extra-hemispheric ideology. Indeed, when U.S. officials increasingly referred to Latin American nationalists as "communists", they were not making a "mistake". They were only accenting the American belief that communism and nationalism were in the long run equally dangerous to the maintenance of an American-style liberalism in the hemisphere.

If the Americans did make any perceptual error, it was in seeing all manifestations of political instability in Latin America, however spontaneous or non-ideologized, as the conscious handiwork of "subversive" agents. The most famous such spontaneous manifestation occurred in Bogotá during the 1948 founding conference of the Organization of American States (OAS). Assassination of the popular Liberal leader, Jorge Eliécer Gaitán, sparked widespread street rioting, known as the *Bogotazo*. Washington officials "explained" the rioting as "obvious efforts of Communist adherents to sabotage the Conference."<sup>28</sup> The result was an increased U. S. interest in militarily-enforced stability.

Militarization of the hemisphere received added impetus as a result of the Korean War. Secretary of State Acheson called a meeting of OAS Foreign Ministers in Washington. A U.S.-sponsored resolution on "internal security" specifically named "international Communism" as a cause of internal disharmony in Latin America, and recommended adequate preventive measures. At the same time, the Truman administration sponsored the Mutual Security Act of 1951, as a result of which military assistance to Latin America increased from \$200,000 in fiscal 1952 to several millions in fiscal 1953. The ever-present economic dimension of the military program was highlighted by a provision that Latin American recipients of U.S. military aid would agree to limit their trade with Soviet bloc nations.<sup>29</sup>

One other policy initiative of the Truman administration indicates that the early postwar approach was "liberal" as well as anti-nationalist and anti-communist. This was the President's "bold new program" of technical assistance known as the Point Four program. Point Four envisaged a benevolent exportation of American technological know-how, very similar in tone to Luce's American Century proposal. Administration officials emphasized that while the program would help develop Latin America, it would not adversely affect private U.S. investments there. Technical Cooperation Administrator Henry Bennett reassured businessmen that "The Point Four Program of economic development is, in the truest and broadest sense, good business for Americans."

Truman himself was ready to include in Point Four an investment guaranty program similar to that approved by Congress as part of Marshall Plan aid to Europe. In a June 1949 statement on Point Four implementation, he proposed that the guaranty program be extended to underdeveloped areas through the Export-Import Bank. Acceptance of the proposal was delayed by opposition both within Congress and from business elements who still feared domestic "government paternalism" (the phrase is from a *Business Week* poll). Some investors suggested that U. S. government guarantees might weaken host country incentive to "improve the investment climate".<sup>30</sup>

Point Four also constituted an early indication of what later became a standard part of U.S. policy in underdeveloped areas, namely the attempt to "replace" politics with technology. The implicit assumption was that the major problems of development were technical rather than political, and were thus susceptible of technical solution within the existing political framework. This "end of ideology" argument was an outgrowth of a domestic American assumption that the New Deal version of liberalism had carried political ideology about as far as it ought to go. Applied to the

underdeveloped world, it provided further justification for the American anti-nationalist, anti-communist stand.

#### 4. *Cold War Context: Phase Two*

The Eisenhower administration, which succeeded the Truman administration in 1953, continued to operate within the anti-nationalist, anti-communist tradition. Direct foreign economic aid to Latin America remained small for the first few years, but the administration did follow through on applying Truman's investment guaranty program. By 1955, eight Latin American governments had signed treaties permitting the U.S. government to take over private claims in the event of dispute. U.S. businessmen slowly reversed their opposition to the program; by 1959 it had the important backing of the U.S. Chamber of Commerce.<sup>31</sup> The administration itself, at first seeing investment guarantees as a substitute for foreign aid, later came to view the two as complementary.

As early as 1953, the President's brother, Milton Eisenhower, had noted on a trip to Latin America a lingering resentment against the United States for its de-emphasis of direct economic aid. On a later trip in 1957, he found the resentment increased in depth and exacerbated by criticism of U.S. military aid. Then in 1958 came the attacks on Vice-President Nixon by mobs in Lima and Caracas, who used him as a focal point for general anti-American feeling.

The administration's response was vintage New Dealism. It encompassed the establishment, at long last, of an Inter-American Development Bank (IDB), plus preliminary plans for a hemispheric development scheme, partly along lines suggested by the old IADC approach and partly along those envisioned in the Operation Pan America approach suggested in 1958 by Brazilian President Juscelino Kubitschek. The new Eisenhower approach, as explained at the Bogotá Conference of 1960, also involved the idea of coupling social reform with economic progress. In so doing, the administration was hardly discarding New Deal assumptions; on the contrary, it was carrying them a step further. U.S. liberalism would henceforth imply not merely economic development in Latin America, but also a conscious effort to stimulate political norms closely resembling those of the United States.

Once again, the "new" approach involved a projected multilateralism which in reality included an American veto over strategic decisions. Most U.S. loan money would be channeled through the IDB's Fund for Special Operations, to be administered "in cooperation" with the United States. By 1960 the Eisenhower administration was also talking about a Social Progress Trust Fund to finance low-cost housing, primary education,

health services and other "social" projects which had "never before been eligible for U. S. public loans."<sup>32</sup>

As in New Deal days, the late Eisenhower era emphasis on economic aid was largely a response to anti-American nationalism. In January 1959, that nationalism received a tremendous boost from the victory of the Castro forces in Cuba. Fidel Castro and his supporters occupied Havana and quickly inaugurated a large-scale program including agrarian reform, expropriation of some foreign interests (though this did not reach a peak until after anti-Castro moves by the United States), and elimination, violently or non-violently, of a number of Batista supporters and sympathizers.

As if to demonstrate the bipartisanship of American policy, or, more accurately, the interchangeability of roles between the two major parties, Democratic Party rhetoric was very negative regarding the administration's newfound interest in aid to Latin America. Democratic Senator Mike Mansfield called the Bogotá Conference offer a "sordid attempt to purchase favor" with the Latin Americans in time of crisis. Many Latin Americans (and *Time Magazine*) agreed, calling the Bogotá Plan the "Castro Plan".<sup>33</sup>

Castro himself agreed at first to welcome U. S. aid. At the Buenos Aires conference of economic experts in May 1959, where he himself headed the Cuban delegation, Castro made a major speech calling for a \$30 billion U.S. aid commitment, to be spread over a period of ten years. In terms reminiscent of those used by Roosevelt's OCIAA in 1943, Castro remarked: "What we are proposing will not adversely affect the United States. It will benefit future generations, since with a developed Latin America, the United States will have more commerce, just as it has more commerce with a developed Canada than with a backward Canada. Besides, if we solve the economic problems now, we will lay the base for a humanist democracy in the future."

