

THE ALLIANCE FOR PROGRESS

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“... a vast co-operative effort, unparalleled in magnitude and nobility of purpose.”—John F. Kennedy

WHEN President Kennedy announced the formation of a new aid programme to Latin America in March 1961, he spoke in terms that seemed to many to betoken a change in U.S. attitudes towards the ferment in the underdeveloped regions of the world. Instead of invoking the time-worn anti-communist rhetoric of the Truman and Eisenhower doctrines, which in practice had always meant defence of vested interests and the *status quo*, Kennedy set the U.S. and its new Alliance firmly behind the demand for revolutionary change:

Let us (he said) transform the American continents into a vast crucible of revolutionary ideas and efforts. . . an example to all the world that liberty and progress walk hand-in-hand. Let us once again awaken our American Revolution until it guides the struggles of people *everywhere*—not with an imperialism of force or fear—but with the rule of *courage* and freedom and hope for the future of man.

These sentiments were voiced on 13 March 1961, and on the following day the Alliance was proposed to Congress. Three weeks later on 4 April, President Kennedy himself made the decision to proceed with the planned invasion of Cuba which, if successful, would have meant a total reversal of the social revolution there, including land reform? This link between the Alliance and U.S. relations with revolutionary Cuba was by no means a fortuitous one, isolated in its significance.

It was only in July 1960, as U.S.–Cuban relations plumbed their first real *nadir*,² that Eisenhower proposed a special Latin aid programme, the forerunner of Kennedy's Alliance. Eisenhower immediately made clear that the aid would not be available to Cuba, nor would it be on anything like the scale of the Marshall Plan. The self-interested character of this project was transparent. Senator Mike Mansfield called the gesture “a callous attempt to purchase favour in Latin America at a time when we are specially desirous of obtaining it.” Latin Americans immediately dubbed the \$500 million programme “Fidel Castro Plan”? and responded with the remark “Gracias Fidel.”*

There was ample ground for Latin American cynicism on this score. In fifteen post-war years prior to U.S. difficulties with revolutionary Cuba, less U.S. economic aid went to this whole poverty-stricken

continent than to Franco Spain in the first dozen years of the U.S. aid programme there (1953–63). The Latin American **régimes** were certainly *bona fide* members of the "free world" community. Moreover, while Franco had made no real contribution economically to the U.S., the amount of capital flowing from Latin America to the United States, as a result of private U.S. investments there, alone, exceeded \$400 million annually in the years 1950–60.

Even more striking evidence that the leftward shift of the Cuban revolution was the prime factor shaping U.S. interest towards the economic plight of Latin America, is provided by U.S. reactions to the initial overtures for aid made by the Cuban leaders in the spring of 1959. At **this** time, Cuba was still governed by a revolutionary coalition which included the moderates; moreover no relations (diplomatic or otherwise) had been opened with the Soviet Union, Castro was still publicly refusing the co-operation of the communists, and expropriations of U.S. properties were neither threatened nor had any taken place. Yet, when Castro came to the U.S. in April 1959 to request a development loan (Cuba was in the midst of a severe depression), he was told that he could only have such a loan if he agreed to a "stabilization" programme. But in Argentina, four months earlier, a similar stabilization programme (directed by "the bankers of the International Monetary Fund") had been **followed** by "a dramatic fall in consumption, unemployment, wage cuts, strikes, police action"⁴ and eventually, a military *coup d'état*. As William **Appleman** Williams (the most insightful commentator on these events) has written:

It is . . . clear that American officials saw and understood the crisis of the revolution. Castro could obtain aid, but only by acquiescing in terms that would prevent him from carrying through the social revolution by denying him the use of the tool of deficit financing for handling industrialization and agrarian reform, and by imposing economic controls that would be very apt to stir popular unrest against his government. The stabilization conditions in other words, were basically designed to preserve the Cuban *status quo*, allowing only a few fringe reforms to be put into operation.⁵

On 2 May 1959, following his visit to the U.S., Castro addressed the Economic Council of the Organization of American States in Buenos Aires. Urging the necessity of radical development programmes in Latin America, warning against the danger of dictatorships of the right or left, Castro pointed out the deficiency of existing loan programmes (all of which precluded the possibility of real **development**)⁶ and asked the U.S. to undertake a new aid commitment. He asked for \$30 billion in long-term government loans for Latin America over the next ten years, or \$10 billion more than Washington was to **offer** in public and private capital aid (on its own terms, however) two years later. His request was thought to be fantastic, and to save the U.S. **embarrassment**, he withdrew the proposal. It was after the denial of

these requests that the Cuban revolution began dramatically to shift left.⁷

The above observations tend to raise the question posed in the title of this essay, namely, whether the Alliance was intended as a genuine proposal to "revolutionize" the Latin American continent, or whether it was created, rather, in order to contain a revolution which had already sunk its roots there. Proponents of the Alliance answer this question by asserting that both aims were embodied in the Alliance concept. From its inception, the Alliance proclaimed itself to be an attempt to contain the Fidelista revolution by taking its place.

