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THE DEPARTMENT OF STATE DURING THE ADMINISTRATION
OF PRESIDENT LYNDON B. JOHNSON

NOVEMBER 1963 - JANUARY 1969

VOLUME I

ADMINISTRATIVE HISTORY

PART V

[Chapter 6]

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VI. LATIN AMERICA

A. OVERVIEW

Before and after his assumption of office, President Johnson frequently commented on his special interest in the development of Latin America -- an interest stemming from his youthful role as the teacher of the "Mexican" school at Cotulla, Texas, and his life in Texas politics. As President, he was to work for improvements in US aid to the rest of the hemisphere, and for continuity in the style and content of policy. One of his first actions in the field of foreign affairs was to reaffirm the commitment of the United States to the Alliance for Progress. Speaking to a group of Latin American leaders on November 26, 1963, he proposed that a strengthened Alliance be regarded as a living memorial to President John F. Kennedy. ^{1/}

^{1/} Remarks by President Johnson, November 26, 1963, State Department Bulletin, Vol. XLIX, No. 1277 (December 16, 1963), pp. 912-13.

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Administrative Innovations

The President's first appointment to the position of Assistant Secretary of State for Inter-American Affairs was that of Thomas C. Mann, who had held the same post for a period under Presidents Eisenhower and Kennedy. Mann had more recently served as Ambassador to Mexico. In his new job, he was assigned more responsibility for total policy direction in a single region of the world than had previously been granted to any US official below Cabinet level. Concurrently with his appointment as Assistant Secretary, he was named US Coordinator of the Alliance for Progress and Special Assistant to the President. President Johnson's intention was to make it clear that our political and economic policies for the hemisphere would achieve a single sharp focus. ^{2/}

Mann subsequently (March 1965) became Under Secretary of State for Economic Affairs, and was succeeded in the senior Inter-American post by Jack Hood Vaughn, a former Ambassador to Panama and the Director of Peace Corps programs in Latin America. Vaughn, in turn, went to the Peace Corps in early

^{2/} President Johnson to the Ambassador in Mexico (Mann), December 15, 1963, Bulletin, Vol. L, No. 1280 (January 6, 1964), pp. 9-10.

1966 and was succeeded by Lincoln Gordon, who had been serving as Ambassador to Brazil. Gordon had been active in the drafting of the Alliance for Progress Charter, signed in Punta del Este, Uruguay, in 1961; and it became his task to organize the Summit Meeting of 1967, which was held in the same Uruguayan city. He left the Department in May 1967, to assume the Presidency of Johns Hopkins University and was replaced by Covey T. Oliver, formerly Ambassador to Colombia who was now teaching at the University of Pennsylvania. Like his predecessors, Oliver brought to the job much personal knowledge of Latin America and experience in the problems of development. The President knew from Oliver's previous conversation with him on leaving the Ambassadorship that Oliver was concerned that social and civic inputs into the Alliance had been neglected. Accordingly, shortly after calling Oliver back into the service, the President told him to stress social as much as economic development and not to be "...outflanked from the left rhetorically."^{3/}

The Bureau of Inter-American Affairs made the Department's first concerted efforts to apply the new concepts of systems

^{3/} Personal statement of Assistant Secretary Covey T. Oliver, November 1968.

management to the intractable problems of foreign affairs.*
It was perhaps inevitable that the experiment should begin here: nowhere else in Washington were so many of the available foreign-policy resources directed from a single office. The major vehicle of the new management effort was the "Country Analysis and Strategy Paper" (CASP), which attempted to define policy objectives in terms of available resources. It was not possible in this short period to develop the CASPs to the point of assisting most day-to-day decisions; indeed, it was not clear that they would ever be able to serve such a function. They did, however, almost from the start become significant aids to planning.

The Alliance for Progress

Regarding the Alliance - the grand plank in the US platform for inter-American relations since 1961 - Assistant Secretary Lincoln Gordon reported in 1966 that:

. . . The basic concepts of the Alliance have become the dominant philosophy in the hemisphere. Self-help, systematic mobilization of domestic resources,

* See B (1), US Organizational Changes.

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rational priorities for investment programs, creation of modern institutions as a base for more productive private enterprise, and reforms looking toward greater efficiency and broader social justice -- these are not only the commitments of governments, but in increasing measure the actual practice . . . ^{4/}

And in 1968, Assistant Secretary Oliver added:

. . . The Alliance is not just the key to our foreign policy with our neighbors, it is that policy.

