

# The AIA and Public-Private Collaborations in Response to the 1950 Cusco Earthquake

*by Lisa Pinley Covert*

*College of Charleston*

 © 2023 by Lisa Pinley Covert



## **Abstract**

This report provides an overview of my research at the Rockefeller Archive Center on the role of the American International Association for Economic and Social Development (AIA) in the aftermath of the 1950 earthquake in Cusco, Peru. More specifically, the United Nations contracted AIA director Robert “Pete” Hudgens to lead a mission to evaluate Cusco and make recommendations about its reconstruction and long-term development. The report was extensive and included detailed recommendations about the broader rural area, in addition to the city of Cusco. I hoped to learn more about that collaboration and how it fit into the AIA’s mission. Archival materials from Nelson A. Rockefeller’s personal papers and the Rockefeller Family Public Relations Department papers revealed a complex web of public-private negotiations over who would fund and administer Cusco’s development plan. And yet, many of the plans never came to fruition, raising questions about the extent to which these collaborations benefited most Peruvians.

In 1950, an earthquake struck the Andean city of Cusco, Peru.<sup>1</sup> Organizations from around the world provided humanitarian aid and offered technical assistance for the reconstruction process. The United Nations sent a team in 1951 to evaluate the situation in Cusco and develop a plan for its long-term development. The team was led by Robert “Pete” Hudgens, director of the American International Association for Economic and Social Development (AIA), and he wrote a detailed report that helped set the development priorities in the broader Cusco region. I was familiar with the AIA’s work in Venezuela and Brazil through scholars like Darlene Rivas and Elizabeth Cobbs. However, my understanding was that its programming focused on nutrition and food programs.<sup>2</sup> I was interested to learn how and why the AIA made the jump to post-disaster assessment in Peru, how it came to work with the United Nations, and how that might have complemented or intersected with efforts in Peru by the Rockefeller Foundation and other Rockefeller-affiliated entities. In other words, my aim was to chart the connections between public and private entities to understand how they fit into the postwar genealogy of international aid programs in Latin America.

For Nelson Rockefeller, the AIA, a private nonprofit created in 1946, was a way to continue the work he had done through the Office of the Coordinator of Inter-American Affairs (OCIAA). President Roosevelt created the OCIAA through a 1941 executive order with the aim of fostering hemispheric solidarity and cooperation in the context of World War II. As the coordinator, Nelson Rockefeller led wide-ranging commercial, diplomatic, and cultural initiatives, and as a result, he was well-situated to understand the nexus between public and private development initiatives in Latin America. The work of the Office was transferred to the Department of State in 1945 and the entity was dissolved in 1946. Rockefeller was concerned that Latin America was no longer a priority for the US government in the postwar world and intended for the AIA to help fill that need.<sup>3</sup>

One of the core questions of my research project was how the work of private initiatives like the AIA intersected with the work of institutions like the United Nations, and with government agencies in Peru. The new multilateral

institutions to emerge from World War II, such as the United Nations, UNESCO, and the Organization of American States, were still trying to understand their charge and had limited abilities to get people on the ground by the time the earthquake struck Cusco in 1950. It made sense, then, that these organizations would utilize the expertise of people who had worked for the OCIAA, and then AIA, for assistance in Latin America.

When the earthquake struck Cusco on May 21, 1950, there were numerous casualties and the damage to buildings and urban infrastructure was catastrophic. Despite the city's remote location in the Andes, humanitarian aid arrived quickly, but the distribution of resources often lacked proper coordination. As time passed and the humanitarian aid slowed to a trickle, it became evident that the city needed long-term planning and resources. The restoration of Cusco's historic monuments was a primary concern, as was the need for safe, permanent housing for the thousands of residents. Many of these residents were living in hastily constructed settlements that emerged throughout the city in the aftermath of the earthquake. Although the Peruvian legislature passed Law 11551 at the end of 1950 to raise funds for Cusco's reconstruction through a tobacco tax, disagreements between officials at the local and national level over how to prioritize reconstruction stalled progress. It was in this context that Carlos Holguín de Lavalle, the Peruvian representative to the United Nations, requested a mission to provide technical assistance.<sup>4</sup>