The notion of a revolutionary alliance between such **non-revolutionary** groups as the U.S. Congress, the International Banks, and the ruling powers of Latin America must, however, be treated with some initial scepticism by anyone not pre-committed to the Alliance view. Castro, for his part, considered it sufficient in **attacking** the Alliance, merely to point out who the allies for progress were. In his view, this was enough to discredit the programme and to dismiss it as an attempt to insure these Latin American rulers **against** the social and political revolutions that their countries needed. With regard to more than one country, this argument was in fact irrefutable.

Eighteen million dollars in Alliance funds, for example, were committed to Somoza of Nicaragua in the first two years of the Alliance. The Somoza family had run Nicaragua as its private preserve since 1936 when General Anastasio Somoza first established his dictatorship. In these years (according to a study made for the Council on Foreign Relations) "he used his monopoly of the means of violence to promote the interests of his family. By systematic graft he accumulated vast commercial and agricultural holdings, **making** the Somozas' one of the wealthiest families in the **Americas**."⁸ In this same period the population has remained seventy per cent illiterate; per *capita* income below \$200, living conditions sub-human (fifty-five of every 100 Nicaraguan children dying before their fifth birthday) and democracy non-existent. There was no reason to expect that the **Somoza** family (the General was assassinated in 1956, the sons have taken over) would change merely because the Alliance sponsors proclaimed in vague terms the necessity for "reform." Meanwhile Alliance and pre-Alliance aid (including extensive military aid) certainly helped to stabilize the Somoza *régime*. Cynics may well observe, on the other hand, that the Somozas earned their U.S. aid money by their active co-operation in the Guatemalan coup and their provision of Nicaraguan territory for the Bay of Pigs invaders in 1961.

To dismiss the Alliance on these grounds, however, would be somewhat premature. The Somozas may be representative of "the most retrograde, the most reactionary and the most antediluvian forces in Latin America" (Castro) but many of the leaders of the other Latin American countries are not. Although it is true that these men are not

revolutionaries, there is still the unanswered question as to whether U.S. aid can function as a goad to move normally moderate forces in revolutionary postures. In order to answer this question, however, we must first ask whether U.S. aid is a revolutionary goad at all, or (taking "revolution" in a more limited sense) whether U.S. aid in the past, or under Kennedy, has ever been geared to moving underdeveloped economies into a "take-off" stage in which economic growth becomes self-sustaining?

A summary glance at the pre-Kennedy years indicates a clear and decisive answer to this question. Since the Marshall Plan, the U.S. has spent about \$50 billion on foreign aid. Of this, some \$30 billion went for military equipment; "of the remaining \$20 billion, about eighty-five per cent was also military in that these funds were made available to support the budgets of nations . . . that have undertaken a scale of military effort far greater than they can afford." Of the \$5 billion left, \$3.5 billion was spent on development loans and \$1.5 billion on technical assistance in the fields of health education and welfare.⁹ Since the aid went to about ninety countries, it is clear that economic development towards sustained growth was not a serious goal of the programme.

President Kennedy implied as much when he called for a revision of aid concepts in his first special message on foreign aid (March 1961) and declared that the 'sixties were to be a Decade of Development in which the developed countries of the world must provide the capital necessary to develop the underdeveloped countries and prove that "economic growth and political democracy can develop hand in hand." The ensuing period, however, has seen a shrinkage rather than a growth in the U.S. aid programme, a greater emphasis on loans as opposed to grants, and on the security interests of the U.S. rather than economic development. In November 1963, President Kennedy himself defended the foreign aid programme against domestic critics by pointing out that ninety per cent of foreign aid was spent on U.S. products, that foreign aid created 500,000 jobs and that it made possible the maintenance of 3.5 million allied troops along the communist perimeters.¹⁰ The mood of Congress towards the programme was accurately expressed, according to the *New York Times*, by Senator Aiken, internationalist and long-time supporter of foreign aid, when he said:¹¹

But why shouldn't we concentrate our (aid) effort on the Western Hemisphere and certain other areas where we have mutual interests? . . .

But why should we pay for economic aid to the Congo where we have practically no investment? Why should we, in effect, guarantee their (the Belgian and the British) investment?

Having thus set the U.S. foreign aid programme in its proper perspective, we are in a position to consider the situation in Latin America

itself, and in particular, those factors which make social revolution such an urgent item on the Latin American agenda.

