

Four Years of the Alliance:*

The Record

By the end of the fourth year of the Alliance for Progress, the phrasemakers were wholly discredited. President Kennedy's Ambassador to the Organization of American States, DeLesseps S. Morrison, had early perceived that "brilliant as they were in theory, they (the phrasemakers of the Alliance) were impractical in the grass roots area of international politics and when they were brought into the White House and began at once handling major Latin American matters—*though they knew little about Latin America*—the one drawback added to the other could only make trouble."¹ The glibness of this group which as newsmen put it "had solutions even for problems that did not exist" could prevail in the era when across the board "we did not realize how little was being accomplished", as a fine British estimate of the Kennedy period concluded.² But after four years the lack of knowledge and the absence of capacity to deal with major problems in inter-American affairs was too obvious to be denied, and the Deputy U.S. Coordinator for the Alliance somewhat sheepishly

* This is the fourth in a series of reviews of the Alliance performance published in this quarterly. Volume 16 No. 1—"The Alliance for Progress: The First Year." Volume 17 No. 3—"The Alliance for Progress: The Second Year." Volume 18 No. 4—"The Alliance for Progress: The Third Year."

¹ DeLesseps S. Morrison, *Latin American Mission* (New York, 1965), p. 199. Italics added. This book should be in every university library. It is immensely important to an understanding of our Latin American policy, and no other book can serve in its place.

² See *Chicago Sun Times*, May 6, 1965 in which an article from *The Observer* (London) was reprinted.

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conceded that "our exuberance had exceeded our knowledge and sophistication."³

The cost of the experience in actual disbursements had been \$3.2 billion but politics still dictated a refusal to learn. When Senator Robert Kennedy protested that "some of the idealism, the heart of the Alliance, is not there to the same extent it has been in the past," and when a Kennedy speech-writer, perhaps the chief phrasemaker in the now-discredited clique, mobilized a new flood of rhetoric to the cause of social justice and political democracy, Lincoln Gordon, fresh from an educational experience as Ambassador in Rio and himself an early member of the clique, wearily told the Senate Foreign Relations Committee that "I am an economist, which Mr. Goodwin is not. . . . It is easy to get excited about the rhetoric of social justice and political democracy (but) I don't want them pursued in merely rhetorical terms. . . . You can't have real social justice without something to distribute."⁴

And when another of the phrasemakers superciliously told reporters at a news conference that since he trusted in an eventual trickledown of benefits to the masses, they need not be concerned with the apparent fact that the half-billion dollars of burden on consumers imposed by U.S. participation in the coffee cartel had not been reflected in improved real wages and instead had been siphoned off to safe havens abroad and to a widening of the gap between rich and poor, the newly-educated Gordon

³ *The National Observer*, July 26, 1965.

⁴ *Hearings before the Senate Foreign Relations Committee on Nomination of Lincoln Gordon to be Assistant Secretary of State for Inter-American Affairs*, February 7, 1966, p. 15.

⁵ *New York Times*, February 26, 1966. At the Rostow briefing of the press, May 14, 1965, Rostow indicated that we were no longer concerned with the need for improvement of the condition of workers on plantations, etc. The new approach was to hope that eventually some of the loot from operation of the coffee cartel *might* trickle down to the masses by way of modernization and mechanization and a migration to the cities. The earlier thesis of course was that improvement in the standard of living for the downtrodden could not wait and that violent revolution might occur unless something immediate was forthcoming. Now, the trickle down theory apparently prevailed at the Inter-American Committee on the Alliance for Progress.

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provided Mr. Rostow an answer that "we must not deceive ourselves by the hope that somehow or other general economic growth will trickle down into adequate social investment and agricultural modernization."⁵

After four years of exciting if untrue testimony before congressional committees about the progress in agrarian reform, testimony which was considered necessary if the bureaucracy were to survive and expand, the Agency for International Development (AID) finally conceded that "no great progress has been made except in isolated cases in the technical improvements in agriculture, in increasing agricultural productivity or in carrying out programs of agrarian reform."⁶ And the Inter-American Development Bank conceded that "there has been very little actual land redistribution during the last four years."

After four years of phony claims concerning the effectiveness of the approach to the housing needs of the masses, the Agency for International Development conceded that it had discovered that the housing effort of the Alliance had reached too high an income level and that it should not have been aimed so largely at housing for the relatively well to do.⁷

After four years of the most unfounded optimism regarding the revival of foreign private investment, culminating in the clumsy construction by the Secretary of Defense of two false claims "supporting" each other ("there is a growing confidence in the stability of political institutions and viability of the economies tangibly reflected (*sic*) in a rising inflow of foreign investments")⁸, the U.S. Department of Commerce reported that in fact the flow of private capital had never recovered from the impact of the ignorant Alliance imagery, that the target figure set by President Kennedy as absolutely essential to success of the Alliance was as remote as ever, and that the *total* direct investment flow for the four years had been less than the target figure

⁵ *Hearings before House Appropriations Subcommittee on Foreign Assistance and Related Agencies Appropriations for 1966*, p. 855.

