

HOW UNITED IS LATIN AMERICA?

Thomas Molnar

I am certainly not the first traveler in Latin America struck by the diversity of its countries. The cliché has it that so many distinct entities were set up between 1810 and 1825 merely because the peoples of the continent could not comprehend Bolívar's admonitions that strength lies in unity. Whatever the validity of Bolívar's dream for South America, it is quite obvious why there are some twenty countries there instead of one or two, as is the case with the North American part of the hemisphere. Practically everything is a dividing factor south of the Rio Grande: geography and the configuration of the land, the ethnic composition of the populations, the historical antagonisms, the economic jealousies. Finally, the fact that about half of Latin America is not Spanish- but Portuguese-speaking.

These elementary observations serve as an important reminder in an age whose myth is continental and preferably global unity, but whose reality consists of exacerbated nationalism, profound distrust of the neighbor, and everybody's almost childlike insistence on having his own way, without compromise.

At the risk of offending my Latin American friends and their consciousness of being profoundly Western men, I admit that during the four months I spent in their countries, I was on countless occasions led to compare their general situation with that of Africa. Only four countries—Argentina, Chile, Uruguay and Costa Rica—have a nearly homogeneous white population, the others have (in addition to thousands and more Blacks) Indian minorities, or indeed majorities—Bolivia, Peru, Guatemala. This is one reason why the social and economic problems of the various countries have no common measuring stick since, contrary to the affirmations of social planners and political agitators, *nobody* knows exactly the degree of wealth or poverty of the Indian community, or their real needs.

The significance of the "Indian problem" is that countries where the problem is acute obviously cannot pursue the modernization of their economy (they cannot even draw up reliable statistics of per capita income) with the same vigor as others where at least

this economic bottleneck and its social consequences do not exist. Land reform, although it is on everybody's lips, cannot therefore mean the same thing in Chile, where it affects peasants of European origin, and in Bolivia, where the rural majority is Indian. Like the Blacks in Africa, the Indoamericans have had their traditional ways of cultivating the land, raising cattle, saving, *but not spending*, their cash which, for them, is often not a medium of exchange but a status symbol. It is difficult to persuade the Indian that he should diversify his agricultural produce, breed his animals according to the best selection techniques, and use artificial insemination. In short, the Indian masses are still far from being integrated in the economy of the respective nations.

Yet the continent's climate and soil are sufficiently diverse to allow the cultivation of many kinds of different products. This is why it was relatively easy for LAFTA (Latin American Free Trade Area) members to agree on a yearly eight per cent customs reduction of the exchange price of agricultural and other basic products. The test of economic integration, however, was not agriculture, as in the case of the European Common Market, but industry. Here the political factors are inextricably mixed with the economic ones, as was shown by the reluctance of LAFTA members to apply the same eight per cent rate of exchange price reduction for industrial goods. Local manufacturers in each country simply refused the idea of lowering the protective tariff barrier. This is to say that, again similar to Africa, the internal trade of the continent represents only some ten per cent of each country's foreign exchange. A significantly low figure which tells a long story! The customers as well as the chief sources of import are the United States, Germany, Great Britain, Italy, Japan, Canada, and so on.

The main ambition of the Latin American countries is to emerge from the low status of producers and suppliers of a few basic commodities such as tin, coffee, copper, oil or bananas. In order to achieve this goal, they set their eyes on rapid industrialization, involving great sacrifices. Even the British Labor economist Nicholas Kaldor considers this policy unreasonable, stating that for economically underdeveloped countries "the production of export goods is far more valuable than the manufacture of

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products to replace imports." Yet, in the present circumstances, it seems unrealistic to urge Latin American countries to accept a neighbor's competition in their markets. It is another matter to import from the United States and other countries, since they, in turn, provide markets for the natural products and raw materials of Latin American countries; not to speak of financial and other aid.

These considerations are the basis of rather violent debate in each country's public and political life. The neo-liberals, disciples of von Mises, Friedrich Hayek and W. Ropke, and sympathetic to Milton Friedmann, abhor economic nationalism, insist on free exchange, and would like to open their respective countries to foreign competition. Against them there is a line-up of the old parties, still labeled "revolutionary," and the newly emerging Christian Socialists, both, of course, with their respective labor unions. These parties generally favor the nationalization of foreign-owned enterprises (oil in Venezuela and Peru, copper in Chile, etc.), and when they do not carry out such plans it is because a last-minute wisdom tells them that the retreat of foreign companies would prove economically and even politically harmful. For example, the usually high benefits derived from taxes and other contributions of these companies are counted on to promote education, housing and other programs. The upshot is that the parties advocating nationalization often accept compromises, particularly when they get into power. In a similar way, parties and individuals favoring free exchange resort to nationalization to some degree when in government.

