

# Whatever Happened to Baby *Alianza*?

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THE ORIGINAL PRONOUNCEMENTS concerning the *Alianza para Progreso* were filled with the idea that this new program would enable the countries of Latin America to make a social revolution without violent upheaval. The Charter of Punta del Este proclaimed the ideals of the *Alianza* in such terms as:

They [the people of the hemisphere] are determined for themselves and their children to have decent and ever more abundant lives, to gain access to knowledge and equal opportunity for all, to end those conditions which benefit the few at the expense of the needs and dignity of the many. It is our inescapable task to fulfill these just desires—to demonstrate to the poor and forsaken of our countries, and of all lands, that the creative powers of free men hold the key to their progress and to the progress of future generations.<sup>1</sup>

The Charter also put great emphasis upon providing a more equitable distribution of national income and rapidly raising the standard of living of the masses.

Were these statements empty rhetoric or did they reflect a sincere belief that drastic socio-economic change could come to Latin America through peaceful, democratic means? This question has been argued with much heat since 1961, but undoubtedly some of the authors of the Charter honestly believed in the latter postulate. Some individuals did question the major shift in U.S. policy which the Charter and supporting speeches seemed to imply. It just did not appear likely that the United States was planning to give up its basic goal of hemispheric hegemony, but the Alliance did seem to promise at least a new approach to dollar diplomacy; an approach more flexible and less committed to the orthodoxies of U.S. capitalism. The Alliance seemed to indicate that the United States was prepared to accept, nay even to advocate, drastic changes in the prevailing system of distributing wealth.

In the beginning it was possible to see in the Alliance the promise that the United States would encourage the development of a variety of systems in the middle ground between capitalism and complete statism. Such a development would have meant a decided retreat from the traditional position that reforms must not in any way violate the economic concepts of business or step outside of the legal framework of capitalism. In short, the United States government appeared ready to accept rather drastic modifications of the "trickle down" concept of economic distribution based on the "iron law of scarcity."

At least such an impression could be gained from various pronouncements on the Alliance. During the Senate debate on the new program J. William Fulbright declared:

Latin Americans have felt the domination of the United States. They have been on the receiving end of preachments of the advantages of capitalism and free enterprise. But these words have been at best meaningless to most of them, and at worst in their countries a source of exploitation.

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1. From, Lincoln Gordon, *A New Deal for Latin America* (Cambridge, Mass., 1963), pp. 118-119.

The Senator hammered away at the conservative oligarchies for their failure to do something for the common people, and he warned that the U.S. would help them only if they were "converted to the cause of genuine social reform."<sup>2</sup>

No sooner was the Alliance off the drawing boards than vocal opposition rang forth both in Latin America and the United States. Considering the ruling groups in some Latin American countries statements like those of Senator Fulbright were comparable to lecturing a whore house madame on the virtues of celibacy. The same could be said for various elements in the U.S. business community. The editors of *Business Week* magazine declared:

A US policy of sponsoring revolutionary change in the underdeveloped countries could well undermine the position of US private investment in many areas. To a considerable degree, the revolution of rising expectations is a revolt against capitalism, or at least against the way it seems to operate in the underdeveloped nations.<sup>3</sup>

These editors showed an amazing degree of insight in the last sentence. As far as they were concerned freedom and democracy were synonymous with their brand of capitalism. After all, they reported one critic as saying, "It took 15 years and many billions of U.S. government dollars to rebuild the capitalist world on the Bretton Woods pattern. . . . The Administration will bring the system crashing down, if it isn't careful."

The *Business Week* editors also stated that social reform and economic development were contradictory objectives since reform would involve a redistribution of income and an increase in consumption. The editors quite frankly admitted that the businessman's program for Latin America would not meet the demands of the people or the intellectuals, and would not save every country from "Communist-sponsored revolution." The answer to the latter problem would be militarily intervention against any such revolutions to protect capitalism in the hemisphere.

