

A Global Policy in a Regional Setting: The Eisenhower Administration & Latin America, 1953-54

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A Divided Literature: Orthodoxy versus Revisionism and a “new” Alternative

In recent years, the Latin American policies of the Eisenhower administration have been subjected to a period of re-examination and renewed debate. Both the orthodox and revisionist schools of thought have found “new” reasons to trumpet their approach, and the central topic for debate (that of whether US policy was motivated by the Cold War or by economic aims) has not come any closer to being definitively answered. Although orthodox historians agree that the administration’s approach relied heavily on the expansion of foreign private investment as its sole source of economic development funding, they see this as having been informed by overwhelming Cold War imperatives: with the focus of the administration being in Asia and Europe, administration officials “neglected” Latin America and, instead, spent their dollars bolstering the economies of the Eurasian mainland. The revisionist approach is somewhat different, suggesting that the administration’s economic approach at this time was not a consequence of “neglect”, but of design. The revisionist school suggests that the administration was not, in fact, predominantly concerned with the spread of communism in the region, or with how the area fit into a Cold War structure. Instead, they contend that US officials were more concerned with quelling the spread of Latin economic nationalism and in expanding their fiscal approach throughout the Western Hemisphere.¹ Problems exist in both schools of thought, with neither giving a full appraisal of US policy at this time. The Orthodox view focuses too heavily on the presence of the Soviet Union in US decision making and neglects the role that the Latin nations played in determining US policy; whilst the Revisionist approach adopts a similarly

narrow stance, citing economic reasons as being the sole determining factor the US approach and ignoring the national security elements within both US strategy and the mindset of US officials.

There is, however, a third alternative: one that incorporates elements from both schools of thought and which seeks to understand the US approach as being a multi-faceted one, rather than looking to emphasise either national security or economics as being the predominant aim behind US policy. The Monroe Doctrine, which was announced in 1823, outlined Latin America as a US “sphere of influence”, and from that moment the US played an increasingly prominent role in the region: by the early 1900s US capital dominated the Latin economy and the region as a whole was becoming an increasingly vital part of American economic strength.² The evolution of the Cold War did not change that traditional relationship between the US and Latin America; in fact, the region’s economic importance to the US was greater than it had been at any previous time --- there was more investment, more multilateral trade and more economic interdependency than at any time since the advent of American independence. The Cold War, though, did impact a change in context upon the relationship between the US and the rest of the Western Hemisphere: as the policy of containment developed and clashed with US post-war aims of assuming control over the capitalist world system, a Manichean framework would be superimposed over US foreign policy and, by 1950, was being used as a model for analysing all world events.

This paper will argue that the Eisenhower administration had two separate objectives in Latin America³: firstly, the extension of the US economic system and the development of Latin economic institutions along US-prescribed lines; and secondly, the eradication of any anti-American sentiment in the region (whether it was communist or nationalist) that could undermine the prestige and credibility of the US political system, or, which could be described as being a boost for the Soviet Union. In order to examine this it will briefly look at the 1953-54 era and highlight the characteristics of US policy in the region and illustrate the way this manifested itself on US policy towards Guatemala and Brazil. This twin approach would, in keeping with the argument of this paper, impact an inherent “tension” on US policy, which would see American policy in both the economic and national security spheres prove to be ultimately unsuccessful and somewhat contradictory.⁴

The Eisenhower Administration and Latin America: Quelling Latin Nationalism And Extending the US System

In Latin America the US commitment to expanding free trade and extending the American system would be matched by the need to quell the rather vocal dissonance that the Latin nations were apt to broadcast. Although the Soviet Union did not offer a direct threat to Latin America, the growing level of anti-American sentiment⁵ certainly raised the possibility that the American system could be embarrassingly undermined by events in an area that had traditionally been a US “sphere of influence”. As Washington attempted to expand its economic system and “fight” revolutionary nationalism in the region, administration officials would increasingly seek to legitimise their approach to Congress and the American people through the use of stark Cold War imagery. As one writer has noted, ‘It was easier to believe that the fundamental purpose of the nation was to defend freedom, or to promote democracy and self-determination against the communists, than it was to mobilise policy around the politics of materialism, economic access and integration.’⁶ Using Cold War rhetoric as a justification for policy, though, only increased the psychological pressure on the administration to be seen to be winning the east-west battle: as a result, US policy would continue to be appraised through a national security prism, and the US would only be deemed to be successful in Latin America if the region was perceived to be free from anti-American, nationalistic or, even communist, factions. This led to the administration seeking accommodation with Latin regimes that were overtly pro-US, irrespective of their credentials regarding democracy or human rights; American ideals had been abandoned for short-term expediency.