⁷ *Hearings before the House Foreign Affairs Committee on Foreign Assistance Act of 1965*, H.H. 7750, pp. 32-33.

⁸ *Hearings before the House Appropriations Committee on Department of Defense Appropriations, 1966, Part III, March 2, 1965*, pp. 20-21.

for each year which President Kennedy had asserted must be reached unless "all our hopes of a decade of development in Latin America are to be lost."*

After four years, in a period when the terms of trade were improving and the multiplier effects of the \$3.2 billion of U.S. treasure might have been expected to show results, it was revealed that in the fourth year of the Alliance *real wages had actually declined* for the greater part of the labor force of Latin America! Yet, as Professor Viner had suggested many years earlier, the reduction of mass poverty had to be a (or the?) crucial test of the realization of economic development. As the *New York Times* noted: "In the whole of Latin America the rich are getting richer and the poor are getting poorer", and these social imbalances which had been the original target of the Alliance must inevitably prove disturbing in the extreme.

After four years of seeking to create a showcase for the Alliance for Progress, which would serve as a stimulus to the rest of the area, and after four years of successive moves among the countries as the failures became too obvious, Colombia had been selected and an immense volume of money and effort concentrated on it, only to find in the fourth year of the Alliance that the showcase had shattered into a fearful economic collapse which simply could not be concealed despite heroic efforts by the American Embassy to do so. It was peculiarly appropriate that after disproportionate commitments of \$370 million in Alliance for Progress assistance for this showcase, plus \$80 million per year in a windfall by U.S. participation in the cartel created to raise prices of coffee to the United States consumer, the President of Colombia was protesting that since some \$900 million of Colombian funds had been drained away to safe havens abroad, the United States should be furnishing more money to replace the funds taken out by citizens of Colombia (the very antithesis of the concept of the Alliance). And it was symbolic that Ciudad Kennedy, the low-cost housing project hailed by President Kennedy himself as the model and great achievement to be fol-

* Direct investments in the fourth year of the Alliance still ran below those of the last year before the Alliance had entered upon operation. The four-year total was some \$900 million below the minimum set by Kennedy as absolutely essential to hope for success of the Alliance.

lowed elsewhere under the Alliance, should now be recognized as "the biggest and ugliest-looking government-sponsored slum in the hemisphere," to the point where the political opposition could make political capital out of alleged lack of suitable planning, the unsightly appearance, the lack of recreation facilities, the filth, etc. Fortunately, U.S. observers noted, no sign had been mounted to focus attention on the fact that this was the creation of the joint Alliance-Colombian effort!

After four years of emphasizing in its appeals for funds to sustain the bureaucracy—national and international—the progress in comprehensive planning and the piously affirmed claim of focussing disbursements precisely where the comprehensive planning is most effective, an advisor to the World Bank reduced the State Department's testimony to ashes: "The experience of the Alliance for Progress has been that the practical choice is often reduced to partial planning or no planning at all. Every Latin American country was originally expected to prepare a ten-year comprehensive plan in order to qualify for aid under the Program. But it soon became evident that most Latin American countries were unable or unwilling to prepare such plans, and that the few which were willing to formulate plans would need much time before their plans were prepared. The Bolivian comprehensive plan has never been viable and almost nothing has been done to implement the Colombian ten-year comprehensive plan. Instead, a four-year investment plan has become the basis for coordinating public capital disbursements. Only Chile, Ecuador and Venezuela still have comprehensive plans but they have had little influence on private investment."¹⁰

After four years of costly propaganda requiring the financing of a great new bureaucracy for the purpose, Costa Rica's brilliant ambassador to the Organization of American States could report that "In Latin America the bulk of the public still continues to look on the Alliance as a U.S. aid program instead of as a grand inter-American revolutionary undertaking in which the major effort must be made by each of the Latin American countries

¹⁰ Albert Waterston, *Development Planning, Lessons of Experience* (Baltimore, 1965), p. 100.

themselves."¹¹ Again he noted that "almost all the criticism of the Alliance that is made in our countries is based on the erroneous conception that this is simply a special loan program of the United States rather than a joint revolutionary undertaking." The inability to score a success even in the public-relations aspect of the Alliance was especially noteworthy because with the ignorance which had marked the U.S. economic policy determinations, this was alone the field where a measure of success might have been expected. As Senator Case, a liberal member of the Congress, has noted when asked whether he thought the Johnson Administration had lost ground in its appeal to the great mass of the Latin American people from what the Kennedy Administration had achieved in that respect: "I don't think the Kennedy Administration achieved very much. I think its heart was in the right place but I don't think we got very far frankly. It was more a public relations matter."¹² Yet, even the public-relations effort failed.