The American delegation rejected Castro's proposal. In so doing, however, Assistant Secretary of State Roy Rubottom defended rather than repudiated the administration's commitment to foreign aid. "We do not know of any applications for economically sound development loans," he stated, "that have been rejected for lack of funds." The phrase "economically sound" was, of course, the key qualifier. This, coupled with Rubottom's charge that the Castro proposal "takes no account of the internal measures which capital importing countries must take in order to make international co-operation effective," indicated once again that foreign aid was to be linked to an American definition of "economically sound internal measures".<sup>34</sup>



Castro had presented the Americans with a serious dilemma. Inasmuch as the clash took place before Cuba began moving toward economic dependence on the Soviet Union, it was difficult for the Americans to attack Castro as ideologically alien to the Americas. They were thus forced to respond in more paternalistic accents, stressing his "lack of realism". Castro may have only been intending to call America's bluff. He probably knew his proposal would be rejected, inasmuch as he had already encountered stiff opposition to his economic policies when he visited Washington in April 1959. Regardless of his political motivation, however, his proposal was acutely embarrassing to the Americans because the only major point on which he differed from them was on supervision of the aid money. It was just this point, of course, which was crucial to the whole U.S. approach, and Castro had succeeded in spotlighting it very effectively.

Fortunately for the United States, Castro soon helped resolve the dilemma by drawing closer to the Soviet Union economically and politically. Early in 1960 he signed a trade agreement with Russia, and later that year he presented imported Russian crude oil to be refined by American-owned refineries in Cuba. The U.S. companies' refusal to refine the oil precipitated Cuban expropriation of the refineries, followed by retaliatory U.S. government cuts in the Cuban sugar import quota, followed in turn by Cuban expropriation of American-owned sugar properties. By late 1960, secret American plans for the Bay of Pigs invasion were well advanced. The Eisenhower administration was also by then attacking the Castro government as Soviet-dominated and therefore ideologically alien to the Americas.

##### *5. Cold War Context: Phase Three*

At this point Eisenhower was succeeded in office, not by his chosen successor, Vice-President Nixon, but by the Democratic Party challenger, Senator John F. Kennedy of Massachusetts. There is no need to belabor the continuity between the Eisenhower and Kennedy policies with respect to the Bay of Pigs invasion. That story has been sufficiently chronicled. What is important is to relate that continuity to the larger context of Kennedy's Latin American policies.

In the long run, Kennedy may be remembered best in Latin America not for the invasion, or even for his handling of the missile crisis of 1962, but rather for the ambitious aid program which he established under the rubric of the Alliance for Progress. The Alliance is often described as a "bold new departure" in foreign aid. It has undoubtedly become part of the enduring Kennedy mystique. Particularly important is the fact that Kennedy publicly described his plan as an effort to assist the Latin

Americans “for their own sake” rather than for the negative purpose of combatting communism.<sup>35</sup> In this sense he is thought of as at least attempting to liberate U. S. policy from the sterile framework of the Cold War. Likewise, his difficulties in so doing are often ascribed to the ambitiousness of the Russians and the Cubans, whose collaboration was most clearly evidenced by the missile crisis.

In no significant way, however, did Kennedy’s policies constitute a departure from Cold War liberal thinking. On the contrary, they confirmed and extended that thinking. His Latin American policies consisted of three major strands, all worked out by early 1961 and all reflecting continuing themes of previous U.S. policy. The Alliance embodied the mutual prosperity theme which underlay foreign aid efforts since the 1930’s. Much of its content had been prefigured by the 1943 OCIAA report and by Eisenhower’s Bogotá Plan. The Bay of Pigs invasion, and the attempt to isolate Cuba after the invasion failed, reflected the external security theme. And the response to indigenous totalitarianism was embodied in Kennedy’s military aid program.

The increase in military aid during the Kennedy years is often overlooked by those who would explain New Frontier policies in “post-Cold War” terms. By now it is reasonably evident that Kennedy’s redirection of the military aid program represented a tacit admission that the threat of direct Soviet military action against the hemisphere had receded, if indeed it ever existed.<sup>36</sup> In this limited sense the policy was a break with the Truman and Eisenhower years. The break, however, led not to a decrease but to an increase in military aid. The external threat, in fact, was becoming internal as well with the advent of Castro-sponsored guerrilla movements. The feared linkup was coming closer, calling for increased U.S. action. Looked at from this perspective, Kennedy’s military aid policy provides further evidence that Latin Americanization of the Cold War was accelerated rather than reversed after 1960.

It could be argued that Kennedy was the first to couple economic and social reform effectively. But that ignores the limitations of the uses of U.S. aid contained in the Alliance statutes. Section 1.04a of the Social Progress Trust Fund statute prohibited the use of American funds for the purchase of agricultural land. This meant that such funds would be of no assistance in promoting land reform, since Latin Americans would have to rely on local funds for that purpose. Section 4.05 of the same statute prohibited the use of funds for purchases in non-member countries. Section 4.06 complemented this by stipulating that purchases must be made either in the United States or within the recipient country.<sup>37</sup> The Alliance was thus structured to protect existing American land holdings and to maximize U.S. exports to recipient countries. There was little that was bold or new in all

this. In 1962, aid restrictions were reinforced by passage of the Hickenlooper Amendment, which provided for cessation of aid to any country which expropriated American holdings without prompt and adequate compensation. Far from contradicting Alliance aims, the amendment complemented them.

Indeed, the whole thrust of Alliance policy was to make foreign aid a more effective vehicle for protecting U.S. investments. The administration had only reluctantly accepted the Hickenlooper Amendment, finding it crude and abrasive. Kennedy's own solution was to expand the investment guaranty program both in size and coverage, and to use it as a lever for restraining Latin American nationalism. Through a provision of the Foreign Assistance Act of 1963, the administration arranged to cut off aid funds after 1965 to any country not agreeing to recognize the U.S. government as an insurance claimant for private investors. By 1966 most governments had signed such agreements.<sup>38</sup>

Also crucial to the Alliance program was a renewed effort to locate and work with Latin American groups who were neither nationalist nor totalitarian. A task force headed by old New Dealer Adolf Berle recommended that the U. S. support such "reformist" parties as the Venezuelan *Acción Democrática*, which was as close to being a South American "New Deal" party as was available. Berle apparently hoped that a group of such parties would emerge in Latin America as a "democratic international". Here was a kind of updated "New Deal in international politics", reminiscent of Morgenthau's 1942 "New Deal in international economics" and encompassing the assumption that a "New Deal international" and a "democratic international" were co-extensive.<sup>39</sup>

It is sometimes suggested that a major reason for Kennedy's failure to accomplish more during his brief tenure (apart from the brevity itself) was the fact that the Latin American governments were too "conservative" to put Alliance principles into action, that is, to permit the emergence of the "democratic international". Such administration officials as Richard Goodwin and Arthur Schlesinger, Jr. expressed such fears as early as 1961.<sup>40</sup> If the "democratic international" failed to emerge either during the Kennedy administration or during that of his successor, it was probably because the groups which were supposed to comprise it were subject as much to Kennedy's limitation of vision as to their own. The point bears emphasis.