Similar attacks on the Alliance could be heard in Congress and in other segments of the business community. One of the most influential blows, however, came from President Kennedy's specially selected "Committee to Strengthen the Security of the Free World." This group—better known as the Clay Committee—reflected almost identically the views of *Business Week*. Its report gave much emphasis to denying foreign economic aid to any country which deviated to any extent from private enterprise. Any intention to intervene in such countries to "impose" the U.S. economic system was denied, but several pages later the committee emphatically stated that the U.S., "cannot allow another

2. Speech of May 9, 1961; *Congressional Record*, 87th Cong., 1st Sess., 1961, Vol. 107, No. 77, pp. 7117-119.

3. "Keeping Out the Reds by Revolution," *Business Week*, July 5, 1961, pp. 67-69; in an editorial resume of the article the editors stressed the point that underdeveloped nations must remain "aligned to us economically," even if they were politically neutral, "A Program That Tries to Reach too Far," *Ibid*, p. 128. More subtle criticism can be found in the testimony of Rodman C. Rockefeller (International Basic Economy Corp.), Leonard Kamsky (W. R. Grace & Co.), John F. Gallagher (Sears Roebuck & Co.), and William F. Butler (Chase Manhattan Bank) before the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee (U.S. Congress) in May, 1962; *Economic Developments in South America* (Washington, D. C., 1962), pp. 44-95. See also, Julio E. Nufiez, "The Importance of Latin America's Elite," *Fortune*, January, 1963, pp. 70, 210.

Castroite-Communist Cuba to come into existence." In other words the Clay Committee was saying that the U.S. should cut off economic assistance to countries which drifted any appreciable distance from private enterprise even if this meant creating "less friendly political climates," but that in Latin America any country which then turned elsewhere for assistance would be prevented from doing so. Clearly, the non-intervention proviso was not to apply in this hemisphere.<sup>4</sup>

In its report on the Alliance for Progress the committee repeatedly emphasized the primacy of private investment and private enterprise. The list of the reforms which the committee stressed are quite illustrative of the basic thinking of the group. Most of the items were part of the canon of orthodox business practices such as monetary stability, balanced budgets, elimination of subsidies to government enterprises, and stimulation of private investment. The last item on the list was a reference to "better utilization of land" to—among other things—increase the income of the "lower levels of society." In the next paragraph, however, the committee pointedly declared that expropriation or nationalization was completely alien to proper economic development. In addition, Latin American countries were warned that there was no real middle ground between capitalism and state-controlled economies and that accumulation of wealth must precede improvement in the standard of living.

As an interesting second thought, the Clay Committee recommended that economic aid be increasingly funneled through international agencies such as the International Bank and the International Development Association. This would, hopefully, make the United States less subject to attack when it was necessary to "offend national sensitivities" by imposing conditions to insure "sound" economic practices. United Nations agencies were pointedly excluded from the recommended list.<sup>5</sup>

There was one dissenting voice on the Clay Committee. Mr. George Meany—hardly an economic radical—stated that he could not regard AID and the Alliance "as business operations primarily." His major criticism of the report was its concern with institutions rather than people. As he stated; "We cannot expect this vast sector [the workers] to voluntarily enlist in our cause without rights, without freedom, without justice, without bread."<sup>6</sup>

The Meany dissent had much less impact on policy than the majority report. This report was part of a rising tide designed to put the Alliance back into the familiar policy ruts. One of the best ways to observe this movement is to compare the reports of the Subcommittee on Inter-American Economic Relations of the Joint Economic Committee (U.S. Congress) for 1962 and 1964. The 1962 report contained some criticism of the Alliance, but it also devoted some attention to the need for social reform.<sup>7</sup>

The 1964 report, however, was entirely dedicated to the necessity and

4. The Committee to Strengthen the Security of the Free World, *The Scope and Distribution of United States Military and Economic Assistance Programs* (Washington, D. C., March 20, 1963), pp. 5-12; cited as *Clay Comm. Report*.

5. *Ibid.*, pp. 15-17.

6. *Ibid.*, pp. 22-25.

7. Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee (U.S. Congress), *Economic Developments in South America* (Washington, D. C., 1962); also, *Economic Policies and Programs in South America* (Washington, D. C., 1962).

the means for bolstering private investment and private enterprise. This Congressional Committee vigorously criticized the Charter of Punta del Este for its failure to assign a predominant role to private investment. It pointed out that in the 3,000 word section on national development programs, only a ten word phrase referred to the role of the private sectors.<sup>8</sup> In the opinion of the committee this created a misconception in regard to the real aims of the Alliance, and those who fell into this misconception—concerning private investment—“failed to appreciate fully the spirit which prevails in the United States.” The committee defined this “spirit” as equating freedom and democratic institutions with “the system of private enterprise, private investment, and free choice.”