Exactly how and why Robert Hudgens appeared on the radar of the United Nations remains unclear, but it is not difficult to imagine Nelson Rockefeller's connections in Latin America and New York played an instrumental role. Hudgens received his appointment as a consultant to the Technical Assistance Administration of the United Nations in January 1951. His charge was to determine "the nature and scope of the assistance that may be rendered most usefully for the reconstruction of the city of Cuzco and for the economic development of the Department of Cuzco."<sup>5</sup> Hudgens would be joined by U.S. engineer Lyall Peterson, also of the AIA, and Bolivian diplomat Enrique de Lozada, a "social welfare expert" of the UN's Technical Assistance Administration. The mission was to begin work in Peru in February 1951.<sup>6</sup>

The United Nations delegation arrived in February 1951 to evaluate the situation in the city of Cusco and the surrounding rural area. Hudgens issued a report of their findings to the Peruvian Senate and the United Nations in July 1951.<sup>7</sup> The report outlined five main areas in need of attention in the Department of Cusco: 1) attending to the urgent needs following the earthquake including the reconstruction of historic monuments and the provision of housing and sanitary measures; 2) developing a coordinated approach to urban planning; 3) supplying adequate technical assistance and credit to encourage industrial and agricultural development; 4) creating procedures to bring about improvement in the quality of life for agricultural producers; and 5) creating an integrated plan for the development of the entire department. The report's primary conclusion was that although earthquake relief efforts had focused on the urban area, the long-term development of the city depended on a comprehensive rural development plan.

The report prioritized the creation of what Hudgens called the Cuzco Development Authority to give more flexibility and authority to local officials. Other priorities included the creation of a cement plant and a hydroelectric plant with the help of foreign technical advisors. The broader vision of the report, however, was that Cusco would become a model for development that could then be replicated in other parts of Peru and across Latin America.<sup>8</sup>

The report's emphasis on agricultural, rather than urban, development made more sense in the context of Hudgens's personal and professional trajectories. Hudgens was originally from South Carolina and disaster relief work was part of his calling from early on. After serving as a captain of the US Army during World War I, Hudgens worked as an investment banker while also leading the local chapter of the American Red Cross in Greenville, South Carolina. His Red Cross work involved establishing a rural rehabilitation project that was eventually incorporated into the work of the New Deal-era Farm Security Administration (FSA). Hudgens went on to work for a number of government organizations, including the FSA. He left government work in 1946, and in 1948 was appointed as director of the AIA.<sup>9</sup> Hudgens's background, then, sheds light

on the report's overarching analysis that the best way to solve Cusco's problems was to establish a local administrative body and to focus on rural development strategies and infrastructure.

Details of the slow implementation of the report recommendations provide useful insights into the complex web of development-oriented government, private, and multilateral institutions that emerged in the 1950s. Not long after his time in Cusco, Hudgens made the case for expanding AIA activities to provide more technical assistance to "underdeveloped" countries to manage these kinds of situations. In a May 1951 memorandum, he argued that privately-financed non-profits could more easily navigate some of the political obstacles and bottlenecks that slowed publicly-funded development efforts.<sup>10</sup> Indeed, the Peruvian government continued to move slowly. By March 1952, the Peruvian government had, for the most part, agreed to adopt the UN mission report's recommendations as a master plan for Cusco. It created the Junta de Reconstrucción y Fomento Industrial de Cuzco to oversee the plan and coordinate with relevant government agencies. The Peruvian government was also working with the United Nations to bring in foreign technicians and had committed to provide funds and open public lands for rural development initiatives.<sup>11</sup> But this was already almost two years after the earthquake.

Meanwhile, negotiations between the AIA and the UN had stalled. The UN decided against hiring the AIA to administer the project and suggested instead that its Technical Assistance Administration hire AIA employees directly on a part-time basis. The AIA rejected that idea and explored instead the possibility of entering into a management contract with the new Junta. Hudgens once again floated the idea, originally outlined in the May 1951 memorandum, that if the AIA had its own line of funding it could manage the project for a period of three to five years.<sup>12</sup> He followed up this suggestion with a more specific pitch to Nelson Rockefeller that AIA could solicit corporate funding from Cerro de Pasco or International Petroleum, similar to the corporate funding that underwrote much of AIA's work in Venezuela and Brazil. This would enable AIA to avoid relying on funding from the UN while still benefiting from the UN's technicians.<sup>13</sup> With no guarantee of forthcoming private funding, Hudgens

continued to negotiate with Peru and the United Nations over the terms of a management contract. For example, he seemed to be working behind the scenes with the newly constituted Junta, which made a specific appeal to the United Nations Technical Assistance Administration to contract the AIA for consulting and administrative assistance.<sup>14</sup> In the midst of all of these negotiations, a few things remained clear: the Peruvian government wanted the assistance of foreign technicians, there were limits to the private funding available for these kinds of development projects, and the relationship between the United Nations and organizations like AIA that could supply technicians seemed fraught.