With an annual per capita income of under \$200, Latin America¹² easily qualifies as one of the world's "underdeveloped" regions. As in most areas which have been prey to the economic imperialism of the north, the countries of Latin America are primary producers of raw materials. Their economies, in the main, are dominated by the production of a single crop and lack the industrial bases and modern infrastructures necessary to achieve self-sustaining growth.

The land, which ought to be a primary source of wealth in this area ("more cultivable high yield tropical soil than any other continent, at least three times as much agricultural land per capita as Asia")¹³ is kept unproductive by the latifundia system which dominates the continent. The nature of this system is expressed in the simple fact that ten per cent of the population of Latin America owns ninety per cent of the land.¹⁴ The large estates, or *latifundia* are mostly held in reserve by their owners and used for speculation; the small plots or *minifundia* are too small to be economically productive, indeed scarcely feed the families which till them.

Illiteracy on the continent, as a whole, is above fifty per cent, sanitation and housing conditions are hopelessly below the minimum adequate levels, and the annual death toll due to curable diseases is of staggering proportions. Moreover, the economic situation, which is the root of this misery, is rapidly deteriorating.

Since 1952 there has been a general and steady decline in the world price of raw materials which has affected drastically the area's income. Coffee, for example, yields six Latin American countries (including giant Brazil) more than one-half of their foreign revenues. Trade statistics show that a drop of one cent per pound in the price of green coffee annually means a loss of \$50 million to Latin American producers. Since 1954, the price of coffee has been more than halved.¹⁵ Indeed, the Committee of Nine of the Inter-American Economic and Social Council (a key agency of the Alliance) conservatively estimates that since the period 1950-53, the loss to Latin America due to the fall in export prices and the rise in import prices (for capital goods) has been approximately \$1.5 billion per *annum*.¹⁶

Largely as a result of this loss of revenues, the average annual growth rate for the area has declined sharply since 1940-50 when it was 3.5 per cent, despite a net influx of foreign capital between 1955 and 1961 of \$8 billion.¹⁷ Thus, in 1960-61, the year before the Alliance, the growth rate for Latin America hardly went above one per cent (in the immediately preceding years it was even lower). At the same time, the population of the area was increasing at a rate of 2.8 per cent.

To cope with this situation the Alliance, whose formal Charter was signed at Punta del Este on 17 August 1961, proposed to utilize \$20 billion in foreign capital (including \$10 billion in U.S. Government

funds and \$300 million annually in U.S. private capital investment) and \$80 billion in capital provided by the Latin Americans themselves, over a ten-year period, to finance an economic growth rate of 2.5 per cent.¹⁸ An essential element in the success of this **plan**, formally recognized as such by the Alliance Charter, was the carrying out of those social and economic reforms necessary to free the productive forces of the continent.

Before proceeding to a consideration of the key points of this programme of reform, it might be well to look at the recommendations as a whole. In the main they called for the alleviation of the most glaring inadequacies in diet, housing and health, the improvement of agriculture through diversification of agriculture, broadening of land ownership, expansion of cultivable acreage and increasing of modern farming techniques, the expansion of industries, the elimination of illiteracy and education of technicians, the enlargement of existing systems of ~~transportation~~ transportation and communications, assurance of fair wages and **satisfactory** working conditions, reform of tax laws, stabilization of the prices of basic exports, and acceleration of the economic integration of Latin America.

With few exceptions, this same programme was prescribed for Cuba by the Foreign Policy Association in 1935, by the World Bank in 1950, and by the United States Department of Commerce in 1956. One can understand, therefore, the comment of Arnold Toynbee (who restricted his observation to a single, but in his view critical, item on the agenda): "Perhaps," he said, "it does need a revolutionary explosion of fifty-megaton power to blow up the... road-block that has hitherto obstructed both economic and social progress in Latin America so grievously."¹⁹

Which brings us to specifics. In his speech, President Kennedy stressed the absolute necessity of social reforms, particularly **land** and tax reforms, if the goals of the Alliance were to be achieved:

For unless necessary social reforms, including land and tax reform, are freely made--unless we broaden the opportunity for all our people--unless the great mass of Americans share in increasing prosperity--then our alliance, our revolution and our **dream** will have failed.

