

A Tale of Missed Opportunities: The Role of the United States in the Protracted Modernization of Brazilian Capitalism

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From the Monroe Doctrine in the first quarter of the 19th century to the Good Neighbor Policy in the 1930s, the United States has continuously sought, in a consistent, multifaceted, and persistently paternalistic and often violently interventionist fashion, to exert its economic preponderance, political leverage, and cultural sway in the Western hemisphere. In the second half of the twentieth century, this regional pattern of behavior acquired a new, more concerted, and unprecedentedly self-professed benevolent format. Cold War dynamics required an original set of policies from the *Colossus of the North* in order to deal with the rising demands for economic prosperity and political democracy burgeoning across Latin American nations.

The most innovative historical development in this regard began early in 1961, when the Kennedy administration put in place a new set of innovative and ambitious policies and programs coalesced under the suggestive label of Alliance for Progress (AFP). To this day, the AFP remains America's most comprehensive and ambitious diplomatic overture towards the Latin American region. The Cuban Revolution had forced a new approach from the United States, whose leaders embarked upon a hastily designed and ill-implemented path of emboldened disbursement of foreign aid aimed at promoting top-down economic reforms which were assumed to be conducive to liberal political changes.

Though primarily focused on supporting a broad list of material developmental goals (e.g. economic growth, expansion of literacy, land and fiscal reforms), this bold new multilateral initiative also set out to establish unparalleled cooperative patterns of interaction in the continent. In fact, quickly after its launch, and even during the presidential campaign, the Kennedy administration tried to redesign the pattern of the United States' interaction with what they increasingly came to consider as *the most dangerous region in the world*.¹ Acting on the basis of this geopolitical perspective, US officials sought to implement a bold new developmental path that was sharply defined along the lines of the North-American capitalist model. In the views of the new president's most influential advisers, the political instability, social agitation, and especially risk of political

revolutions in the hemisphere were largely grounded on the unplanned path of socio-economic and cultural changes at play, and required significant but controlled guided transformations so that radical revolutions could be prevented.

Its lofty objectives and associated eloquent rhetoric notwithstanding, the implementation of the AFP was marred from the start by bureaucratic stalemate and a lack of genuine commitment for reform both in the United States and regional countries. In the end, the historical record of the program is one of dashed expectations, mutual resentment, and missed opportunities for more sustainable and constructive courses of action between the nations of the hemisphere. Brazil, Latin America's largest country, quickly assumed a leading position in the devised program. But contrary to most expectations, the policies pursued deepened political antagonism and enhanced a polarized view of US objectives and initiatives.

As the literature on the Alliance for Progress has until now largely centered on the internal political and bureaucratic maneuvers of the Kennedy and Johnson administrations, this reflection paper, based on initial notes of an ongoing research agenda, seeks to advance a more hemispheric perspective. The Brazilian context was central to the formulation of many of the policies pursued under the AFP umbrella program, as the country's extremely poor northeastern region was seen by many political actors in the United States as Latin America's area most at risk of falling prey to the *siren song of Communism* since the Cuban Revolution.² In this sense, the analysis is largely guided by the policies aimed at, and concrete experiences taking place in Brazil, the region's largest single recipient of funds. Similarly, the investigation is focused on the ways in which the United States, through its official and non-governmental actions sought to influence local socio-economic, political, ideational and cultural dynamics in Brazil. Conversely, I also examine the interpretations and responses of these same policies produced over different segments of the Brazilian society and thus the potentially missed paths of interaction between the two nations.

It should be remembered that despite its promises of constructive support for the developmental ideals of Brazil's democratically elected government early in the decade, the United States, in both its regional foreign policy and its private dealings with the country, increasingly played a polarizing and politically destabilizing role that culminated in the deepening of authoritarian rule in Brazil in the mid and especially late 1960s, thus halting the aimed promotion of a 'liberal' path of capitalism modernization promised in the much-praised and grandiloquent designs of the Alliance. Reviewing these historical experiences is, therefore, a promising venue of examination towards reaching a better understanding of how actions performed by US official and private, for and not-for profit, actors and agencies influence local realities in developing economies and democratizing societies.