While many massive problems remained, Mr. Oliver was able to point to the end of the Alliance's first phase:

. . . The organization and mobilization phase in which the countries of the hemisphere had to agree on the nature of their problems and how . . . to mobilize their resources -- in money, manpower and will -- and at the same time deal with serious disturbances which impeded economic and social growth . . . ^{5/}

The goals of the Alliance had posed major challenges both to the United States and Latin America. In the United States, it proved predictably difficult to maintain a high

^{4/} Statement by Assistant Secretary Gordon, Hearings, Senate Committee on Foreign Relations, May 2, 1966.

^{5/} Statement by Assistant Secretary Covey T. Oliver, Hearings, House Committee on Foreign Affairs, March 21, 1968.

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level of public interest in an aid program that did not respond to an immediate and highly visible threat. The slowness of Latin American reforms taxed the patience of many, and especially of those in the United States who did not understand the dimensions of the problems involved.

Congressional actions inevitably reflected public concern and, in so doing, created two problems for the US commitment. The first was a shrinkage of appropriations near the end of the Administration. The second was the growth of restrictions that chafed Latin American nerves and in some instances seriously impeded the rate at which the loan-assisted countries could actually utilize development dollars. (These impediments were, loosely, related to the "additionality" requirements that the Treasury Department insisted upon after the US balance of payments situation became critical - even though State-AID economic analyses showing that assistance to Latin America did not present any danger of dollar leakage to Europe were never seriously challenged.) In part, no doubt, the shortage of funds reflected the parallel demands of the Viet Nam war and of domestic problems. The shortage also reflected the

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apparent willingness of some Congressmen to impress constituents by opposing "government giveaways" (in a program largely composed of self-help loans) and "boondoggles" (in an aid program that was believed to have erred in the direction of over-caution). The annual Congressional debate on foreign aid thus was often accompanied by equally overdrawn Latin American laments that the "Alliance is dead."

With respect to the other problem -- Congressional restrictions on foreign policy implementation -- it would not be an exaggeration to say that the normal results were approximately the opposite of those intended. Thus, Congressional restrictions on aid to countries seizing US fishing vessels exacerbated an already powerful emotional issue in Peru and Ecuador, postponing the day when a conference could be convened to work out a quiet solution to the problem. In another case, Congress passed legislation penalizing Latin American nations that diverted scarce funds from development to military hardware. The objective was admirable, but the premise was incorrect, since the best available statistics showed Latin America (with very few outstanding exceptions)

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to have been successful in avoiding arms races or military budget spirals. The strategy was deplorable, as the Latin Americans were by no means receptive to public sermonizing on this subject from the United States.

These and other problems meant that, perhaps inevitably, US performance was less impressive than President Johnson might have hoped. He and others in his Administration said as much. On balance, nevertheless, whatever the static generated by the politics of a democracy, the United States had lived by a major commitment.

The domestic problems of Latin America were at least as difficult, but Latin America's share of financial investments in development proved to exceed the expectations of 1961. The social and political goals of the Alliance proved far more elusive. Despite universal agreement on the principle of self-help, some countries appeared to view the Alliance for Progress as a new kind of US aid that would in some way solve social as well as economic problems. The real US role was, of course, even more restricted in social than in

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economic development. It could not have been otherwise without involving intervention of a kind that neither the United States nor any other partner of the Alliance wanted. But there was extremely encouraging social progress in the few countries that made it a major goal, even if progress was spotty in most of the rest.

In the related question of political development, Latin American progress toward broader public participation was slow and halting. Most US observers believed that greater participation was essential to all development goals, including the strictly economic, which seemed to require at least broad acceptance of sacrifice and a feeling of confidence in government. US public opinion, thus, was always deeply disturbed by military coups against constitutional governments among the Alliance partners. Coups were not prevalent during the Johnson Administration: on the contrary, the average was about one yearly as opposed to an average of some three per year since 1930.^{6/} Still, under a program with the expressed

^{6/} Address by Assistant Secretary Covey T. Oliver, New York City, November 30, 1967, Bulletin, Vol. LVII, No. 1487 (December 25, 1967), p. 871.

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goals of the Alliance for Progress, the people of the United States had hoped for much better. So had their leaders.

Unfortunately, when confronted by a military coup, the real options of the President and the Department of State are always restricted. In the coups that did occur, at least on the mainland of South America, the following generalizations applied:

-- The United States lacked short-term influence to forestall them. The Administration could only hope to make clear its disappointment, be faithful to a hemispheric policy of deliberation and consultation about the fate of basic human freedoms and the future of elected government, and use its long-term influence to help returns to elected governments.

-- Although the use of coups as a method of institutional change seemed disturbingly in line with the most unfortunate Latin American traditions, the military regimes of the mid-sixties shared a new ethos. They wanted not less but more and faster development. Civilian government was often seen as unable to cope with the problems of growth.