With regard to land reform, observers like Toynbee were even more specifically categorical: "In Latin America, agrarian **reform** is the *necessary starting-point* for political, economic, and social change alike" (emphasis added). Writing in 1962, Toynbee also noted that "the resistance to the redistribution of the *latifundia* has, so far been astonishingly and distressingly successful." The reason for this success has not been probed deeply by spokesmen for the Alliance, who generally have spoken in terms of inertia, the failure of the "idea" of the Alliance to take hold; in a highly revealing passage, the Committee of Nine²⁰ complained, for example, that the revolutionary nature of the Alliance

had not caught on "because the leaders (i.e. rulers—D. H.) of Latin America have never presented it as such to their people."²¹

Two Marxist critics (Huberman and Sweezy) have offered a structural explanation for this pass, which if correct must go a long way in dampening hopes for any future reversal, or for any real reform in Latin America short of a fifty-megaton revolution. For they suggest that it is vain to look towards an urban bourgeoisie in Latin America to push through land reforms in the name of economic efficiency. According to their analysis, there is no bourgeoisie independent of the latifundists; through cross-investments and intermarriages, they have become one and the same group. Further,

... it is very doubtful whether any Latin American bourgeoisie has the will or discipline to impose drastic reforms on itself. This explains, for example, the otherwise baffling fact that Brazil, where industrial development has gone farther and faster in recent years than anywhere else and where an expansion of agricultural production has become a matter of extreme urgency, nevertheless does nothing but talk about agrarian reform."²²

Whether, in fact, this analysis and its conclusions hold rigorously for every one of the nineteen republics is beyond the scope of the present essay. One important illustration of its validity, however, which may also serve as an introduction to what the U.S. means by land reform (there are several varieties) is the agrarian programme instituted by Guatemala in 1952–53.

The men who attempted to carry through this reform were middle-class social democrats; the target of the reform was 200,000 acres (eventually 400,000) of uncultivated land owned by the United Fruit Co. (hardly a feudal remnant). The Guatemalan Government agreed to pay 3600,000 compensation in three per cent, twenty-five-year bonds, an amount equivalent to the assessed value of the land recorded in 1952 for tax purposes. This payment was termed unacceptable by the company, which was backed by the U.S. Government. The U.S. contended that the compensation offered did not conform to the minimum standards of just compensation prescribed by international law, and proceeded to file a claim of \$16 million against Guatemala for the expropriated properties.²³ The dispute was settled after the U.S. engineered a *coup d'état* that toppled the reform-minded régime; the junta which succeeded it immediately returned the lands to United Fruit.

A similar set of events occurred in Cuba. On 17 May 1959 the Agrarian Reform Law was promulgated prohibiting anyone from owning more than 995 acres of farm land or 3,316 acres of ranch land; compensation was based on assessed values (provided by the owners and firms themselves for tax purposes) payable in twenty-year bonds at about four per cent interest.

Hardest hit U.S. companies (commented *Time*) are Atlantica del Golfo (with 500,000 acres), the Rionda group (330,000), United Fruit Company (270,000). . . . The companies were officially silent, privately frantic. "This isn't expropriation," cried one sugar executive. "It's confiscation."

On 11 June, a U.S. note was delivered to the Cuban Government which, while acknowledging Cuba's right to expropriate foreign-owned property reminded Cuba that "this right is coupled with the corresponding obligation for prompt, adequate and effective compensation." But, as William Appleman Williams has observed:

. . . no poor or developing country has the funds for "prompt, adequate and effective compensation. . . ."

Hence the American demand is relevant only as a vehicle for the implied threat that the United States will resort to other means if its formal injunction is not honoured. This meaning was only slightly veiled in the note to Cuba. The United States made it clear that it would "seek solutions through other appropriate international procedures" if Cuba did not meet the American conditions.²⁴

This same Cuban land reform, according to Toynbee, is "one of those acts of the present Cuban revolution that have set a standard—and a pace—for reform in the rest of Latin America." This is especially so, because "so far the Cuban revolution has not followed suit to the Mexican and Bolivian revolution or the abortive Guatemalan revolution in its agrarian policy."²⁵ For in Toynbee's view, these revolutions failed to carry through their agrarian reforms for reasons very closely related to the analysis of Huberman and Sweezy.

In the past, notes Toynbee, the benefits of civilization were monopolized by a small oligarchy of big landlords. These benefits could not be extended to the huge depressed majority without a political and economic revolution. The revolutions which broke the power of the oligarchs were carried out by the "middle class." But this class did not move to share the benefits of civilization with the rest of the depressed majority. Instead, the middle class itself

. . . has appropriated almost the whole of the increased production which the first phase of the Industrial Revolution has generated; and, in consequence, the great majority of mankind has experienced no appreciable change for the better as a result of the middle-class revolution. . . . From the majority's point of view, what has happened has been merely the replacement of landlord oligarchy by a middle-class oligarchy. The hopes that the masses cherished have been frustrated by the middle class itself as soon as it has ousted the landlords from the saddle and has taken their place.²⁶

In Mexico, for example, the redistribution of the land was the first item on the agenda of the revolution for the first thirty years of its course. During the last six years of these thirty, President Cardenas carried out redistribution whole-heartedly. But after Cardenas' term,