Reviewing the Alliance: Foundational Narratives and Key Elements of Discord

Though innovative in its scope and format, the Alliance for Progress was no "maverick idea" but was rather well positioned within the historical trajectory of US liberal activities in the region. The genesis of the program "was not abstract and intellectual, but historical and political and clearly vital to the national security: how to deal with the Cuban Revolution of 1959 and its ambitions to export anti-American, communist takeovers, throughout the hemisphere."³ Along these conceptual lines, the Kennedy administration decided to embark on an ambitious campaign to underwrite controlled change and development in Latin America.

Early accounts of the Kennedy's administration policymaking tended to accept the official representation of U.S. development initiatives as altruistic, visionary

attempts to create societies in which everyone would benefit. In fact, while at times pessimistic in assessing long-term results, favorable interpretations also reiterated government explanations of the program's goals. Of special relevance, canonic works, such as *A Thousand Days*, by the presidential advisor and acclaimed historian Arthur Schlesinger Jr.⁴, and *Twilight Struggle*⁵, by the renowned diplomat William D. Rogers, proved foundational in establishing an optimistic view of the central objectives and guiding ideals pursued by the Kennedy administration in Latin America. Within these early, heroic lines of interpretation, overt contradictions committed along the way (e.g. the eventual acceptance of the military coup in Argentina in 1962), were explained on the very questionable basis of political expediency or pragmatism which saw these events as minor and not capable of tarnishing the noble goals of the new, self-acclaimed well intended, uniquely bright administration.

This initial and influential interpretive line centered on key political actors and it would continue to be the hegemonic narrative until the end of the late 70s, as the very Alliance was undergoing a series of organizational modifications aimed at addressing the more authoritarian scenario in the region. Particularly important in starting to reframe the analysis of the program was the influential book *The Alliance that Lost its Way*⁶, written by two of its former members, Juan de Onis and Jerome Levinson. While advancing a more critical assessment of events, it helped consolidate the view that the AFP was an altruistic, well-devised initiative which was nonetheless betrayed by the bureaucratic and especially political and economic leadership of the country. This process was said to have started in the aftermath of Kennedy's assassination, and deepened after 1965 when Johnson became president. This work paved the way for new critical evaluations, mostly focused on inter-agency bureaucratic conflicts, a trend later complemented by less personalist accounts that increasingly recognized the conceptual frames within which the Alliance was conceived, most importantly the ones provided by the Theories of Modernization.⁷

Preceding formulations also organized along the notion of a linear path of socio-economic evolutions to be followed by all societies. Modernization theorists pushed the proposition that the experiences of industrialized West, particularly that of the United States, were to be replicated in Latin America. By getting involved in the region through well-designed socio-economic and associated political reforms, this process of evolution would be accelerated under favored, controllable bases. As a grand theory, modernization “was an ideology that reflected a new sense of Manifest Destiny and a refashioned imperial ideal in which the strategic and material goals of the United States appeared to mesh seamlessly with the nation’s idealistic, moral mission to promote democracy, alleviate poverty, and ‘develop’ a benighted world.”⁸ As a result, within the growing competition posed by the Soviet (and later even the Chinese) model of development, now being also pursued in Cuba, the Alliance for Progress presented an image of the United States as an engaged partner seeking to support needy neighbors that should aspire to mimic the American experiences in their own lands.⁹ Much in the same way, in line with the dishonorable lineage of interventionism imposed in the region, the Alliance of Progress could be seen as a continuation of both the Wilsonian insistence on the need of democratic institutions and the Rooseveltian support for economic achievements.¹⁰