In the end, the AIA would not manage the development plan for Cusco. By September 1952, members of the AIA Executive Committee expressed concerns about the directions of the negotiations with the Junta and the UN.<sup>15</sup> These negotiations seemed to play a role in Hudgens's decision, along with James Maddox, who had served as Assistant Director of AIA, to form International Development Services (IDS) in 1953. IDS was a non-profit development consulting service that operated separately from AIA, but still maintained strong ties. For example, the AIA contracted IDS to provide administrative services for some of its programs, and other programs, like the efforts in Cusco, transferred from the AIA to the IDS.<sup>16</sup> Hudgens brought on former AIA employees to staff IDS.<sup>17</sup> The role of the AIA in the post-disaster assessment of Cusco was therefore anomalous.<sup>18</sup>

The archival trail connecting the various public and private entities and individuals involved in the response to the 1950 Cusco earthquake illustrates the complex web of international aid and development agencies in the early 1950s. Indeed, previous research for this project has also examined the roles of foreign governments, Red Cross societies in Peru and from around the world, and UNESCO. The Rockefeller Foundation also played a brief role in the humanitarian relief efforts in Cusco, when it led a vaccination program to prevent the spread of smallpox and typhoid fever and a campaign against the spread of typhus in May and June 1950.<sup>19</sup> This web is a concrete illustration of the type of public-private intersections that historian Amy Offner traces between the United States and Colombia beginning a couple of years later in

1954 with the Cauca Valley Corporation.<sup>20</sup> Moreover, Hudgens's career path provides another example of the long-term, wide-ranging influence of the New Deal programs in the United States and beyond.<sup>21</sup> When one traces the individuals involved in these programs, one can see that the public-private partnerships have a much longer history than previously assumed. Or perhaps more accurately, they never went away even in the era of state-led development.

It is not clear that these private-public collaborations yielded results for the people of Cusco. Although the Peruvian government continued to work with technicians from the United Nations in Cusco, most of the recommendations in Hudgens's report did not come to fruition. Years after the earthquake, thousands of Cusco residents lived in the same settlements that were intended to be a short-term, emergency solution. And the plans for agricultural development took a back seat to tourism development.<sup>22</sup> Ultimately, the biggest barrier was a lack of funding, whether it be public or private. Despite the lofty hopes that post-earthquake Cusco could become an example for the rest of the Americas, it instead became an example of a failure to harness the resources of public and private entities around the world and channel them in a way that would benefit the greatest number of Peruvians.



---

<sup>1</sup> This research would not have been possible without the assistance and expertise of Rockefeller Archive Center Senior Research Associate Lee Hiltzik and all the archivists who staffed the reading room.

<sup>2</sup> Darlene Rivas, *Missionary Capitalism: Nelson Rockefeller in Venezuela* (Chapel Hill: University of North Carolina Press, 2002); and Elizabeth Cobbs, *The Rich Neighbor Policy: Rockefeller and Kaiser in Brazil* (New Haven: Yale University Press, 1992).

<sup>3</sup> Ed Stuntz, "AIA Historical Sketch," December 7, 1953, page 7, Rockefeller Family Public Relations Department Papers, Series 1-9, FA789A, Box 1, Folder 8.

<sup>4</sup> Carlos Holguín de Lavallo to Trygve Lie, Secretary General of the United Nations, October 25, 1950, Rockefeller Family Public Relations Department Papers, Series 1-9, FA789A, Box 6, Folder 55. This document was an English translation of the original Spanish.