After four years, the President of the United States was pledging himself "to encourage our Latin American neighbors, where possible, to limit their outlays for military purposes." But when Congressman Zablocki at House Foreign Affairs Committee hearings on February 25, 1965 asked the Pentagon whether "there is any inconsistency in continuing a high level of military assistance to a country that will not undertake sufficient self-help measures to qualify for economic development aid," General O'Meara replied that there is no inconsistency. And Secretary of Defense McNamara explained the philosophy: "By this military assistance we are able to substitute *our* expenditures for *theirs* for military purposes." Unfortunately, however, the substitution never worked out to a diversion of funds from military waste to urgent social and economic requirements. This was

¹¹ *The Evening Star* (Washington), February 10, 1965. The Ambassador (Gonzalo J. Facio) insisted that "the Alliance cannot be directed as a cold and indifferent program of economic development. It must be understood as an expression of representative democratic thinking. . . . We have not yet succeeded in having the programs supported by all the energies of our peoples and governments because the Alliance is not equipped with a true political mystique." (Statement to the press, Sept. 8, 1965).

¹² Transcript for TV appearance, September 19, 1965.

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nically demonstrated when the Brazilians, the larger part of their imports from the United States now being financed by U.S. donations and concealed donations, their external debt defaulted through rollover of service, and real wages for their workers declining scandalously, announced in London four months into the fifth year of the Alliance, that they had \$18 million to spend immediately on sophisticated military equipment and could well sign contracts for much larger sums spread over a period of years. For, nothing that they might do to slow the inflow of funds for economic development could under the Pentagon's thesis delay the arrival of funds for military assistance, and these "savings" were obviously available to spend in Europe on sophisticated military equipment. (Twelve days after the call for arms in London, with which the dictatorship hoped to keep the military leaders in line, the *New York Times* carried unintentionally a suitable footnote: "Military doctors in Sao Paulo announced that only two out of every five men called up for service in the armed forces are medically fit, with malnutrition high on the grounds for rejection, underscoring in their estimation the gravity of the public health problem of Brazil".)

While the AFL-CIO, now as deeply involved in the benefits from the bureaucratic establishment as were the government bureaucrats themselves, was proclaiming that "as a result of the many programs of the Alliance for Progress, workers can now look forward pretty well to getting an education for their children (and) they can look forward to eating fairly well,"¹³ the President of the First National City Bank of New York who might have been expected to voice such a statement in defense of the status quo, instead chose to tell the truth: "The Alliance is not meeting the most minimum human needs in Latin America."¹⁴

The naïve chairman of the Senate Foreign Relations Subcommittee on Inter-American Affairs had once thought that all Latin American problems reduce to the simple solution of "more money from the United States" and had so reported to the Senate in an incredibly stupid document. Now, after four years of implementation of his formula, he sobbed. "The Alliance is not financing

¹³ See AFL-CIO press release of February 21, 1966.

¹⁴ *The Latin American Times*, September 9, 1965.

reforms worthy of the name in most of the nations of this hemisphere. . . . Of course we are told right along that the Alliance finances reform measures and that it is designed to raise the living standards of the lower classes, but that is not the real theory of the Alliance today. Today it concentrates on strengthening upper classes so they will be in a better position to prevent any unrest among the deprived people from getting out of hand, meaning to prevent it from posing any real threat to the status quo."¹⁵

The frustration of all the hopes that had been raised might have been expected to result in a serious analysis of the hard facts, both here and in Latin America. But such an appraisal might have sorely affected the existing bureaucratic establishment and thus represented a risk to these prime beneficiaries of the Alliance which simply could not be taken as long as the U.S. Congress must vote appropriations. And on the part of the Latin Americans, any such appraisal had to be resisted lest it touch off a demand for real reform, lest it jeopardize the growing gap between the rich and the poor which the Alliance was in fact promoting, lest it make blackmail less effective as an instrument of policy. There developed a loss of confidence on both sides even as public discussion became dangerous the closer it came to revealing the hard facts.