Starting in 1963, and especially in 1964, a more realist, pragmatic, and often cynical approach began guiding the actions from the United States in Latin America. The region was increasingly seen as being pervaded by unreliable leaders not willing to commit to changing things along the lines of what was being proposed in the Alliance.¹¹ Stressing this latter point, revisionist assessments, some of which were produced chronologically surprisingly early, transferred the blame to local ruling groups seen as the main culprits for preventing the AFP from achieving its professed goals.¹² Central to this argument was the claim that the Alliance revealed a profound lack of knowledge and understanding of Latin America considering that most local communist parties “were weak and disorganized, there were no guerrilla movements in other countries that constituted much of a threat, and the possibility that all of Latin America would

soon explode in a Cuba-like revolution.”¹³ Moreover, and here resided an even stronger critic of local realities, emerging Latin American business elites were said to be, for the most part, core defenders of the status quo rather promoters of socially transformative projects.¹⁴

A central element of discord, for both the formulators and analysts of the program, pertains to the topic of sources of funding and the role of business in the process. Though never central to the foreign projects conducted by the Johnson administration, Latin America required continued attention increasingly aimed at reviving the traditional position of creating a welcoming investment environ for foreign private sources of capital as central for the developmental path required in the region. One of the key proponents of this revived Cold War American stance was Thomas Mann, the Assistant Secretary of State for Inter-American Affairs. Mann was later replaced by the former Ambassador in Brazil, Lincoln Gordon, who also espoused a more realist approach despite his early more principled positions during the Kennedy years in the White House.¹⁵

Despite earlier claims on the contrary, especially by the initial personalist historiography previously reviewed, this pro-business stance would quickly become central to the projects pursued, especially in the second half of the decade. One of its key supporters was Walt Rostow, one of the most influential formulators of the theories of modernization, who served as Johnson’s Special Assistant for National Security Affairs between 1966 and 1969. To be sure, both Kennedy and Johnson included corporate executives in the formulation of the Alliance projects, especially as initial more optimistic views of public disbursements were dashed with poor results in the field.

The most active private sector organization was the Business Group for Latin America, formed by David Rockefeller in the early 1960s and later renamed the Council of the Americas (COA). The Council held regular meetings with officials from the Inter-American Committee on the Alliance for Progress, Inter-American Development Bank, State Department, USAID, and World Bank. By the same

token, the American Association of Chambers of Commerce of Latin America (AACCLA) also lobbied U.S. and Latin American officials toward the end of the decade, typically campaigning for open trade and investment policies and greater attention to private sector interests.¹⁶ The Rockefeller family, especially David and Nelson, would play major roles in advising both private business and governmental activities in Latin America in the 1960s. The latter was a very known personality in the region since the late early 1940s, when he worked for the FDR's administration as Coordinator of Inter-American Affairs.¹⁷

In the 1960s, especially after President Johnson assumed the presidency, both bothers would enhance their advisory role within the US government, particularly insofar as findings creative ways to promote American business's interests and activities in Latin America. In addition to investing themselves, directly or through local joint-venture operations, the Rockefellers played a very active role in supporting other US-based companies to find economic opportunities in the region. Extensive documentation of these activities is available at the Rockefeller Archive Center (hereafter RAC), much of which I was able to collect during my sponsored visit there.

The most relevant collections include the Rockefeller Family Public Relations Department Papers, especially the American International Association for Economic and Social Development (AIA); and the International Basic Economy Corporation (IBEC) records and Berent Friele Papers. Though I am still working on reviewing these materials, it is clear to me already that development promotion was conceived to the Rockefellers as a multi-faceted activity to be pursued in ways that combined, rather than excluded, private, for and no-for profit corporations, as well as public agents. How much these notions helped shaped the activities of the United States government in Latin American in this period is still an open question which I am now, largely inspired by the collections available at the RAC, trying to answer.¹⁸

As a general standard procedure, United States contributions to the Alliance for Progress were paid directly to American firms, a practice which increased over time. USAID originally tied half of all loans and grants to the procurement of domestic goods and services. This figure rose to over 90 percent by the end of the decade. And later the United States Department of Commerce claimed that three dollars were gained for every dollar invested in the Alliance for Progress.¹⁹ It is not surprising that Levinson and Onis noted that “in the absence of countervailing pressures from other organized domestic interest groups, the business community predisposed the [United States] policy makers automatically to favor individual companies or the interest of the business community as a whole.”²⁰