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Each Latin American country has, then, more numerous and more important ties with outside powers (particularly the United States) than with other countries of the continent. There are some few Church-related groups, labor unions and free enterprise organizations, that have continent-wide networks of cooperation and exchange. But individual Colombians are not likely to visit Argentina, or Chileans Guatemala, or Mexicans Brazil. Since the movement of travel, for everyone who can afford it, is rather towards the United States and Europe, it is far more likely that people in the southern parts will pass through northern countries than vice-versa. But such visits represent a short stop rather than a deep interest.

There are thus more obstacles to integration of any kind, and even to the formation of a continent-wide public opinion, than the traveler, this traveler at least, expects to find. Needless to say, the obstacles

are also of a political nature, if we understand by this term something more than daily politics. Much has been said of "Yankee imperialism" in Latin America, and not only by our southern neighbors but also by North Americans. Lately, however, even more is being said of the alleged disappearance of this imperialism in favor of a new "good neighbor" policy, and chiefly of the Alliance for Progress that is supposed to alter the existing relationship between the Latin American countries and the United States. It is claimed, moreover, that the Alliance for Progress will have a further effect, that of promoting continental unity.

Now it is essential, in my opinion, that these insufficiently examined claims should be clarified. The first thing to realize is that with or without the Alliance for Progress, the mere political, economic and military weight of the United States—that is, its normal weight as a great power—is enough to influence decisively whatever of importance happens in the Latin American countries. Not even the best intentions on the part of Washington can modify this situation which is, as the saying goes, in the nature of things. I will take a telling and recent example so as to illustrate that the Alliance for Progress is only one among many factors influencing North-South relationships.

Last year the Chilean government decided to buy tractors from Argentina. The tractors would have been eminently usable on Chilean soil, and President Frei sent his own brother to conclude the deal. Not the least important of his motives was to establish high-level contact with the Argentine authorities (this was before the Onganía government took over), in the hope that Christian Democracy might find a more sympathetic hearing across the border. (In fact, Washington backed President Frei's election with the same hope: that Christian Democracy might prove an acceptable formula for other Latin American countries as well.) The Argentine manufacturers, however, could only offer short-term facilities for payment. At this point a well-known U.S. tractor company made its own bid, and although its products are not made specifically for Chilean soil conditions, the order was passed: the U.S. company offered a thirty-year term of payment.

The example is one, and perhaps a relatively insignificant one, of many, but it reveals the heart of the problem: South American governments and companies are too weak to establish permanently successful economic relationships on many levels, let alone to integrate their economies. The North American competitor is ever-present with his far larger capital, easier terms, more impressive market-re-

search and publicity apparatus. And at times Washington's pressure is added to the weight of mere presence, the kind of pressure the Bolivian Airlines had to resist when it wanted to purchase Caravelle planes from France.

Has the Alliance for Progress modified this situation? One finds few intelligent—and pro-U.S.—South Americans who have anything other than scorn for this new “gimmick” as they call it. As far as South American integration is concerned, the Alliance for Progress is totally irrelevant. The truth seems to be that it is rather a means of securing for Washington the political loyalty of the governing parties, and of tying South American economy to that of the United States.



The first objective is achieved, or is thought to be achieved, by trusting the government in question to draw up plans and indicate priorities for aid to be received. As most of these governments represent parties eager to be re-elected, the plans are oriented towards partisan if not outright demagogic goals, increasing bureaucratization (that is, safely entrenched voter support), and filling a few but quite voluminous pockets. The bulk of aid goes—and this is the chief complaint—to non-productive areas, such as schools, roads, housing projects, *not* into capital investment and the creation of job opportunities. As the Costa Rican economist, Guido Fernandez, writes in his *Analysis of the Alliance for Progress* (1963): “While the Alliance for Progress, with the best intentions, amplifies the radius of action in the public sector of the countries in which it is put into effect, the private sector of the economy, which is supposed to produce added income and a permanent source of increased employment, remains stagnant or reduced to a minimum.”

In this way—and this is the alleged economic ob-

jective—at the Washington end of the Alliance it is made sure that South America will remain indefinitely attached to the apron strings of the United States, and will not become competitive either on the local market or elsewhere. (For it should not be forgotten that in spite of the war-caused destruction, the infrastructure of the European economies had remained intact in 1945: the Marshall Plan was the needed impulse to tie over the stunned populations until their economies started functioning again.) South American industry, with few exceptions, is not sturdy enough to resist superior competition on the local market; and private enterprise, as Guido Fernandez points out, suffers from the increasing state of unbalance between itself and the swollen public sector.