What seems to have happened during the Kennedy-Johnson years is that the "New Deal international" finally got its chance in Latin America, and its shortcomings reflected the shortcomings of the New Deal approach as a whole. This is not to deny either the positive accomplishments of the New Deal in the United States or those of the Betancourts and others like

him in Latin America. It is, however, to suggest that if the New Deal approach had its limitations in a developed country like the United States, those limitations were even more severe in the underdeveloped societies of Latin America, where paternalism was less likely to lead to a voluntary relinquishing of power and status. The problem was aggravated by the commitment of the Latin American New Dealers to protect foreign holdings. To put the matter in starkest terms, terms on which "left" and "right" in the U.S. might agree, a "democratic international" failed to emerge in Latin America because a "New Deal international" already existed.

In this respect, it is important to examine the relationship between the Kennedy and Johnson policies. Johnson is often accused of scuttling Kennedy's approach. In regard to military coups during the 1960's for example, Johnson is usually blamed for coming to terms with dictators (particularly in Brazil in 1964) and thus restoring an Eisenhower-type era in inter-American relations. He is thus criticized as a "conservative" while Kennedy retains the posthumous credential of "liberal".

Such an interpretation neglects both the liberal foundation of Eisenhower's policies and the fact that Johnson usually inherited situations not of his own making. Moreover, on the one occasion where Johnson intervened militarily, he did so openly and with identified U.S. troops. Kennedy's comparable operation was clandestine. In the matter of economic interventions, Johnson usually followed Kennedy's initiative.

The Brazilian case is particularly important here. Well before Kennedy's death in November 1963, his administration had expressed deep dissatisfaction with the "reckless" nationalism of President João Goulart (as it had with that of his predecessor, Janio Quadros). This is not to say that Kennedy would necessarily have "approved" the April 1964 military takeover had he lived; but the Brazilian military were reading signals of American impatience with Goulart well before Kennedy's death. Goulart's willingness to expropriate foreign holdings and his refusal to abide by IMF budget stabilization restrictions were both taken by Kennedy administration officials as evidence of "irresponsibility" and dangerousness. Admittedly, Goulart was a political opportunist, and was manifestly unable to control the soaring inflation in Brazil. However, he was apparently perceived by the Americans as a threat more because of his nationalism than because of his irresponsibility to his own electorate. Kennedy and Johnson shared this perception. Johnson did greatly step up aid (particularly military aid) after the coup, whereas Kennedy had curtailed aid in similar situations. But inasmuch as most Latin American military establishments had already received a surfeit of U.S. aid, much of it from the

Kennedy administration, Kennedy's post-coup curtailments rarely made much difference<sup>41</sup>

Another way to compare the Kennedy and Johnson policies is to see what happened not only to groups they both opposed but to groups they both supported. Betancourt, leader of the "model reformist" *Acción Democrática* in Venezuela, survived political attacks from both "left" and "right". He gave Alliance strategy a psychological boost by managing to serve out his elected term and see his *AD* associate, Raúl Leoni, succeed him in office through constitutional elections. Interestingly, Venezuela actually received relatively little Alliance aid because her oil revenues, obtained mainly from U.S.-owned companies in Venezuela, were so substantial. But while using the oil revenues to further an impressive modernization of Caracas and a few other cities, as well as to launch a petro-chemicals industry as an offshoot of the petroleum industry, *Acción Democrática* did little to redress the imbalance between urban and rural areas. The fact that Alliance officials ranked Venezuela among the four best performers in respect to agrarian reform during the 1961-1968 period (excluding, of course, Cuba and post-1968 Peru) is a reflection on what USAID admitted was a general "lack of progress" in the area during the decade.<sup>42</sup> *Acción Democrática*, the Kennedy administration's chosen model of democratic reformism, was voted out of office in 1969.

An interesting comparison of Kennedy and Johnson policies can be seen in the case of Peru. Kennedy was very disappointed by the coup which occurred in the summer of 1962. He suspended aid, and even withheld diplomatic recognition until a promise of future free elections was obtained (this was the one case where his pressure tactic was moderately successful). The following year the military consented to the election of Fernando Belaúnde Terry, a "moderate reformer" similar in some respects to Betancourt of Venezuela. What happened then is instructive.

Belaúnde had inherited an explosive political controversy surrounding the position of the International Petroleum Company (IPC), a subsidiary of Standard Oil of New Jersey. Kennedy's Alliance coordinator, Teodoro Moscoso, went to Lima to discuss the IPC situation with Belaúnde. The latter, according to Levinson and Onís, "seemed not to understand that a sizable United States assistance package was dependent upon settlement of the IPC case." Moscoso, on returning to Washington, suggested and obtained a temporary freeze on U.S. loan funds to Peru "as an incentive [to Belaúnde] to reach accommodation with IPC."<sup>43</sup>

After Kennedy's assassination, with the dispute still outstanding, the Johnson administration made the freeze "permanent". Or so it seemed. For in 1966, when Johnson appointed Lincoln Gordon to the post of Assistant Secretary of State for Inter-American Affairs, Gordon had the freeze lifted,

and aid was restored. The dispute remained unresolved, however, and Peruvian-American relations continued to deteriorate. In October 1968, the crisis came to a head within Peru as Belaúnde's cabinet resigned. The probable political beneficiary was the old APRA party, whose apparent victory in the 1962 election had been thwarted by the coup of that year. To prevent another APRA victory in the coming 1970 election, the army again stepped in and ousted Belaúnde. But then the military themselves expropriated IPC holdings. Shortly thereafter, they also proclaimed the most far-reaching Latin American agrarian reform program since the Cuban program of 1959.

By torturing the logic a bit, it is possible to make Kennedy come out looking substantially better than Johnson. Johnson made the freezing order permanent, and though he later rescinded it, this was done only after the installation of an old "Kennedy man" at the Inter-American Affairs post. But by 1966 Gordon was Johnson's man as well. Moreover, what was the purpose of the order in the first place? Apparently both Kennedy and Johnson wished to use governmental leverage to force a settlement with IPC.