Politically, this showed itself in Washington's adoption of the thesis that Latin America is "not ready" for democracy. This was not a new thesis by any means. When the Alliance was being born, an Assistant Secretary of State had warned the congress that "in most of Latin America there is so little experience with the benefits of political legitimacy that there is an insufficient body of opinion which has any reason to know its value and hence to defend it." Now, Assistant Secretary of State Gordon lectured the Senate Foreign Relations Committee on the fact that "political development is a process in time," and that in Brazil for instance the military dictatorship which he had supported so vigorously demonstrated that the time for constitutional democracy still lay far ahead for Brazilians.¹⁶ They were just "not ready" for such a mature concept.

¹⁵ *Congressional Record*, June 8, 1965, pp. 12313-12314.

¹⁶ See *Hearings . . . Nomination*, op. cit., p. 8.

Again, Assistant Secretary of State Mann insisted that "I am not one of those who are anti-military in Latin America. I think the military is a force for stability."¹⁷ And to this, General O'Meara, U.S. Army, Commander-in-Chief, Southern Command, had an explanation to add: "The amenability of the military forces to suggestions from American forces can be very important in the future."¹⁸

The influential Senator Hickenlooper, drawing on the education he had received from State Department witnesses before the Foreign Relations Committee, pontificated that "These countries still have to have a strong-man government. I think we made a mistake in making a fetish out of what we call democracy in countries that in many cases do not have the least concept of what community and state responsibility may mean for the individual."¹⁹

"I don't think the Dominican Republic and its people were ready for democracy," chimed in Assistant Secretary of State Vaughn, (and) "I am not sure they are today."²⁰

And the U.S. press could hardly ignore such "experting." Jenkin Lloyd Jones, one of the very best of the newspapermen, typically wrote: "Latin Americans generally are not honest enough to make popular government work. The upperdogs are callous to the underdogs, and the underdogs increasingly dream of the good day when they can rob the upperdogs. This is not the way you build great nations."²¹

To all this downgrading of the Latin American capacity for democratic government, the *New York Times*, aghast at the disclosures regarding the Pentagon's "political study programs" in Latin America, was moved to dissent: "The truly extraordinary

¹⁷ *Hearings before the House Foreign Affairs Committee on H.R. 7750*, p. 157.

¹⁸ *Ibid.*, p. 351.

¹⁹ *Hearings before the Senate Foreign Relations Committee on Foreign Assistance 1965*, p. 213.

²⁰ *Hearings before the Senate Foreign Relations Committee on the Nomination of Jack Hood Vaughn to be Director of the Peace Corps, February 9 1966*, pp. 2-3.

²¹ *The Evening Star* (Washington), May 29, 1965.

misjudgment lies in the premise that the Latin American governments cannot take care of their own internal political problems and need the U.S. Defense Department to help them out."

With the Latin Americans downgraded in this fashion, it was a short distance to the next step as was demonstrated in the Dominican Republic fiasco. How easy to reach the judgment that there need no longer be scrupulous adherence to treaties and international law, and to announce cynically that an emergency, so defined by the United States unilaterally, justified unilateral intervention in disregard of international law. How easy to arouse the House of Representatives to support Resolution 560 looking to the introduction of U.S. armed forces to forestall alleged subversive threats self-defined in the Pentagon. How easy to conclude that the OAS was merely a collection of mendicant states waiting to be bribed.

The fault did not lie alone with the United States, of course. As a former ambassador to the OAS from one of the few remaining independent nations in Latin America said: "It is unpardonable for the powerful to abuse their strength but it is also unpardonable for the weak through convenience or cowardice to renounce their own dignity."²²

But the Latin Americans were hastening to underline the fact that they had *earned* the downgrading. No small honor this! Better contempt than being overlooked completely! The image of the blackmailer renouncing his own dignity came through loud and clear when the Chileans announced, to the enthusiastic cheers of their fellow-mendicants, that they would press for compensation for support of political measures that the United States might seek. The one important thing in the proposition was that the money be paid them without any binding relationship to achievement of the goals of the Alliance for Progress such as had prompted the United States thus far to tie strings to the flow of cash, however weak the knot might be. As the Chileans formally put it: "una compensación ha de ser de carácter economico . . . auxilio permanente y no voluntario, ni con fecha fija."²³ A shamed Latin American writer of integrity was

²² Luis Quintanilla, quoted in *Chicago Tribune*, June 9, 1965.