<sup>5</sup> Note: I use "Cusco," the more common contemporary spelling, but throughout this report I also use "Cuzco" when drawing from archival sources. The latter spelling was more widely used during the 1950s. The Department of Cuzco refers to the broader regional administrative unit beyond the city. Deputy Director-General, Technical Assistance Administration to Robert Hudgens, January 31, 1951, Rockefeller Family Public Relations Department Papers, Series 1-9, FA789A, Box 6, Folder 55.

<sup>6</sup> Deputy Director-General, Technical Assistance Administration to Robert Hudgens, January 31, 1951, Rockefeller Family Public Relations Department Papers, Series 1-9, FA789A, Box 6, Folder 55.

<sup>7</sup> Hudgens, "Report on the Economic and Social Development of the Department of Cuzco," Submitted to the United Nations Technical Assistance Administration, July 25, 1951, Nelson A. Rockefeller Personal Papers, FA339, AIA-IBEC III 4, Series B, Box 7, Folder 72 AIA-Peru, 1951-1955.

<sup>8</sup> Ibid.

<sup>9</sup> Press Release. March 5, 1948, Rockefeller Family Public Relations Department Papers, Series 1, FA789A, Box 11, Folder 100.

<sup>10</sup> Hudgens to Nelson A. Rockefeller, May 14, 1951, Rockefeller Family Public Relations Department Papers, Series 1-9, FA 789A, Box 2, Folder 16.

<sup>11</sup> Hudgens, "Memorandum de Cuzco," March 14, 1952, Nelson A. Rockefeller Personal Papers, FA339, AIA-IBEC III 4, Series B, Box 7, Folder 72 AIA-Peru, 1951-1955.

<sup>12</sup> Hudgens, "Memorandum de Cuzco," March 14, 1952, Nelson A. Rockefeller Personal Papers, FA339, AIA-IBEC III 4, Series B, Box 7, Folder 72 AIA-Peru, 1951-1955.

<sup>13</sup> Hudgens to Nelson A. Rockefeller, April 17, 1952, Nelson A. Rockefeller Personal Papers, FA339, AIA-IBEC III 4, Series B, Box 7, Folder 72 AIA-Peru, 1951-1955.

<sup>14</sup> Hudgens to Nelson A. Rockefeller, May 12, 1952, Enclosure, Nelson A. Rockefeller Personal Papers, FA339, AIA-IBEC III 4, Series B, Box 7, Folder 72 AIA-Peru, 1951-1955.

<sup>15</sup> John E. Lockwood to Nelson A. Rockefeller, "Memorandum," September 16, 1952, Nelson A. Rockefeller Personal Papers, FA339, AIA-IBEC III 4, Series B, Box 7, Folder 72 AIA-Peru, 1951-1955.

<sup>16</sup> Lawrence H. Levy, "AIA - Proposed Agreement with International Development Services, Inc.," February 9, 1953, Nelson A. Rockefeller Personal Papers, FA339, AIA-IBEC, Series B, Box 32, Folder 305; and Francis A. Jamieson to Nelson A. Rockefeller, IDS Release, March 12, 1953, Rockefeller Family Public Relations Department Papers, Series 1-9, FA789A, Box 1, Folder 10.

<sup>17</sup> Hudgens to Nelson A. Rockefeller, January 7, 1953, Nelson A. Rockefeller Personal Papers, FA339, AIA-IBEC III 4, Series B, Box 7, Folder 72 AIA-Peru, 1951-1955.

---

<sup>18</sup> A survey of the materials in the AIA Collection reveal that the organization remained focused on agricultural development and programs for rural youth, but not disaster reconstruction.

<sup>19</sup> “Vaccination Program in Cuzco,” Rockefeller Foundation Records, General Correspondence RG 2, Series 1950/331, FA759, Box 495, Folder 3314.

<sup>20</sup> Amy Offner, *Sorting Out the Mixed Economy: The Rise and Fall of Welfare and Developmental States in the Americas* (Princeton: Princeton University Press, 2019).

<sup>21</sup> Other scholars who have traced these links include Offner, *Sorting Out the Mixed Economy*; and Tore C. Olsson, *Agrarian Crossings: Reformers and the Remaking of the U.S. and Mexican Countryside* (Princeton: Princeton University Press, 2017).

<sup>22</sup> Mark Rice, *Making Machu Picchu: The Politics of Tourism in Twentieth-Century Peru* (Chapel Hill: University of North Carolina Press, 2018).