The basic theme that emerges from this report is that the Alliance for Progress is a program which depends on a good climate for business. All reform or change must be geared to attracting private investment. Thus, the traditional pattern of distribution of wealth—the trickle down concept—must not be disturbed since this would pose a threat to immediate profits and hence create a bad climate for business. For all practical purposes the committee defined the Alliance for Progress as another facet of the American business system. In their own words:

We concluded these hearings. . . with the feeling that the virtues of the free enterprise system itself needed to be better understood and more aggressively presented and “sold.” Along with certain members of the Commerce Committee for the Alliance for Progress “we are persuaded that the most important way in which the United States can help is by exporting the ideas implicit in a free economy.”<sup>9</sup>

This is further illustrated by the committee’s denunciation of any expropriation of private property, even for agrarian reform; which had been given a few kind words in the 1962 report. Given the conditions outlined by this group, any restructuring of the distribution system would be well nigh impossible. The committee even resorted to the traditional nationalization policy of the United States in words that go back to the first social revolution in the hemisphere. Mexicans, Guatemalans and Cubans have all heard, “Compensation must be prompt and effective”; a phrase meaning “compensation must be made in sound, convertible currencies.”<sup>10</sup>

For one who had hoped that the Alliance for Progress reflected at least some wisdom gained from the revolutionary upheavals of the twentieth century, this committee report sounded too much like the Bourbons who never learned and never forgot.

By the end of 1964 it was quite evident that the Alliance was hardly more than the dollar diplomacy of the 1930’s with a new facade. All of the old vocabulary had reappeared, and all of the traditional concepts of business diplomacy had been restated. The business of America was still business; not the restructuring of societies. Alliance for Progress houses were selling for fifteen thousand

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8. Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee (U.S. Congress), *Private Investment In Latin America* (Washington, D. C., 1964), pp. 5-6.

9. *Ibid.*, p. 6.

10. *Ibid.*, p. 11.

pesos—seven thousand in cash—in Colombia, and one landless native commented about the program, “It has not touched the poor.”<sup>11</sup>

In retrospect, was the Alliance ever intended to touch the poor directly, or was the thinking behind it based on the assumption that the fruits of economic expansion automatically trickle down to the lower levels? The chief architects of the Alliance were New Deal Democrats who accepted the trickle down concept of distribution as an article of faith, and who were at heart unable to accept any real restructuring of the socio-economic system. Lincoln Gordon—Ambassador to Brazil and the prime author of the Alliance—has described the program as a “New Deal for Latin America,” and has constantly told the Latin Americans to emulate those aspects of the New Deal which stressed expansion over distribution. Gordon separated distributive reformers from expansionist reformers and has written that the “primary emphasis” must be placed on expansion.<sup>12</sup> This downgrading of reform in the system of distribution fits in with the overall emphasis on reinforcing private enterprise capitalism and guiding Latin American development into the international structure of the U.S. business system. This is definitely not social revolution, and is reformist only in the minimal sense that the RFC, FHA, and AAA were in the United States of the 1930’s. None of these agencies were especially noted for improving the condition of workers, slum-dwellers, or tenant farmers.

The role of the Alliance for Progress as a new vehicle for U.S. economic expansion has become apparent since 1962. The fact that Adolph A. Berle, Jr. was one of President Kennedy’s key advisers indicates that this was at least one important aspect of the original Alliance planning. In 1956, Berle called for a broad, new program to use Latin America as “an outlet for our surplus,” and thus prevent a business recession in the United States. According to Berle this program would entail an Inter-American Bank, some financing by the U.S. government, and a major expansion of U.S. business in Latin America. He stated the goal of such an effort in these terms:

Is this “giveaway foreign aid” in new dress? Nothing of the sort. . . . When New York and New England financed the development of industry, transport, and power plants on the U.S. Pacific Coast we did not talk of “giveaway” from New York to Oregon or California. We bought stocks and long-term bonds and knew that we were building a national economy. Now we can tackle the business of building a supranational economy. Whether we know it or not, this is the real basis for the economy of the United States.<sup>13</sup>

These views were certainly embodied in Berle’s concept of the Alliance, and they have become basic themes in the program.