²³ *Diario Las Americas*, March 25, 1965.

moved to warn of the direction of policy: "convertir a la política exterior del continente en un mercado de extorsiones o de chantajes por todo lo alto."²⁴

Occasionally a prominent Latin American was unable to suffer the debasement which the bureaucrats were imposing on their people and their countries seemingly for their bureaucratic advantage. Such was the former Minister of Finance of Argentina, who maintained his pride in the once-proud Argentine tradition. "There is no international assembly," he wrote bitterly, "at which our Argentine delegates neglect to assert our 'super-honorable' condition of under-development or neglect to assert that we feel identified with the aspirations of our 'twin brothers' of Togo, Ruanda, Burundi, Jordan and Thailand rather than with the advanced nations with which we were formerly associated." He refused to share the exultation of the new Argentine bureaucrats in the fact that "the Secretary-General of the United Nations has been kind enough pursuant to this self-downgrading to include Argentina as one of the countries linked by destiny and aspirations with the two-thirds of humanity whose annual per-capita income was \$136."²⁵

The International Commission of Jurists had urged, in its campaign for the rule of law, that even the implementation of reforms and of structural changes "must not be made the excuse for endangering the principles upon which rest the fundamental liberty and dignity of the individual."²⁶ But the grubbing bureaucratic establishment—national and international—which the Alliance had brought into being apparently found no sacrifice too great if only their position could be maintained and even expanded. The absence of reforms and structural changes need not disturb. Any more than the loss of self-respect by once-proud nations and individuals.

Indeed, after four years of the Alliance there was emerging a new measure of the very goals. One of the original phrase-

²⁴ *Diario Las Americas*, March 28, 1965.

²⁵ Dr. Federico Pinedo, *Economic Survey*, August 24, 1965. Pinedo's comments on the philosophy "which has brought a formerly prosperous and progressive country to the verge of relative poverty and relative stagnation" deserve serious study.

²⁶ *Bulletin*, April 1965.

makers, now grinding out material for Senator Robert Kennedy, still waxed lyrical as Kennedy moved his lips: "In every American land a revolution is coming, a revolution which will be peaceful if we are wise enough, compassionate if we care enough, successful if we are fortunate enough, but a revolution which will come whether we will it or not; we can affect its character, we cannot alter its inevitability."²⁷ But in less beautiful cadence, Adolf Berle, chairman of the original Kennedy Task Force on Latin America, indicated that the Alliance was now ready to settle for much less: "To those of us who knew the area forty years ago and survey it now, it is clear that in most areas transformation is in fact going forward about as rapidly as history usually allows. . . . It is fashionable to say here that Latin American progress requires social revolution. But it does not lie in the mouth of an American to prescribe the horrors of civil or class war for other nations."²⁸

If even the "limited acceptance of the rules of international legal conduct w. giving way to an era of uninhibited power struggle," as one fine student of international law gloomed,²⁹ the abandonment by the United States of the rule of law (which incidentally had counterparts in the economic field upon which comment is made later in this volume) was being accompanied by an abandonment of the truth which constituted perhaps an

²⁷ Kennedy's Latin American junket was considered part of the campaign for the Presidency which the "New Yorker" was conducting. Quote from *Baltimore Sun*, March 23, 1965.

²⁸ In the early days of the New Frontier, Berle had been considered the real hope for achievement of effective policy since he knew Latin America and knew public policy. He seems however quickly to have been edged out from the policy making machinery.

²⁹ Dr. Wolfgang Friedman, Director of International Legal Studies at Columbia University asked: "Is the still very fragile structure of international law being gradually strengthened or is on the contrary even the limited acceptance of the rules of international legal conduct giving way to an era of uninhibited power struggle?" He insisted that "the most fundamental principle of the law of nations as it has been built up during the last three and a half centuries is that of the right of integrity of any independently constituted state big or small regardless of its political ideology." He found that "the armed occupation of the Dominican Republic in May 1965 cannot be justified by any cannons of international law."

even greater casualty of the Alliance for Progress. It does not ease the pain to be reminded that this was in general the era of the "credibility gap" in Washington when truth was being discounted with reference to its place in a democracy. The *Financial Post* of Toronto spoke perhaps for all decent citizens when during the Dominican Republic incident it editorialized: "Seldom if ever has there been so much sanctimonious evangelical fervor expended in telling untruths and half-truths, in exaggerating and distorting information. . . . Why it was necessary to dispense so much fiction and with such fervor is difficult to fathom."³⁰ On the floor of the Senate, demands for a return to the truth were continuous from both sides of the aisle. The conservative Ellender (Democrat) cried out: "The Agency for International Development should be admonished to cease and desist deceiving the Congress."³¹ The liberal Case (Republican) protested that "if the democratic process is to be sustained it is essential that the public be told all the facts; the withholding of information is bad enough; it is completely intolerable that our government deliberately misinforms its citizens."³² When the Agency for International Development refused to permit release of a General Accounting Office report which was devastating in its criticism of a glaring waste and mishandling in the distribution of food under the Alliance for Progress, for the reason that it dare not risk public comprehension of what was happening to the flood of money mobilized for the Alliance for Progress, the protests of Senator Williams and his colleagues proved unavailing.³³

³⁰ June 5, 1965.