Levinson and Onís raise an interesting question in this regard. Belaúnde, they note, "told one official . . . that he could not come to an agreement with IPC until he had a dramatic development program under way, and that if the United States supported him in this effort, he could present settlement with IPC as necessary to maintain the momentum of the development effort." What sort of government assumed it could launch a "dramatic development program" only with public U. S. financial support? Belaúnde apparently accepted this assumption, for his approach was geared toward coming to an understanding with both IPC and the U. S. government. The Peruvian Congress, the military, and APRA were all more nationalistic than he. The behavior of the military after taking over is particularly striking. Granted their presumed anti-APRA motivation, by 1968 they apparently felt it necessary to combat APRA not by rejecting nationalism but by stealing some of the nationalist thunder. In so doing they spotlighted the chief political effect of U.S. aid to Peru during the Alliance period.<sup>44</sup>

One influential American who apparently perceived considerable continuity between the Kennedy and Johnson policies was banker David Rockefeller. Like his brother Nelson, the younger Rockefeller was in close touch with "liberal" business groups in the hemisphere. In 1965 he became chairman of the newly-formed Council for Latin America, a private group representing 224 corporations, or approximately 85% of all U. S. companies doing business in Latin America. As early as 1962, Rockefeller told a group of businessmen gathered in Chicago: "We have made a firm com-

mitment to Latin America for economic aid and for assistance in containing communist imperialism." Four and a half years later, addressing the Inter-American Press Association in Lima, Rockefeller reviewed the development activity of the Alliance period. Rejecting the charge that U.S. policy had strengthened "backward-looking oligarchs", he acclaimed the Latin American leadership which the Alliance had brought forth under both American administrations. "If these men are oligarchs," Rockefeller enthusiastically exclaimed, "Latin America needs more of them."<sup>45</sup>

Despite Rockefeller's enthusiasm, however, by the end of 1968 there was an obvious disaffection with U. S. aid policy both in Latin America and in the United States. Social reform and economic development seemed stalled, while benefits to the U.S. taxpayer were under question at home. Military dictatorships were on the increase, while population growth was often severely crippling economic growth. Big-city slums seemed worse than ever, while agrarian reform programs were not making expected progress. Even the Latin American military were either turning nationalist and anti-American (as predicted in the old "rightist" American critique), or else becoming more repressive than ever in order to contain nationalist and revolutionary outbursts (as predicted in the old "leftist" critique). Partly because of the Latin American situation, partly because of the Vietnam situation, large sections of the American public were showing signs of disenchantment with Cold War liberalism even in its most idealistic forms. It was at this juncture that the Johnson administration was succeeded by the Republican administration of Richard M. Nixon.

#### *6. The Nixon Administration and Post-Cold War Politics*

Nixon did not come into office pledged to any "radical new departure" in Latin American policy. His most dramatic campaign pledge in the field of foreign affairs had been his assurance that he had a "secret plan" for ending the war in Vietnam. However, it immediately became clear to the President-elect that Latin American policies were in a state of disarray. Apart from the existence of a multitude of government studies and scholarly articles detailing the inefficiency, maladministration, and political malfunctioning of the Alliance, there was the thorny problem of the IPC waiting in the wings, not to mention the rising political appeal of the socialist-dominated coalition in Chile.<sup>46</sup>

On his first full day in the White House, Nixon asked Nelson Rockefeller, who was now Governor of New York, to head a special mission to Latin America to "consult with the leaders of the other American republics . . . and to help [the] administration develop policies for the conduct of our international relations throughout the Western Hemisphere."<sup>47</sup> During the spring and summer of 1969, the Rockefeller mission made a

series of four trips to Latin America, and then issued a report to the President which was quickly made public.

Well before the Rockefeller Report was released, the need for such a re-evaluation of American policy was demonstrated by the reception which the mission received in Latin America. Largely because of the IPC controversy, the Peruvian military junta announced that the mission would not be welcome in Peru. Then, after the outbreak of violent demonstrations against the mission during its visit to Honduras (where one student was killed), the governments of Chile and Venezuela likewise asked that the mission's visit be postponed indefinitely. All in all, the mission experienced receptions which in some quarters were reminiscent of the reception accorded Nixon himself during his vice-presidential tour in 1958.

Nixon's choice of Rockefeller as an agent for re-evaluating U.S. Latin American policy was an interesting one. *New York Times* reporter Tad Szulc noted in his introduction to the *Times* edition of the report: "In the minds of many of the young leftist Latin Americans who rioted against him during his fact-finding trips, Mr. Rockefeller may be associated with vested U.S. economic interests. His name alone evokes memories of an economic past in Latin America that he and many other Americans would prefer to forget at the threshold of the 1970's."<sup>48</sup> It is true, of course, that Rockefeller has considerable personal holdings in Latin America, particularly in Venezuela, where he owns a large ranch and where his family's Standard Oil Company owns the mammoth Creole Petroleum Corporation. But that does not exclude him from the ideological ranks of American liberalism. On the contrary, as we have seen, he is an "old Latin America hand" whose policy experience began with five years' service under the New Deal. Indeed, he had been suggested as mission head by the Secretary-General of the O.A.S., Galo Plaza, himself a former President of Ecuador and very much one of the old "New Deal international" among Latin American politicians.<sup>49</sup> By appointing Rockefeller, Nixon was taking a step toward making contact with the American liberal tradition in respect to Latin America.

The report emphasized repeatedly that the Alliance decade had brought out Latin American resentment against the "paternalistic attitude" of the United States. "As part of the aid effort," it stated,

the United States has intervened, usually with the best of intentions, in almost every aspect of their economic policies and programs. It has too often tried to do things for them, because it felt it could do them better. This subconscious paternalism was less effective not only because it was resented, but also because it did not give the other nations an incentive to assume responsibility and initiative themselves.



The report stressed the need for a more effective multilateralism in inter-American affairs, including "shifting an increasing portion of our assistance through multilateral institutions" such as the Inter-American Development Bank and the World Bank. It also recommended partial "untying" of direct U. S. loans so that Latin Americans could spend the money anywhere in the hemisphere rather than in the U. S. alone. A third suggestion was that the U. S. find ways to deemphasize American government preoccupation with protecting private investments. A specific instrumentality for doing this, the report noted, was the proposed Overseas Private Investment Corporation (OPIC), which would allegedly put the insurance burden back on private shoulders through a "reinsurance" mechanism. The report also recommended suspension or modification of the Hickenlooper Amendment.<sup>50</sup>

Despite the indictment of past "paternalism", the report accepted and stressed the importance of the Cold War policy framework. Some of its pronouncements were reminiscent of views expressed more than two decades earlier by Rockefeller himself. The report noted the historic "special relationship" between the United States and Latin America.

Failure to maintain that special relationship would imply a failure of our capacity and responsibility as a great power. If we cannot maintain a constructive relationship in the Western Hemisphere, we will hardly be able to achieve a successful order elsewhere in the world. Moreover, failure to maintain the special relationship would create a vacuum in the hemisphere and facilitate the influence in the region of hostile foreign powers.