Whatever the merits of the various charges, the fact is that the *Allianza* weakens or even stifles inter-American trade and the trade with other continents too, although the picture in this respect is changing. *Allianza* money can only be used for the purchase of U.S. goods, transported by U.S. ships, insured by U.S. companies; for inviting U.S. technicians, experts, professors, using U.S. airlines; for accepting, inevitably (it is again in the “nature of things”), projects favored by the U.S., run by men having the ears of Washington; etc., etc. (One of the few partial endorsements of the Alliance for Progress that I collected was from a businessman in Guatemala who said: The Alliance is a deplorable flop, but it means the presence of hundreds of North Americans in this country, members of families of A.I.D. and other officials. These people spend a lot of dollars here. Their departure, the result of the end of the Alliance for Progress, would be a serious financial loss for a small country like ours.)

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One would imagine that the consequence that the Latin Americans draw from their own criticism of the United States is to strengthen their countries' solidarity with each other. There is no doubt that this is everybody's hope and dream, although one should add in all fairness that such a cooperating entity, if ever put together, would not be directed against the U.S. This is not to say that a very large number of South Americans did not wish well, for example, to Castro when it seemed, mainly to the ignorant (1959–1961), that “Fidelism” might dynamically unite the continent through constructive measures of economic and cultural self-affirmation. “Castro could have become the most prestigious leader if he had not revealed himself as a Communist and had not started using murder, torture, expulsion,

confiscation against friend and foe," I was told in Caracas. But the Cuban refugees began telling their stories as early as 1960, and today Castro's name is one of opprobrium for everybody except bands of Communist students.

The danger that Fidel might have forged a continent-wide public sentiment has and will have repercussions on all such attempts in the future. Whether Eduardo Frei, Belaunde Terry or Carlos Restrepo Lleras will try to don Simon Bolivar's mantle and preach unity, Latin Americans will look askance at such an ambition. As indeed they do these days. Far from uniting, the countries of the continent are now lining up on two opposite sides of the most important issues, so that one may even speak of the formation of blocs (although everybody avoids the term).

Some countries (and parties) believe that the number one necessity at present is *security* in the face of subversion, and, since subversion thrives on corruption and parliamentary demagoguery, the creation of internal conditions for order. This is, in a simplified form, the thesis of the governments in Brazil and Argentina. Some other countries, namely Chile, Venezuela and Colombia, claim that subversion is not the important issue (although Chile almost fell to the Communists in 1964), but rather *economic development* and integration which might possibly attract Cuba also. Both arguments may be incomplete since stability obviously requires *both* security and economic progress. However, the point

here is not to decide the validity of arguments, but to indicate once again the all-important role of Washington in backing this or that group, a role with which Washington seems to be quite unhappy. At any rate, events in the last half-decade—in Cuba, Brazil, Chile and the Dominican Republic (not to speak of guerrilla and terrorist activities in all the other countries too)—have made Washington's intervention or at least vigilance and timely support, imperative. There is every reason to suppose that there will be similar events, that is, open or disguised Communist efforts at takeover, in the next five years too. Whether a continental defense system and an inter-American armed force will emerge from these tribulations, nobody can as yet predict.

In summary, I think it would be an error to accept the view that Washington is to be blamed for most of the dissensions between Latin American countries and for the lack of economic cooperation. It is, rather, that U.S. power, through its willed and also unwitting interventions, seems to crystallize many of the local inefficiencies and disagreements. With or without the United States, Latin Americans are very, very far from creating more than regional cooperation, and even that on a temporary basis. Beyond this century's myth of unity and mutual aid (Japan's "Greater East Asian Sphere of Cooperation," "Panaficanism," "Afro-Asian solidarity," etc.), realism demands that each country, particularly a developing one, might best make a strong effort by counting on its own people and resources.

As one in its continuing series of seminars, the Council on Religion and International Affairs (CRIA) scheduled, in the fall of 1965, a seminar on Wars of National Liberation. All of the seminars of CRIA are designed to encourage direct confrontation and sustained intense discussion, and there can be no substitute for that experience. But one of the participants, Quentin L. Quade, was asked to prepare a manuscript that would convey the main tone and content of this particular seminar—no easy task.

This, then, is a report which presents the main propositions and attitudes that were expressed in the course of the seminar as they were discerned by one of the participants. Quentin Quade is eminently qualified to prepare such a report. Not only is he familiar with the program of CRIA, but he has written for a variety of journals on the relation of ethics to political action and has addressed many conferences on the problem of relating ethical norms to particular issues. Wars of National Liberation, of which Vietnam is the most crucial example, need precisely the kind of analysis the seminar was designed to provide and which Dr. Quade here recounts.

The U.S. and Wars of National Liberation.

Report on a Seminar

by Quentin L. Quade

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