This preeminent role of the business realm was also noticed in the *US Agency for International Development*, USAID, whose mission coincided with and supported the goals of the Alliance for Progress. Established in 1961, just as Kennedy was launching the Alliance for Progress, the Agency has a major responsibility for the administration of the foreign assistance program under the Alliance. However, it would become a constant source of dissatisfaction and controversy. Latin American leaders complained that the Alliance could not be a *cooperative effort*, as envisioned by Kennedy, if most decision-making authority rested with the United States. In response to these concerns a “Committee of Nine,” which included economists from throughout the region, was established to review proposals for assistance and work with individual governments in preparing national development plans. Latin American leaders remained skeptical, however, since the Committee of Nine did not have independent sources of funds and was largely limited to making recommendations. In January 1964, the Inter-American Committee on the Alliance for Progress (CIAP) was introduced to expand Latin American representation in the Alliance. The CIAP had seven permanent members, six elected by Latin American countries and one elected by the United States. The Committee was responsible for examining the national development plans of member countries and estimating the additional financial resources needed. But although the CIAP did increase Latin American representation in the

Alliance, the United States retained effective control over the most significant decisions.²¹

A final element of controversy relates to the level of commitment of US officials to the actual transformative changes in the region. To be sure, many agencies of the U.S. government never fully supported the Alliance's social agenda. This was especially evident with respect to the highly controversial topic of land reform in the US and in Latin America. Many times, the United States Congress "refused to fund the purchase and distribution of agricultural lands and discouraged the Inter-American Development Bank from advancing the cause. Moreover, instead of emphasizing land distribution, USAID concentrated its efforts on improving the productivity of the existing land systems via credit, information, and technical inputs, measures which actually benefited large-scale, capital-intensive exporters."²²

AID was also in charge of the Inter-American Investment Promotion Center to serve as a clearinghouse for investment opportunities in Latin America, and it also put in place the Private Enterprise Promotion Program to help private sector actors obtain low-interest and technical assistance. In 1967, the Office of Private Resources was established to improve the agency's relations with the business community and Private Investment Center was set up to aid American investors in the region.²³ Another important agency that played key roles in promoting US views, values, and interests during the Cold War was the *US Information Agency*, USIA, put in place by Eisenhower as a way to "intensify US efforts to explain why the United States was a nation worthy of defense, emulation, and victory in the Cold War."²⁴ In fact, through publications, radio broadcastings, films cultural exhibitions, and other methods, American propagandists sought to elaborate comparisons between democratic and communist governments and thus enunciate a powerful vision of the freedom upon which the entire U.S. ideological offensive against communism rested.

My research also seeks to provide a more comprehensive understanding of how a broad range of developmental initiatives in the 1960s and early 1970s (when the AFP was terminated), devised and implemented by several types of U.S. foreign aid actors from government officials to philanthropic agencies, understood the local realities of the places for which these policies were formulated. In this sense, examining the wealth of materials available at the RAC came as a natural goal of mine, considering the relevance and continued influence of the many activities conducted by the Ford Foundation in Brazil and much of Latin America in the course of the 20th century.²⁵

In addition to the documentation listed above, the collections pertaining to the work conducted by the Foundation in matters involving structural socio-economic developmental policies (e.g. projects and grants aimed at reforming the status of the Brazilian education, agriculture, and more broadly, the basis of the country's economy) were of special significance to my study. In concrete terms, I was able to locate a rich set of documents (including Catalogued Reports, Grant Files, Office Files, Correspondence, Personal Papers, Family Papers, etc.), which will certainly provide an insightful look into, both how Foundation officials and associated individuals understood Brazil's developmental needs, and their assessment of how the policies devised were implemented vis-à-vis stated goals. Likewise, materials produced by the Ford Foundation (especially Catalogued Reports, Grant Files, and Public Policy Programs in fields of education and the arts), as well as the Nelson A. Rockefeller Papers (both in the Personal and Gubernatorial series), the Rockefeller Foundation general correspondence, the International Basic Economy Corporation, and Development and Resources Corporation records have all proven very rich data-sets which have already provided new directions to my reflection.