Particularly in the reference to achieving a "successful order elsewhere in the world", the report was almost an exact duplicate of Rockefeller's 1945 warning at San Francisco. On the sensitive subject of military sales, the report stated: "Realistically, if the United States doesn't sell such equipment, it will be purchased from other sources, east or west, and this would not be compatible with the United States' best interests." The phraseology was almost identical to that used by Secretary of State Marshall in 1947 to justify arms sales to Peronist Argentina.

Challenging the notion that "communism is no longer a serious factor in the Western Hemisphere," the report recommended that the U.S. "reverse the recent downward trend in grants for assisting the training of security forces for the other hemisphere countries." The report actually pushed the Kennedy military program one step further. In 1961 the emphasis had been mainly on counter-subversion, though the so-called "civic action" program had also been aimed at "liberalizing" the Latin American military. Now, in 1969, Rockefeller acknowledged that even the military had moved toward the revolutionary nationalist camp in certain countries. The task was to keep them from moving too far. "Will they become radicalized, statist, and anti-U.S.?" the report asked.

In this connection, special mention should be made of the appeal to the new military, on a theoretical level, of Marxism: (1) it justifies, through its elitist-vanguard theories, government by a relatively small group or single institution (such as the Army) and, at the same time, (2) produces a rationale for state-enforced sacrifices to further economic development.

One important influence counteracting this simplistic Marxist approach is the exposure to the fundamental achievements of the U. S. way of life that many of the military from the other American countries have received through the military training programs which the U. S. conducts in Panama and the United States.<sup>51</sup>

In a curious way, the Cold War framework notwithstanding, the Rockefeller Report was an attempt to transcend the issue of "communism in the hemisphere". It spoke of development for its own sake, of uplifting the "quality of life" in the hemisphere, of helping Latin America industrialize and diversify its economy because of the intrinsic value of such moves. Many of the report's concrete suggestions, however, were of pre-1945 vintage, such as the suggestions for mutual tariff reductions and for commodity sales agreements to encourage diversification of production. The report even talked of reviving the old Inter-American Development Commission, of which Rockefeller had been chairman as early as 1940, in order to mobilize private capital more effectively. In regard to overall hemispheric development, the report spoke explicitly of the division-of-labor thesis, even citing Adam Smith, and recommending that each country "concentrates on items it can produce with relatively greater efficiency and lowest costs."<sup>52</sup>

In summary, the Rockefeller Report was a confused and contradictory document which rejected Cold War liberal paternalism in theory but accepted and updated it in practice. The military security emphasis, including the idea of protecting the Latin American military from a "simplistic Marxist approach", the division-of-labor thesis, and endorsement of OPIC were all evidence of such paternalism. The report described OPIC as a way of deemphasizing U.S. government involvement in the protection of private investment. When one reads the 1969 Congressional hearings on OPIC, however, one finds that the so-called "private reinsurance" scheme was only a small and relatively unimportant part of the plan. Most disputes would probably never reach the reinsurance stage because government pressure would be put to bear long before that. Much more important in the OPIC scheme was the provision that OPIC would not only take over the investment guaranty program but would expand upon it by taking the initiative in making insured loans to private U.S. firms in order to encourage them to invest abroad. It was precisely for this reason that OPIC found favor with U.S. businessmen, most of whom by now had become quite New Dealized.<sup>53</sup>

The relationship between the Rockefeller Report and the Nixon policies has been an interesting one. Levinson and Onís, writing in 1970, commented on the differences and similarities between the two. "Governor Rockefeller's report," they noted, "did not . . . constitute the policy of the Nixon administration. On the contrary, the new president had his own views on what should be done." They note that in his October 1969 speech to the Inter-American Press Association, Nixon did not adopt either the Rockefeller proposals for reorganization of U. S. government agencies concerned with Latin America or the "hard-line anticommunist rhetoric of the *Rockefeller Report*." They consider the Nixon approach "less activist" than that of Rockefeller. On the other hand, they note that Nixon did implement many of Rockefeller's economic recommendations, such as "untying" of loans, multilateralization of U.S. aid, and support for the private sector.<sup>54</sup>

In the space available, one can do no more than summarize Nixon administration policy since 1969. One thing in particular seems to stand out. Consistent with his attempt to establish an international "low profile" for the United States, Nixon has indeed tried to move away from an association with "paternalism". In this he has accepted the rhetoric of the Rockefeller Report. Administration officials, such as AID Administrator John Hannah, are constantly reiterating the rhetoric of multilateralism and "partnership", apparently reflecting the assumption that a multilateral approach is inherently less paternalistic than a bilateral one. As another administration spokesman pointed out, whereas the U.S. has an obvious veto over all bilateral aid, in multilateral organizations such as the IDB the U.S. voice, "while influential, is not dominant." The proportion of multilateral to bilateral aid has been considerably increased.<sup>55</sup>

Another application of the "low profile" technique to Latin America has been the administration's reaction to the socialist victory in Chile in 1970. In a sense, the election of Salvador Allende marked a turning point in U.S. policy toward Latin America. Allende's victory, seemingly a realization of America's worst fears about a link-up between Latin American nationalism and an "alien" totalitarian ideology, actually exploded those fears in a way that Castro's victory never did. Castro, coming to power violently, and maintaining power with obvious Soviet support, but without resort to constitutional elections, could be dismissed in retrospect as an alien agent from the start. Thus the fear remained.

Allende, however, came to power through a constitutional election after three previously unsuccessful candidacies. There was thus no alternative but for the U.S. government to accept him as "authentically Chilean". What this has meant, ideologically speaking, is that the external, extra-hemispheric factor, previously deemed crucial, has been seen to be at

least partly irrelevant. Indigenous nationalism has been shown to contain within itself the seeds of socialist ideology without reference to dependence on a foreign power. The struggle therefore reverts to an intra-hemispheric one.<sup>56</sup>

By thus signalling a certain irrelevance in Cold War assumptions, Allende's election has actually aided Nixon's emergence as the first post-Cold War President. Early in 1972, to be sure, Washington columnist Jack Anderson released documents indicating that IT&T had requested CIA assistance in arranging a coup to prevent Allende from taking office. Obviously, such a coup was not forthcoming. The Nixon administration's attitude toward the Allende administration has been unenthusiastic, but correct. Indeed, Assistant Secretary of State Charles Meyer recently pointed out that the U.S. has continued bilateral economic and military aid to Chile, and has been prompt in extending disaster relief assistance. The controversy over the copper expropriations has of course been a serious one, but to date there has been no application of the Hickenlooper Amendment.<sup>57</sup>

The transition to post-Cold War thinking has not, of course, been complete, and probably will not be (the President's overtures to China notwithstanding) until the Vietnam intervention has ended. In Latin America, the obvious holdover of such thinking is the continued "hard-line" attitude toward Cuba. Late in 1971, the State Department rebuffed an attempt by the Senate Foreign Relations Committee to move toward "normalization" of U.S.-Cuban relations (at one point committee chairman Fulbright told a Department representative, "Your self-righteousness and moralism gets awfully boring.").<sup>58</sup> Nonetheless, the policy toward Chile indicates a departure, however forced, from previous thinking.