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-- Unfortunately, the military-dominated regimes tended to define "development" mainly in terms of its economic component, with too little interest in social problems. In this and other respects, it remained to be proven that military establishments had the capacity to govern well for more than short periods.

-- Most military officers were now of middle-class origin and had no intention of "preserving the privileges of the elite", in the journalistic cliché. Their lack of attention to social development might, however, reinforce social divisions by default.

-- Few of the overthrown civilian governments had proven impressively competent. The Goulart Government in Brazil, however, was the only one that had in fact gone totally bankrupt and forced the military to step in. (The Brazilian case was thus judged on a special basis.)

The Johnson Administration's reluctance to resume relations with the new regimes depended on individual evaluations of the above factors, on a regime's acceptance of

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normal international obligations, and on the strength of a regime's commitments to return to democratic processes. US spokesmen stressed that the resumption in no way implied approval.^{7/}

It is difficult, in a brief summary, to give figures that meaningfully summarize the economic and social performance of the Alliance partners. The economic problems of the region were clearly so diverse and so vast that no one would be able to talk of "solutions" for many more years. The social, political, and psychological problems were even more staggering. There was always the risk both of over-statement - which would create hopes that could only be followed by disappointment - and of pessimism, which would lead to unwarranted discouragement.

-- Some of the goals set in 1961 were, no doubt, unrealistically high. The fact remained, nevertheless, that the Alliance had released great energies and made important beginnings on many problems.

^{7/} Address by Assistant Secretary Thomas C. Mann, June 7, 1964, Notre Dame, Indiana, Bulletin, Vol. L, No. 1305 (June 29, 1964), pp. 997-8.

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-- Per capita growth rates, averaging 0.9 percent for the period 1961-63, rose to 2.2 percent from 1964-67 -- but were still short of the 2.5 percent target set by the Inter-American Economic and Social Council at Punta del Este in 1961. The recuperation of some of the major Latin American economies provided encouragement that greater growth would now be possible, even though an exploding population -- the denominator of the growth equation -- continued to erode many accomplishments that were impressive in absolute terms.

-- Some achievements amounted to success stories by any standards: -- the trend of growth rates was unmistakably on the rise; -- tax collections increased more than 5 percent yearly, contributing importantly to greater social justice (the Administration had devoted special attention to tax advisory teams); -- industrial growth kept ahead of population growth.

-- The average cost of living in 19 Latin American republics was halved in the three-year period from 1964 to 1967.

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As inflation was brought under much better control, the Administration's planning of Latin American development programs increasingly focused on three critical sectors: agriculture, education and health (including family planning).

The emphasis placed on agriculture by the President at the 1967 meeting of Punta del Este was built on a history of efforts to remove inhibitions to investment in this sector. Alliance programs sought to increase agricultural production through research, training and credit. Agricultural growth rates came to exceed population growth rates in 12 of 18 countries but still fell short of the original goal set at Punta del Este in 1961: an annual growth rate of 5 percent. There was reason for cautious optimism about future possibilities.

In the education sector, the numbers of teachers and students increased very impressively in absolute terms and stayed well ahead of population growth. The United States contributed through "sector loans", linked to policy changes, increases in technical assistance to education, and better

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equipment. Yet, as Assistant Secretary Oliver pointed out, in relation to the growing needs . . . "the education job in Latin America has hardly begun."^{8/}

During the Johnson administration the Department increased AID loans for community water supply facilities and continued an extensive malaria-eradication program. A beginning was made in birth control: the Department fostered studies and sought to gain understanding of the need for voluntary limitation of family size. By 1968 major programs were in operation, including some which provided birth-control devices and information on their use.

There were important gains in other areas. Housing guarantees helped US private lenders to risk their resources in Latin America, but housing construction failed to keep pace with family formation. Contracts with US cooperative organizations for organization of Latin American cooperatives began to have major impact.

^{8/} Statement by Assistant Secretary Covey T. Oliver, Hearings, House Committee on Foreign Affairs, March 21, 1968.

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The first phase of the Alliance was marked by a growing trend toward multilateralism in both the definition of policies and the administration of development programs. Annual reviews of country development and self-help performance by the Inter-American Committee on the Alliance for Progress (CIAP) became increasingly important. The Inter-American Development Bank became a major administrator of assistance as well as a significant force in the attraction of capital into the hemisphere from other areas of the world.

Assistant Secretary Oliver suggested that the Meeting of Presidents in Punta del Este in April 1967, marked the end of one phase of the Alliance and the beginning of another. He predicted that:

" . . . Phase II of the Alliance . . . will be characterized by (1) a greater concentration on social and political development including the reform and modernization of basic institutions, and (2) greater regional cooperation and the movement toward economic integration . . . " 9/

9/ Statement by Assistant Secretary Covey T. Oliver, Hearings, House Committee on Foreign Affairs, March 21, 1968.