Thus, from the beginning the Alliance has involved an apparent contradiction. The vocabulary was that of social revolution, but the concepts were a mixture of U.S.-oriented capitalism and New Deal economics. This is not to say that some U.S. officials did not want to see reforms in Latin America, but the concept of development underlying the Alliance has forced even these officials to steadily dilute the reform element. The U.S. assistance to the literacy and one authority has written that the reason for this is that “many people acy program in Guatemala, for example, is scheduled to end in July, 1965,

11. John P. Powelson, “The Land-Grabbers of Cali,” *The Reporter*, January 16, 1964.

12. Gordon, *New Deal for Latin America*, 102-107.

13. A. A. Berle, Jr., *The Reporter*, June 28, 1956, p. 11.

in the State Department," view literacy, "primarily as a dangerously volatile element extremely difficult to control, and thus, in the interest of stability, to be avoided."<sup>14</sup> This is the process we have been witnessing since the birth of the Alliance. The reform programs and the rhetoric of social change have been steadily eliminated since these have appeared to threaten the kind of stability which is based upon private enterprise and the protection of private investments. Today the basic concepts of the founders of the Alliance stand forth in pristine simplicity.

This raises a basic question concerning the future of the Alliance and social reform in general. Can the United States government which is basically oriented to the needs of capitalists—both North and South American—really support basic socio-economic change? Even the hint of such a possibility produced outcries and pressures in the United States and Latin America. Those officials who were sincere about reform have seen their position evaporate as the U.S. government has increasingly gone out of its way to reassure businessmen that the Alliance did not in any way threaten the prevailing system of distribution. The future of peaceful revolution under democratic auspices has been severely shaken by the seven military coups which have taken place since 1961. Most of these have involved resistance to change by groups holding economic power, and in each case the United States has taken the path of least resistance and recognized the new governments after some token demonstrations toward "democracy." The U.S. accommodation to this combination of forces seems to provide a negative answer to the above question.

Today the policy of the United States indicates that the words of warning which Senator J. William Fulbright issued to the Latin American oligarchies in 1961 have been shelved. Now the Latin Americans are told that the freedom, democracy, and economic well-being proclaimed in the Charter of Punta del Este really means the freedom to shop at the supermarket of one's choice. With this *reductio ad absurdum* it is high time to recall the words of wisdom spoken by Mr. Dooley; "Hunger, Hinnessy, is about th' same thing in a ray-public as in a dispotism. They'se not much choice iv unhappiness between a hungry slave an' a hungry freeman."<sup>15</sup> Senator Fulbright was referring to this idea in 1961 when he warned:

We have now an opportunity—and it may be our last—to put our relationships with Latin America in order. We have now an opportunity to begin a program that will provide things for the people, not for the governments—not for the upper crust.<sup>16</sup>

This was the supposed promise of "Baby Alianza." Was the baby strangled in the cradle, or was the creature in the nursery really grandma dollar diplomacy in disguise?

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14. Alan Howard, *The New York Times Magazine*, February 1, 1965, p. 76.

15. Finley Peter Dunne, "Cuba vs. Beet Sugar," in, Louis Filler (ed.), *The World of Mr. Dooley* (New York, 1962), p. 168.

16. *Cong. Record*, May 9, 1961, pp. 7117-119.

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# The Rise and Fall of "Modern Revisionism" in Poland

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ardent champion. He did not launch the theory of "the Polish Road to Socialism," but he was its fiery advocate.

Gomułka organized the electoral "victory" of the "Democratic Bloc," List #3, in the memorable general election to the Sejm of January 1947. He was the first, on the eve of May 1, 1947, to raise the slogan of uniting the working class parties, tantamount to the liquidation of even the fake Polish Socialist Party founded in 1944 by Edward Osóbka-Morawski and Stanisław Szwalbe. Gomułka was just as much a Stalinist as all other Communist leaders of that time. He even earned the nickname of "the little Stalin"—the title of Isaac Deutscher's profile of Gomułka published in the *London Observer*.

Thus, Gomułka's page in the record is by no means blank. His past should be borne in mind, because it determined the essential elements of his psychic make-up. Moreover, there is nothing to indicate that he has revised the views he held in previous years although they did not fully coincide with those of Bolesław Bierut, Moscow's leading sycophant in postwar Warsaw.

Aside from the state and cooperative sectors of the economy, he admitted the idea of private ownership, particularly small peasant holdings. He believed in the superiority of cooperative collective farms, but wished to avoid the unprofitable consequences of too hasty a transformation. He also differed from the Bierut clique in his views on the history of the Polish working class. Thus, in the controversy over whether the correct approach to the question of Polish independence was the internationalism of Rosa Luxemburg's Social Democracy of the Kingdom of Poland and Lithuania (1893-1918) or the national particularism of the Polish Socialist Party (founded in 1892), he favored the latter. He did not, however, win this point, since the Polish United Workers' (Communist) Party, formed in 1948 by Bierut with Cyrankiewicz's help, definitely