All in all, Nixon's approach seems a logical outgrowth of the original, pre-Cold War, New Deal liberal framework. Like Roosevelt, his last pre-Cold War predecessor, Nixon apparently recognizes that while the extra-hemispheric threats exist, the indigenous ones are much more important. Ideologically speaking, U.S. policy thus has come back to what it was in 1940 — a continuing confrontation between American liberalism and Latin American revolutionary nationalism, with outside parties playing even less of a role than they did then.

Likewise, Nixon has recognized the limits of the American Century approach upon which much of the Cold War effort was based. Multilateralism now becomes an admission of modesty rather than an assertion of omnipotence. Of course the emphasis on multilateralism does

not mean an abandonment of U.S. power. The multilateral lending institutions, such as the IDB, IMF, and IBRD, have yet to cross the United States on any major policy decision. And, as Treasury Undersecretary Walker has pointed out, in any proposed rule change, "the U. S. voice . . . would be the determining one."<sup>59</sup>

Nor has the administration completely rejected bilateralism. While the proportion of multilateral aid has gone up, bilateral aid has also increased. As one Alliance official remarked: "To channel the funds now provided for bilateral economic aid through multilateral agencies — assuming that the Congress did agree to make all of its foreign assistance appropriations in large sums for multilateral organizations over which it has little control — would probably mean a reduction in the development impact of assistance." That, he added, "is because multilateral agencies are hesitant in practice in pressing for change in sensitive areas like educational reform and agricultural modernization."<sup>60</sup>

The rejection of "paternalism" has thus been less than complete. In fact, the anti-paternalist rhetoric has on occasion been used to justify continuing existing policies, as when Assistant Secretary of State Meyer argued in 1969 that to deny sophisticated weapons systems to the Latin American military would be viewed as "paternalistic, even patronizing".<sup>61</sup> Nonetheless, some policy change is evident.

But it has obviously been impossible to go back to 1940. Structurally speaking, the U. S. has become even more attached to its internationalist anti-depression policies than it was then. Given its internationalist and therefore anti-nationalist assumptions, the U. S. can no more think of cutting off all foreign aid than of cutting off foreign investment. What has happened, therefore, is that in the anti-nationalist search for profits without paternalism, the paternalism has been submerged internationally within multilateralism, but has been extended domestically through OPIC — a good New Deal anti-nationalist mechanism. Ironically, in 1941 the American Century was Luce's alternative to an extended New Dealism, while by 1971 an extended New Dealism was Nixon's alternative to the American Century. It was this extended New Dealism which raised the question of whether America would thereby lose its pants as well as its shirt.

Meanwhile, the situation provided both "left" and "right" in the United States with an opportunity, and a dilemma. Both critiques were, in certain areas, being borne out by events (the "leftist" in Brazil, the "rightist" in Chile). Hence the opportunity. But neither group by itself was very powerful, and neither had been able to break through to the other to discover the common bases of their critiques. Hence the dilemma. For the moment, therefore, his opposition neatly split, Nixon's approach, as perplexing to the "right" as to the "left", was precisely what was giving him

his greatest strength as he sought (and received) a second mandate from the "vital center". The question which remains, and which may thus be resolved only by the action of those external constituents whose response the President seeks to influence, is: Can an updated pre-Cold War liberal paternalism deal effectively with a post-Cold War revolutionary nationalist situation?<sup>62</sup>

## NOTES

<sup>1</sup> The full citations for the introductory quotations are: Henry R. Luce, *The American Century* (New York, 1941), pp 39-40, and U.S. Congress, House of Representatives. Committee on Foreign Affairs. *New Directions for the 1970's — Part 2. Development Assistance Options for Latin America*. 92nd Congress, 1st session. (Washington, 1971), p. 130.

<sup>2</sup> For Conkin's description, see Paul Conkin, *The New Deal* (New York, 1967), p. 103.

<sup>3</sup> J. P. Morray, "The United States and Latin America", in James Petras and Maurice Zeitlin, eds., *Latin America: Reform or Revolution?* (Greenwich, Conn., 1968), p. 113. For the Gross-Dentzer colloquy, see U.S. Congress. House of Representatives. Committee on Foreign Affairs. *New Directions for the 1970's: Toward a Strategy of Inter-American Development*. 91st Congress, 1st session. (Washington, 1969), p. 59. Hereafter cited as *New Directions, Part 1*.

<sup>4</sup> Taft is quoted in David Green, *The Containment of Latin America* (Chicago, 1971), p. 68. Also see Harry Magdoff, "The Age of Imperialism", Part Three, in *Monthly Review*, Vol. 20, No. 6 (November 1968), p. 20.

<sup>5</sup> *Webster's Third New International Dictionary* (Springfield, Mass., 1965) defines paternalism as "the care or control of subordinates (as by a government or employer) in a fatherly manner." This is, of course, a rather broad and somewhat flexible term when used in a political way. Critics on both "left" and "right", as I shall point out in the text, occasionally use the term "paternalism" as interchangeable with "imperialism". I have avoided using the latter term, however. (a) because it generally has somewhat different connotations, and (b) because the term "paternalism" is more commonly employed in American political discourse as a kind of "lowest denominator" particularly when linked with New Deal-type liberalism.

<sup>6</sup> Barry Goldwater, *The Conscience of a Majority* (New York, 1971), p. 67. Taft is quoted in Henry W. Berger, "A Conservative Critique of Containment: Senator Taft on the Early Cold War Program", in David Horowitz, ed., *Containment and Revolution* (Boston, 1967), p. 132. The Gross-Cox colloquy is in *New Directions, Part 1*, p. 168.

<sup>7</sup> William Appleman Williams, *The Tragedy of American Diplomacy*, rev. ed. (New York, 1962), p. 307. For examples of recent "new left" reexaminations of Roosevelt's foreign policies, see Lloyd Gardner, *Economic Aspects of New Deal Diplomacy* (Madison, Wisc., 1964) and Robert F. Smith, "American Foreign Relations, 1920-1942", in Barton J. Bernstein, ed., *Towards a New Past: Dissenting Essays in American History* (New York, 1969), pp. 232-262.