As I have initially examined in my first book, the main historiographical significance of a new project organized along a new bilateral focus derives from the fact that the scholarly literature on the period has been largely structured along very rigid ideological, nationalist lines. This is a trend that has been buttressed even after (or perhaps especially due to) the return of democratic rule to countries

in the region throughout the 1980s. In fact, even more recently, the majority of recent studies continue to be highly politicized in ways that have largely obscured a more objective understanding of the role that the United States may have played in the Cold War-related ideological radicalization unfolding in the period.²⁶

Though in its early stages, the preliminary review of part of the literature on the AFP operations in Brazil, and some of the existing primary documentation on US-Brazil relations in the 1960s allows us to draw some tentative comments. For one, it is clear that Brazil was considered a cornerstone of US activities in Latin America at the time, and that intensive work was conducted by the United States in this South American country in order to assure that its hegemonic positions and interests were protected in the turbulent context of the Cold War. Initially, much of this work was conducted in different fronts that included a broad range of cultural, artistic, academic, and ideological (propaganda-like) groundwork. Increasingly, as events on the ground became more polarized, these efforts assumed more sophisticated but also overtly intrusive tones, such as the several actions to (re)shape local public opinion (and key constituencies) towards a pro-US stance.

Though the specific ways in which these trends were tied to the civil-military coup of 1964 in Brazil are still to be more detailed and better understood, particularly insofar as promoting ideational notions supportive of a US-inspired capitalist model, recent work suggestively strengthens a positive correlation between these variables. In fact, it is increasingly clear that the gradual encroachment of cultural diplomatic activities did help consolidate a local anti-communist sentiment in broad segments across the Brazilian society, thus paving the way for conservative political and economic groups to access the domestic spheres of government and restructure the national economy and political realms. The significance of these initial findings notwithstanding, much more is to be uncovered and studied so that clearer linkages present in the many variables and elements at play may be better understood.

Notably among these, the emphasis placed in both countries and key actors therein on private capital as heralds of regional development needs to be traced over time. By the same token, as a more state-dependent developmental approach was pursued in Brazil in the late 60s and early 70s, it is important to examine how the promotion of capitalism structured along 'liberal' lines in the formative years of the Alliance (espoused by key actors on both sides of the relation - chiefly, in the Brazilian case, the *Instituto de Pesquisa e Estudos Sociais*, IPES) quickly became one supportive of non-liberal elements, clearly embodied in the right-wing military regime that began in April 1964.

Moreover, the compatibility, of lack thereof, between the ways in which the interaction between private-state actors were expected to take place in development promotion, in the views held by key Brazilian and US economic and political actors, including those from the private sector operating within the structures of the state (e.g. the Rockefeller brothers), needs to be examined. Finally, it would be useful to reflect upon the conditions required for a more 'liberal' (free-market) path of economic modernization as, initially at least, promised by the Alliance for Progress, to have taken place in Brazil (as well as in Latin America) at this time.

¹ Stephen Rabe, *The Most Dangerous Region in the World: John F. Kennedy Confronts Communist Revolution in Latin America*. (UNC Press, 1999).

² Tad Szulc, "Northeast Brazil Poverty Breeds Threat of a Revolt," *New York Times*, October 31, 1960.

³ Tony Smith, *America's Mission: The United States and the Worldwide Struggle for Democracy in the Twentieth Century*. (Princeton University Press, 1994), p. 215.

⁴ Arthur M. Schlesinger Jr., *A Thousand Days: John F. Kennedy in the White House*. (Mariner Books, 2002).

⁵ William D. Rogers, *The Twilight Struggle: The Alliance for Progress and the Politics of Development in Latin America*. (Random House, 1967).

⁶ Jerome Levinson and Juan de Onis, *The Alliance that Lost its Way; A Critical Report on the Alliance for Progress*. (Quadrangle Books, 1970).