³¹ *Congressional Record*, September 23, 1965, p. 23975.

³² *Ibid.*

³³ *Congressional Record*, March 22, 1966. Not only was the watchdog for the Congress being compelled to conceal from the public its findings, but soon the State Department reached the place where it did not want to be credited even with assertions that it had itself made. At the high (low) point in accountability, during the hearings on the Dominican Republic incident, the Department reportedly indignantly denied that its own published *Bulletin* should be considered to carry "authentic" information and even regretted the use made of White House transcripts as if they represented an appropriate spokesman for this government. (See *Washington Star*, November 25, 1965.) "If any question why we died, tell them, because our fathers lied." (R.K.)

Here was the ultimate in downgrading, the downgrading of our own citizens. And curiously we were as helpless as the Latin Americans against this display of contempt for the democratic process. The press could insist that "there is a crucial corollary to the democratic idea, that government must within maximum limits tell the country the truth and that its reputation for veracity must be respected at home and abroad."⁸⁴ But the Alliance was now far too disreputable in its record to permit the public to get in on the secret. Its continuance rested now on the extent to which performance could be kept from the eyes of the taxpayer. One of our wisest economists, Milton Friedman, might insist that we must look beyond the *intent* of laws which attempt to alleviate or correct real social ills and give more attention to the *actual results* of such laws. But this was no longer possible. The government would not permit it. The universities were too heavily mortgaged to the Agency for International Development to be able to risk independent analysis. The press could not get the facts. All the safeguards of democratic government had been bottled up by the bureaucrats.

Now, belatedly, questions began to be asked which should have been heard at the beginning of the program. "The authenticity of our goals in Latin America is currently subject to wide skepticism," worried Congressman Rosenthal.⁸⁵ What goals? What skepticism? Had there been anything but muddled thinking when the phrase makers had dominated public opinion?

About the time the Alliance was being puffed into being, the *London Times* had protested that "a great deal of muddled thinking still clouds the immediate prospects (of foreign aid). Why are the industrial nations giving aid? Is it simply part of the cold war? Is it promoted by purely altruistic motives? Or is it a way of giving a boost to exports?"

Four years too late, the House Foreign Affairs Committee bethought itself to ask why actually are funds being made available for the Alliance for Progress, and it came up with the finding (watered-down successfully by the State Department) that "it is the sense of the Congress that in the administration of these

⁸⁴ James A. Wechsler (New York Post).

⁸⁵ *Congressional Record*, October 18, 1965.

funds greater attention and consideration be given those countries which share the view of the United States on the world situation."³⁶ But surely the State Department need not concern itself with the views of the Congress at this point. An Assistant Secretary of State answered: "I am not sure that the objective of the Alliance is specifically to combat communism."³⁷ So that the Latin Americans could be assured that they need waste no time concerning themselves with the Congressional viewpoint that it would be nice to be on the same side as their benefactors. DeLesseps Morrison, only a few weeks after Punta del Este, when the phrasemakers had arranged specially favorable treatment for Chile because unlike 13 other Latin American countries Chile had *not* gone along with the United States, had pointed out that he was met thereafter with "sardonic comments of colleagues that the way to get favorable action from the United States was to rebuff her publicly."³⁸ But the Congress had been advised by the State Department to ignore such considerations as representing only the personal view of a U.S. politician who merely happened to know more about Latin America and international politics than the phrasemakers around the President. And implementation after Punta del Este had precisely reflected the point about which Morrison worried, except where votes were bought directly for cash as needed at international conferences. Support for the U.S. position, the State Department pointed out in its new-found contempt for Latin America, would never reflect conviction but merely the expediency arising from donation-applications in the "In" box, and the deference to this creditor's position. The Department in its new-found contempt for Latin America, insisted that the countries could be relied upon only as political toadies, their self-respect surrendered in the truckling for donations.

Four years too late, the Senate Foreign Relations Committee rejected the notion of a moral obligation on the part of the United States and insisted that these countries "need to be informed that

³⁶ *Report of the House Foreign Affairs Committee on H.R. 7750*, pp. 38-39.

³⁷ *Hearings before the Subcommittee on Inter-American Affairs of the House Foreign Affairs Committee, "Communism in Latin America, 1965,"* p. 95.

³⁸ *Op. cit.*, p. 221.

they have no inherent 'right' to assistance from the United States and that such aid depends in part on the maintenance of a climate of mutual cooperation." ³⁹

Four years too late, the Congress woke up to the fact that U.S. exporters were losing ground fastest in precisely those markets where the flood of Alliance money was greatest, so that there had clearly been no implementation with a view to bolstering the balance of payments position of the United States or to exacting a sense of gratitude from the mendicants.