During the mid-1960's, a small but excellent journal entitled *Left and Right: A Journal of Libertarian Thought*, edited by Murray Rothbard, Leonard Liggio, and H. George Resch, devoted considerable space to the historical-ideological relationship between "new left" and "old right". See in particular the editorial, "Old Right/New Left", and the article by Leonard Liggio on "Isolationism, Old and New" in the Winter, 1966 issue. I wish to acknowledge my indebtedness to Professor Liggio for a number of discussions of this problem. I do not thereby mean to impute to him any responsibility for the ideas advanced in this paper.

<sup>8</sup> *The Rockefeller Report on the Americas*, New York Times edition (New York, 1969), p. 40.

<sup>9</sup> McKinley is quoted in Foster Rhea Dulles, *America's Rise to World Power, 1898-1954* (New York, 1963), p. 51, and in E. Berkeley Tompkins, *Anti-Imperialism in the United States: The Great Debate, 1890-1920* (Philadelphia, 1970), pp. 174-175. Roosevelt is quoted in Green, *Containment of Latin America*, p. 5, and Wilson in Williams, *Tragedy of American Diplomacy*, p. 64.

<sup>10</sup> It should be noted that despite implementation of direct political control in a few strategically important areas such as the Philippines, American paternalism was not basically colonialist in outlook or purpose. By 1900, U.S. policy makers had formulated the "open door" approach in order to promote economic expansion without tying it to an expensive, cumbersome, and resentment-producing colonialism. Williams, *op. cit.*, ch. 1 and especially pp. 47-50, describes this policy as "imperial anticolonialism." The "open door" approach nonetheless contained paternalistic dimensions which were to become integral to later foreign aid schemes.

<sup>11</sup> Richard Hofstadter, *The Age of Reform: From Bryan to F.D.R.* (New York, 1955), p. 304, and Carl Degler, "The Third American Revolution", in Barton J. Bernstein and Allen J. Matusow, eds., *Twentieth-Century America: Recent Interpretations* (New York, 1969), p. 283. Degler has also written on Herbert Hoover's pre-New Deal "transitional" approach to anti-depression economics in "The Ordeal of Herbert Hoover", *ibid.*, pp. 223-239.

<sup>12</sup> The first version of the "Eximbank," devised specifically to provide credits to the Soviet Union, fell through when Soviet-American discussions stalemated over the question of responsibility for old Czarist debts. The second "Eximbank" — the one now in operation — was chartered separately by Congress as an entirely new institution.

<sup>13</sup> Gardner, *Economic Aspects of New Deal Diplomacy*, p. 129.

<sup>14</sup> See Green, *Containment of Latin America*, esp. Chs. 1-2. Roosevelt's remark is quoted on p. 38. For material on the Venezuelan negotiations, see Bryce Wood, *The Making of the Good Neighbor Policy* (New York, 1961), Ch. 10.

<sup>15</sup> See Spruille Braden, "Latin American Industrialization and Foreign Trade", in Lloyd J. Hughlett, ed., *Industrialization of Latin America* (New York, 1946), pp. 486-493.

<sup>16</sup> *Public Papers and Addresses of Franklin D. Roosevelt* (New York, 1938), Vol. II (1933), p. 14, and Wood, *Making of the Good Neighbor Policy*, pp. 133-135.

<sup>17</sup> On Cuba see *ibid.*, Chs. 2-3. Also Robert F. Smith, *The United States and Cuba: Business and Diplomacy, 1917-1960* (New York, 1961), and Lester D. Langley, *The Cuban Policy of the United States* (New York, 1968), pp. 153-160.

<sup>18</sup> On the IAB and IADC, see Green, *Containment of Latin America*, pp. 60-74.

<sup>19</sup> Luce, *American Century*, pp. 26-27.

<sup>20</sup> Morgenthau is quoted in Green, *Containment*, p. 119.

<sup>21</sup> *Ibid.*, pp. 124-129. For U. S. business reactions to the projected post-war approach, see *ibid.*, pp. 129-130, 139, 132 and 134; on U.S. labor's viewpoint see Ronald Radosh, *American Labor and United States Foreign Policy* (New York, 1969), chs. 11-13.

<sup>22</sup> For the Taft-Crowley colloquy, see Gardner, *op. cit.*, p. 289. For Taft on the U.N., see Robert A. Divine, *Second Chance: The Triumph of Internationalism in America During World War II* (New York, 1967), p. 311. For Taft on the American Century, see his 1943 Grove City College address, reprinted in the *Congressional Record*, 1943, Vol. 89, pt. 4, pp. 5092-5094. The comment on the World Bank is in Gardner, *op. cit.*, p. 261.

<sup>23</sup> See Arthur H. Vandenberg, Jr. ed., *The Private Papers of Senator Vandenberg* (Boston, 1952), pp. 175 ff.

<sup>24</sup> On the Chapultepec Conference, see Green, *Containment*, pp. 172-179, 201-208.

<sup>25</sup> For the remarks by Berle, Rockefeller, and Vandenberg, see *ibid.*, pp. 208, 234 and 221, respectively.

<sup>26</sup> John Gerassi, *The Great Fear in Latin America* (New York, 1965), p. 183. For a fuller discussion of military aid, see Edwin Lieuwen, *Arms and Politics in Latin America* (New York, 1961), pp. 203 ff.

There was an increase in U. S. anti-statist rhetoric during the Truman years, but it must be seen in perspective. It was primarily a response to increasingly statist rhetoric on the part of the Latin Americans, many of whom emerged from the war years notably unimpressed with the results of Roosevelt's economic policy. It also reflected a need to justify to Latin America the fact that most U.S. public aid funds would initially be earmarked for European reconstruction. Despite administration rhetoric, however, the continuation of Eximbank lending, plus U.S. participation in the IMF and IBRD, belied any wholesale abandonment of the New Deal approach.

<sup>27</sup> For Marshall's comment, see U.S. Congress. House of Representatives. Committee on Foreign Affairs. *Hearings on Inter-American Military Cooperation Act, 1947*. 80th Congress, 1st session (Washington, 1947), p. 6. On the credit to Argentina, see *State Department Bulletin*, XXII (May 22, 1950), pp. 801-803.

<sup>28</sup> See *ibid.*, XVIII (May 30, 1948), p. 715.

<sup>29</sup> See David Green, "The Cold War Comes to Latin America," in Barton J. Bernstein, ed., *Politics and Policies of the Truman Administration* (Chicago, 1970), pp. 185-187.

<sup>30</sup> For Bennett's remark, see *State Department Bulletin*, XXIII (December 25, 1950), p. 1017. On the investment guaranty program, see Marina Von Neumann Whitman, *Government Risk-Sharing in Foreign Investment* (Princeton, 1965), pp. 74-75, 102-104. *The Business Week* poll is quoted on p. 103.