⁷ Stephen Rabe, 'Controlling Revolutions: Latin America, the Alliance for Progress, and Cold-War Anti-Communism,' in Thomas G. Paterson, ed. *Kennedy's Quest for Victory: American Foreign Policy, 1961-1963*. (Oxford University Press, 1989); Joseph S. Tulchin, 'The United States and Latin America in the 1960s,' in *Journal of Interamerican Studies and World Affairs*, Vol. 30, No. 1 (Spring, 1988), pp. 1-36; William O. Walker III, "Mixing the Sweet with the Sour: Kennedy, Johnson, and Latin America," in Diane B. Kunz, ed.,

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- The Diplomacy of the Crucial Decade: American Foreign Relations During the 1960s.* (Columbia University Press, 1994); Howard J. Wiarda, 'Misreading Latin America: Again,' in *Foreign Policy*. No. 65 (Winter, 1986-1987), pp. 135-153.
- ⁸ Michael E. Latham. *Modernization as Ideology: American Social Science and "Nation Building" in the Kennedy Era.* (UNC Press, 2000), p. 59.
- ⁹ *Ibid.*, p. 67.
- ¹⁰ Smith, p. 217
- ¹¹ Latham, p. 91.
- ¹² Victor Alba, *Alliance Without Allies: The Mythology of Progress in Latin America.* (Praeger, 1965).
- ¹³ Howard J. Wiarda, 'Did the Alliance 'Lose Its Way,' or Were Its Assumptions All Wrong from the Beginning and Are Those Assumptions Still with Us?,' in Ronald Scheman, ed., *The Alliance for Progress: A Retrospective.* (Prager, 1988), p. 101.
- ¹⁴ *Ibid.*, p. 103.
- ¹⁵ Kimber C. Pearce, *Rostow, Kennedy, and the Rhetoric of Foreign Aid.* (Michigan State University Press, 2001), p. 109.
- ¹⁶ Lars Schoultz, *Human Rights and United States Policy Toward Latin America.* (Princeton University Press, 1981), p. 72.
- ¹⁷ Detailed information can be found in Antonio Pedro Tota, *O Amigo Americano: Nelson Rockefeller e o Brasil.* (São Paulo: Cia da Letras, 2014).
- ¹⁸ Of special relevance in the collections of the Rockefeller Archive Center (RAC) in Sleepy Hollow, New York, see: Rockefeller Family Public Relations Department paper, FA789A, Series 1-9, American International Association for Economic and Social Development (AIA). Box 4. Brazil, 1947-1960; Rockefeller family associates, Berent Friele paper. FA468. Series 4, Business, Corporate and Political Files. Box 10, 1947-1980 and Box 11, Brazilian-American Roundtable, 1967; and Nelson A. Rockefeller personal papers. AIA-IBEC Series (FA339). Box 35, IBEC-Research Institute, General, 1948-1970.
- ¹⁹ Francis Adams, *Dollar Diplomacy: United States Economic Assistance to Latin America.* (Ashgate, 2000), p. 43.
- ²⁰ Levinson & Onis, p. 160.
- ²¹ Adams, p. 37.
- ²² *Idem*, p. 41.
- ²³ *Idem*, p. 43.
- ²⁴ Laura A. Belmonte, *Selling the American Way: U.S. Propaganda and the Cold War.* (University of Pennsylvania Press, 2008), p. 49.
- ²⁵ For an initial idea of some of these projects, see: RAC, Ford Foundation records, Catalogued Reports, Reports 1-3254 (FA739). Box 14. The status of agricultural economics in Brazil: An appraisal with recommendations. Reports 000262 and 000239. 1960 and 1966.
- ²⁶ Francis Adams, *Dollar Diplomacy: United States economic assistance to Latin America.* (Aldershot: Ashgate, 2000); Jan Knippers Black, *United States Penetration of Brazil.* (Philadelphia: University of Pennsylvania Press, 1977); Ruth Leacock, *Requiem for Fevolution: the United States and Brazil, 1961-1969.* (Kent, OH: Kent State University Press, 1990); Phyllis R. Parker, *Brazil and the Quiet Intervention, 1964.* (Austin: University of Texas Press, 1979); Stephen Rabe, *The Most Dangerous in the World: John F. Kennedy Confronts Communist Revolution in Latin America.* (Chapel Hill: UNC Press, 1999).