Four years too late, after aid had been cut off to Mexico, it was beginning to be appreciated that aid had been cut off in precisely the country where the largest returns in social improvement per dollar of U.S. expenditure were possible, so that clearly the principle had been established that the goal was *not* to maximize the gains to Latin American people from disbursements of Alliance funds.

Sometimes an individual Senator or Congressman was shocked. Senator Morse, for instance, whose long-standing affliction of logorrhea had so obstructed an intelligent approach to Latin American problems, found that "the result of our extensive aid has been to produce more pleas for money from the countries that have received the most. What has gone to them before has apparently produced little or no economic stability or improvement in these countries." ⁴⁰

Oddly enough, one of the great economists of the modern era had forecast just such chaos on the new frontier when the phrase-makers first took over: "Aid is not and will not be granted with the sole consideration of supporting or promoting growth. It will be given to countries whose growth rate exceeds ours, and it will be given to countries which are not enjoying any per-capita growth at all. It will be given as a reward for merit and effort and also in the hope of bringing merit and effort into existence. It will be given to friend and foe, for strategic and political reasons, in submission to blackmail and as bribe, and out of sheer

³⁹ *Report of the Senate Foreign Relations Committee on Foreign Assistance Act of 1965.*

⁴⁰ *Congressional Record*, June 8, 1965, p. 12316.

humanity without any other genuine reason."⁴¹ And so it came to pass.

But in the face of the failure, how does it happen that the bureaucrats could continue to get away with it? When the press was screaming that "we must re-examine the hard facts and abandon the mythology,"⁴² how could a collection of bureaucrats continue the attack on the U.S. Treasury and continue the failure to meet the Latin American problems which had so wisely been interpreted alternatively to herald an ultimate shattering denouement?

First and foremost, there was the skillful manner in which potential "opposition" was quieted. Robert Kennedy had returned from oratorical safari in Latin America impressed with the fact that the basic Latin American understanding of U.S. policy was their belief that "American business determines the internal policy of the United States and that the government is in the control of Wall Street."⁴³ The Agency for International Development correctly anticipated that the business community constituted a potential threat to concealment of the gruesome facts of the Alliance performance. And it did the easiest thing possible. It bought off the business community. It was no accident that after four years of the Alliance, at a dinner honoring Secretary Rusk, General Lucius Clay could state that under Rusk the State Department had done more to help American business interests abroad than ever before.⁴⁴ Actively practicing what he had labelled "dollar-diplomacy modern-style" in a perfectly incredible revival of that odious term, the portion of Alliance disbursements that was milked off by the business community for purposes which had no relationship to the objectives of the Alliance for Progress and which represented an utterly improper use of taxpayers' funds was a modern-day scandal.⁴⁵ And of course, criticism of the bureaucrats was stilled.

⁴¹ Jacob Viner, "Economic Foreign Policy on the New Frontier," *Foreign Affairs*, July 1961.

⁴² *Washington Post*, March 20, 1966. The same demand appeared in dozens of good newspapers around the country.

⁴³ TV appearance on "Meet the Press", Transcript, p. 2, December 5, 1965.

⁴⁴ *The Evening Star* (Washington), February 6, 1966.

⁴⁵ This subject is discussed in subsequent chapters in this issue.

In a similar fashion the academic community had been sterilized by the skillful spreading of money for research and travel, and and by creating an awareness of the potential of participation in the AID grab-bag for those willing to accept the gospel straight from Washington. How many young scholars could resist the aids to easy publication deriving from access to "official use only" government reports and even from posts on the payroll intended to help them get the story across "independently," and how many need even suffer qualms as to inevitable questions concerning the integrity of such research and the relationship of the official involvement to the university's role of free inquiry, when they saw even their university presidents succumbing to the lure of great overseas contracts even to the point of being willing to provide cover for CIA operations. When the Pentagon's Project Camelot blew up in Chile, it raised broad serious questions about the role of social scientists under government contract, the role of social scientists with respect to policy questions, the assumption by social scientists of a vested interest in policies that might ensue from an economist's shift from description to prescription, academic slippage, the low level of competence that characterized the field of Latin American studies in this country, the need for objective scholarship.⁴⁶ But after four years of the Alliance, one thing had become clear: if there was to be objective inquiry into the performance of the program on a sufficiently high level to warrant attention, it would not come from the universities.