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Hemispheric Security

Like so many of the problems of Latin American development in the nineteen-sixties, the issue of security was full of paradoxes:

-- It seemed clear that there could be no long-range peace and stability without the kind of economic social and political development foreseen in the Alliance for Progress.

-- But this kind of development involved rapid change, and the changes in themselves posed threats to short-term stability. No one believed that there could be profound social change without parallel social unrest.

-- Excessive instability and insecurity would nevertheless make any kind of development impossible. There had to be a security component to development.

-- There was always the chance that forces trained to provide the essentials of security would abuse their role, stifling instead of protecting political and economic development.

Complicating all these problems were some curious sensitivities in US public (hence Congressional) opinion.

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On the one hand, the public did not appear deeply interested in day-to-day news from Latin America, and the simplified treatments common in the media reflected this fact. On the other hand, the conscience of the United States appeared hypersensitive to anything that went wrong in the Western Hemisphere. Although the days of tutelary policies were long over, there seemed to be lingering impressions that the United States controlled the domestic life of other American nations. It was a short step to conclude that this nation was guilty of some sort of moral failure whenever its neighbors fell from virtue.

Perhaps for these reasons, US aid to Latin American military establishments encountered domestic psychological problems that were at least as severe as any of the very real military problems faced elsewhere in the hemisphere. Still, at the end of the Johnson administration, the hemisphere had coped with pressing security problems without creating side effects. There had been no arms race, despite many and vocal fears in the United States. (Assistant Secretary Gordon once referred to the real Latin American arms

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acquisition situation as an "arms crawl.") In comparison with other major areas, Latin America diverted a minimum of scarce resources into military hardware or other defense expenditures. There had been too many military coups d'état, but the record at least looked less deplorable than in most previous periods, and US military aid was not an inducing cause. Finally, new challenges to security were met without US involvement in theatre operations.^{10/}

Except in the Dominican case, the guerrilla threat was undoubtedly the pivotal concern during most of the period. The newness of guerrilla tactics was in itself a problem. Guerrillas could operate in small numbers and very cheaply; could probe the weakest spots of the social fabric in rural areas; could capitalize on old resentments of army and politicians; could weaken a nation's leadership psychologically

^{10/} Secretary Rusk's News Conference, November 18, 1966, Bulletin, Vol. LV, No. 1432 (December 5, 1966), pp. 848-9; Address by Assistant Secretary Covey T. Oliver, New York City, November 30, 1967, Bulletin, Vol. LVII, No. 1487 (December 25, 1967), pp. 871-2.

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and financially long before presenting a real military threat to strategic objectives.^{11/}

Guerrilla tactics were, nevertheless, efficiently countered in Venezuela, Bolivia, Colombia and Guatemala, to mention the most significant examples. Cuban guerrillas in Bolivia under "Che" Guevara aroused special interest in the world press but, in practice, were not even among the more effective armed insurgents in Latin America.

The credit for effective military counter-measures clearly belonged to the local military establishments. US military assistance and training programs, however, may well have been far more important than their small size and expense would indicate.

^{11/} Address by Counselor and Chairman of the Policy Planning Council, Department of State, W.W. Rostow, Haverford, Pennsylvania, June 5, 1964, Bulletin, Vol. L, No. 1304 (June 22, 1964), p.963; Address by Thomas L. Hughes, Panama Canal Zone, June 8, 1964, Bulletin, Vol. LI, No. 1306 (July 6, 1964), p. 84; Address by W.W. Rostow, Freiburg, Germany, May 15, 1965, Bulletin, Vol. LII, No. 1345 (April 5, 1965), pp. 493-4; Address by Under Secretary Thomas C. Mann, San Diego, October 12, 1965, Bulletin, Vol. LIII, No. 1376 (November 8, 1965), p. 737; Address by Secretary Rusk, Rio de Janeiro, November 22, 1965, Bulletin, Vol. LIII, No. 1382 (December 20, 1965), pp. 991-2.

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In the cities, AID training programs for police were equally successful where accepted, but there were few of them. The AID police training programs should have been more widespread. In some instances they were resisted by the local military. It was always an uphill fight to convince AID directors that they were important, because far too often these men and their associates saw development only as economic, not as social and civil as well. The rigid centralization of public safety in AID/Washington also caused difficulties. As in the rural areas, the nature of the challenge was new and often baffling. Too much police muscle was at least as bad as too little. New methods of riot control had to be learned urgently. At the close of the Johnson Administration, urban violence seemed, if anything, to be growing in importance, perhaps in part because of guerrilla failures in the countryside.

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