<sup>31</sup> See Whitman, *Government Risk-Sharing in Foreign Investment* pp. 80, 105.

<sup>32</sup> On the development of the Eisenhower aid program, see Jerome Levinson and Juan de Onís, *The Alliance that Lost its Way: A Critical Report on the Alliance for Progress* (Chicago, 1970), pp. 44-49. Also see Milton Eisenhower, *The Wine is Bitter* (New York, 1963).

<sup>33</sup> Gerassi, *The Great Fear in Latin America*, p. 246n.

<sup>34</sup> Castro and Rubottom are quoted in Levinson and Onís, *The Alliance that Lost its Way*, p. 47.

<sup>35</sup> Quoted *ibid.*, p. 52.

<sup>36</sup> Edwin Lieuwen commented on this "threat" as early as 1961. See *Arms and Politics in Latin America*, pp. 208-209.

<sup>37</sup> Gerassi, *op. cit.*, 266-267.

<sup>38</sup> See Whitman, *op. cit.*, p. 114, Morray, "The United States and Latin America", p. 111; and Magdoff, "The Age of Imperialism", Part Three, p. 30.

<sup>39</sup> For Berle on the "democratic international", see Levinson and Onís, *op. cit.*, p. 56.

<sup>40</sup> *Ibid.*, p. 63.

<sup>41</sup> Discussions of U.S. policy toward Brazil in the 1960's are legion. See, for example, *ibid.*, pp. 88-91, 190-200. Also Gerassi, *op. cit.*, pp. 76-99. For a journalistic account of the coup itself, see John Gunther, *Inside South America* (New York, 1966). A major governmental study is U. S. Congress. Senate. Committee on Foreign Relations. *United States Policies and Programs in Brazil*. 92nd Congress, 1st session. (Washington, 1971). An interesting post-coup justification for continuing U.S. aid policies, particularly in the field of police training, is provided by the following colloquy between two "liberal" Senators, one a Democrat, one a Republican, and an AID official in charge of the training program:

Senator Aiken [Repub., Vermont]: I would like to ask him an easy one. Do you think the



situation [with respect to police use of torture in Brazil] has been better than it would have been had we had no program?

Mr. [Theodore D.] Brown [Chief Public Safety Adviser, USAID]: I am certain of that, Senator.

Senator Aiken: I said that is an easy one.

Senator Church [Dem., Idaho]: He knocked that one out of the ball park.

From *ibid.*, p. 21.

<sup>42</sup> For USAID views, see U. S. Congress. House of Representatives. Committee on Government Operations. *A Review of Alliance for Progress Goals: A Report by the Bureau for Latin America, Agency for International Development*. 91st Congress, 1st session. (Washington, 1969), pp. 31-32. For a general summary of Venezuelan progress under the Alliance, see Levinson and Onís, *op. cit.*, pp. 230-233.

<sup>43</sup> *Ibid.*, p. 150.

<sup>44</sup> For detailed discussion of the controversy, see *ibid.*, pp. 146-156. The Belaunde quote is on p. 156.

<sup>45</sup> *Ibid.*, p. 159, and p. 61 for the 1962 statement. For the 1966 statement, see *New York Times*, October 9, 1966.

<sup>46</sup> For a representative governmental study of the Alliance, see U.S. Congress. House of Representatives. Committee on Government Operations. *U.S. AID Operations in Latin America Under the Alliance for Progress*. 90th Congress, 2nd session. (Washington, 1968). From this report issued other investigations and reports.

<sup>47</sup> Rockefeller to Nixon, August 30, 1969, in *Rockefeller Report on the Americas*, p. 5.

<sup>48</sup> *Ibid.*, p. ix.

<sup>49</sup> *Ibid.*, p. 5.

<sup>50</sup> The indented quotation is on p. 66. For other specific uses of the term "paternalism", see pp. 21, 40. Also see pp. 66, 86, 94.

<sup>51</sup> *Ibid.*, pp. 39, 65, 35, 63, 33.

<sup>52</sup> *Ibid.*, pp. 75-77, 94, 102.

<sup>53</sup> See, for example, testimony of Elliott Haynes, Executive Vice President, Business International Corporation, in U.S. Congress. House of Representatives. Committee on Foreign Affairs. *Overseas Private Investment Corporation*. 91st Congress, 1st session. (Washington, 1969), pp. 39 ff. Also see remarks of Rep. Leonard Farbstein, *ibid.*, p. 15.

<sup>54</sup> Levinson and Onís, *op. cit.*, pp. 317-318.

<sup>55</sup> See statement by Hannah in U.S. Congress. House of Representatives. Committee on Appropriations. *Foreign Assistance and Related Agencies: Appropriations for 1971 — Part 2*. 91st Congress, 2nd session. (Washington, 1970), p. 3; also see statement by John Hugh Crimmins, Acting Assistant Secretary of State, in U.S. Congress. Senate. Committee on Foreign Relations. *Inter-American Development Bank: Fund for Special Operations*. 92nd Congress, 1st session. (Washington, 1971), p. 43. For a chart showing the relationship of multilateral to bilateral aid, see *ibid.*, p. 5.

<sup>56</sup> John Gerassi has noted Russian fears of this as early as 1964. He accuses the Russians of conspiring to sabotage Allende's election in the 1964 campaign. See *op. cit.*, p. 122.

<sup>57</sup> See Meyer's testimony in U.S. Congress. House of Representatives. Committee on Foreign Affairs. *Recent Developments in Chile, October 1971*. 92nd Congress, 1st session. (Washington, 1971), p. 4. Also see note 62, *infra*.

<sup>58</sup> See U. S. Congress. Senate. Committee on Foreign Relations. *United States Policy Towards Cuba*. 92nd Congress, 1st session. (Washington, 1971), p. 19.

<sup>59</sup> See Walker's testimony in Senate Committee on Foreign Relations, *Inter-American*

*Development Bank: Fund for Special Operations*, p. 12. Walker had specific reference to the IDB. His remarks are equally applicable to the other institutions, however.

<sup>60</sup> On the increase in bilateral aid, see *ibid.*, p. 5. For statement by Acting Deputy Alliance for Progress Coordinator Herman Kleine, see House Committee on Appropriations, *Foreign Assistance and Related Agencies: Appropriations for 1971 — Part 2*, p. 1182.

<sup>61</sup> See *State Department Bulletin*, LXI (August 4, 1969), pp. 100-102.

<sup>62</sup> This paper was written prior to the overthrow of the Allende government by the Chilean armed forces. That overthrow, however, does not confute the notion of an emerging post-Cold War approach in U.S. policy. On the contrary, it suggests in its international context a developing pattern of conflict as the struggle reverts to a continuing confrontation between liberal paternalism and revolutionary nationalism.