Eleswhere in the American community there was the simple fact that the necessary information and competence could not be mobilized. The U.S. government was certainly not going to allow the facts to be known to the general public, when it was already withholding them from the Congress. The international agencies which had been set up to service the Alliance had no concept of public service adequate to risk their very existence. The Latin Americans in general knew that to allow the specifics of the operating situations, apart from the general philosophic

⁴⁶ The reader is urged to examine "American Academic Ethics and Social Research Abroad, The Lesson of Project Camelot," by Kalman H. Silvert. (American Universities Field Staff Report July 1965). This is perhaps the most important paper published since the decline of integrity began in our universities under the pressure of government financing.

meanderings to which they were so addicted, to become known was to risk public indignation in the United States to the point where thereafter money might become available only where it served the objectives of the Alliance for Progress, which was the very last thing they wanted. Their own performance was geared to breaking away from insistence on adequate self-help, from control of U.S. funds by the U.S. agencies, from the scrutiny of the U.S. Congress. They preferred thus to stick with the old inflammatory nonsense which had served so well to preserve the status quo by shifting responsibility for Latin America's sorry state onto the United States.

Sufficient for them, as for instance for the old-liberal Romulo Betancourt, to tick off the old and erroneous complaints which had served so well to divert attention from the necessary reforms and actions, and occasionally to seek out a new equally erroneous complaint. Betancourt prescribing for the obvious failure of the Alliance protested that only \$1.5 billion had been put in by the United States. (The correct figure was \$3.2 billion and it had been held that "low" only because the full \$4.4 billion in authorizations which was well above our billion a year commitment could not be disbursed in the face of the Latin American inability or unwillingness to meet the minimum conditions for such expenditure). He mourned for the deteriorating terms of trade. (The terms of trade were actually improving). He protested lassitude of the United States in processing Latin American requisitions for aid. (The Latin Americans had simply in fact proved ineffective in providing a reasonably minimum response which would have permitted the eager-to-disburse AID officials to get rid of the money entrusted to them.⁴⁷)

By the end of the fourth year there was the spectacle of indiscriminate sprinkling of donations under political pressure, and the practical matter that political considerations—domestic in the sense of concealment of facts being necessary to prevent a loss in the image of the party, and external in the sense of being unable to make demands abroad for effective performance when claims within the United States and before the Congress had to

⁴⁷ *Washington Daily News*, April 21, 1965. Betancourt said that he found "your people seriously concerned because the Alliance has not yielded all that was expected of it."

be in terms of effectiveness already achieved—prevented a systematic attack on the recognized social and economic problems. The policies of the mendicant nations were in fact serving to obstruct or retard rather than to promote social progress and economic development.. This failure necessitated continued departures from the truth, and an all-out effort by the whole bureaucratic establishment to prevent the facts from becoming known. On this last, at least, success was assured, for the bureaucracy itself had been the prime beneficiary of the Alliance and understood best where its own interests lay.

Prescriptioneering was rampant, but it tended to be about as pertinent as the Canadian export group's interpretation of the grave issues of the intervention in the Dominican Republic in terms of the loss of market for dried salted pollock and smoked bloaters. The noted columnist, Walter Lippmann, historically so error-prone in his judgments, found that "the Alliance rests upon a shallow foundation . . . on which it is doomed to fail." But, lost in the discredited clichés of terms-of-trade and the like, he ended up prescribing that "the under-developed heartland of the South American continent and the fragmentation of the peripheral nations is the paramount deficiency." The bankers were lost in their contemplation of the profits that derived from the new dollar-diplomacy modern style and could only gloat that "it was not until President Johnson put Thomas Mann at the helm that the pendulum took a decisive turn toward realism in our Latin American policy."⁴⁸

Assis Chateaubriand, Brazil's press lord, insisted that the Latin Americans have a greater need of being lifted from their present level of immaturity of intelligence than of material support from the Alliance.⁴⁹ And a brilliant Mexican economist of most impressive credentials, Victor L. Urquidi, lamented that "secondary political considerations stand in the way of clearly defined policy and good administration, and virtual paralysis grips both government and private initiative."⁵⁰

But it remained for a spokesman for the Inter-American Committee on the Alliance for Progress (CIAP) to provide unintentionally the reason why no prescriptioneering based on the hard facts need be invoked. After four years of disillusionment and failure, he proclaimed that "the future continues bright because the United States has agreed to extend the period in which it will provide financial support for the Alliance." Why worry about performance, achievements, results? Why worry about objectives, goals? Why indeed! The pork barrel was being replenished.

⁴⁸ G. A. Costanzo, "Latin American Myths and Realities," *Barron's*, May 31, 1965.

⁴⁹ *The Evening Star* (Washington), October 1, 1965.

⁵⁰ *Encounter*, September 1965, "Rediscovering Latin America," p. 27.