Latin America’s geo-political importance to the US was due to its proximity to the American mainland, the fact that it housed a number of US military and strategic installations (including the Panama Canal) and due to its abundance of natural resources and private investment opportunities.⁷ The key for Eisenhower and his advisors was to extend that level of investment and make it the bedrock for Latin economic development; an eventuality that would inevitably lead to greater prosperity and the embracement of US

political principles. However, as James Siekmeier accurately points out, the fear for the US was that rampant Latin nationalism could hinder this process:

Washington officials main fear was that economic nationalism would undermine the inter-American economic system---that is, a system that promoted a freer flow of goods and investment between North and South America, and which had been nurtured by US officials since the late 19th century...the United States wanted Latin America to industrialize in a way that would benefit the United States...for US policymakers, friendly United States-Latin American relations rested on interdependent and strong economies in the region.⁸

At the National Security Council (NSC) Meeting of February 18, the Director of Central Intelligence, Allen Dulles, identified the major issues that faced the US in Latin America. He warned that the general situation in Latin America was, 'deteriorating not only in terms of cordiality of relationships with the US, but in the economic and political spheres of most of the Latin American states,' and, more worryingly, that the region was susceptible to four major trends: 'economic nationalism, regionalism, neutralism, and increasing Communist influence.'⁹ Each of these was as problematic as the others, especially given the fact that US policy was so heavily based on the expansion of liberal capitalism. In early 1953, the administration faced two pressing problems in Latin America: firstly, what to do about the increasingly problematic Jacobo Arbenz in Guatemala, and secondly; how to proactively and successfully impose US economic principles upon the region. The document NSC 144/1 was designed to address those issues, whilst, in keeping with the bipolar framework of the time, also paying lip-service to the administration's avowed anti-communism. As a result of this, economic idealism would play the majority role within US policy, but, significantly, those objectives would be wrapped in a Cold War context. The crucial distinction, and one that ensures that this approach moves beyond Rabe's assertion that NSC 144/1 interpreted 'inter-American affairs solely within the context of the global struggle with the Soviet Union'¹⁰, is that, though, the document contained a number of elements designed to protect American security interests in Latin America, it was by no

means the sole rationale. In keeping with the argument of this paper there was also as much emphasis placed on securing US economic objectives, and those elements that were constructs of security were aimed at all anti-American subversion, rather than being uniquely aimed at communism.

The aims outlined in NSC 144/1 highlighted the wide-range of US goals in Latin America, and also, illustrated the double-edged nature of the Eisenhower administration's approach. The document, authorised on March 8 1953, included the following objectives:

Hemisphere solidarity in support of our world policies, particularly in the UN and other international organizations; B. An orderly political and economic development in Latin America so that the states in the area will be more effective members of the hemisphere system and increasingly important participants in the economic and political affairs of the free world...D. The reduction and elimination of the menace of internal Communist or other anti-US subversion. E. Adequate production in Latin America of, and access by the United States to, raw material essential to US security...

The problem for the Eisenhower administration was how those elements of policy dealing with security issues would fit alongside the call for an expansion of economic liberalism. Although Rabe argues that the administration's economic approach was a vital part of its Cold War strategy (and that this is shown by their refusal to countenance any shift in approach), it is more accurate to contend that US goals in the economic sphere were part of their global post-war aim of expanding the American system and that Cold War imperatives had to fit in alongside.

Even in the economic sector, though, the double-edged nature of US policy would exert a powerful influence. The economic section of the document stated that:

The United States should seek to assist in the economic development of Latin America by:

- a. Encouraging Latin American governments to recognize that the bulk of the capital required for their economic development can best be supplied by private enterprise and that their own self-interest requires the creation of a climate which will attract private investment.¹¹

However, in the staff study that fed into the main document, US officials were clearly aware that the increasing dominance of US institutions and the US economic system was increasing Latin discontent and, was becoming, therefore, an issue of national security. ‘The people of Latin America are becoming increasingly aware that 90% of the wealth of the Western Hemisphere (less Canada) is produced by one of the American republics – the United States – while 10% is produced by the remaining 20 American states.’ Such disparity was inevitably breeding resentment, and as a result, ‘a doctrine labelled “nationalism” or “colonialism” has gained wide popular acceptance in the area.’¹² The administration’s commitment to expanding foreign private investment in the area was at risk of alienating the majority of Latin American countries. The incompatibility of US aims in the economic sphere and US aims in the national security sphere demonstrates the indelible “tension” that characterised the administration’s policy in Latin America at this time.

This disparity, coupled with the stark poverty that many Latin Americans lived in, provided the nationalist movements in the region with a great deal of support. Washington, though, in keeping with global US policy, had already outlined ‘foreign private investment’ as being the only available form of financing for Latin development; despite the fact that it was clearly causing widespread anti-American discontent amongst the Latin people. The problem was only exacerbated by the Eisenhower administration’s support of a number of authoritarian leaders whose lack of an electoral mandate was considered to be a small price to pay for the silencing of anti-American dissent.¹³ The Eisenhower administration’s commitment to both major facets of its foreign policy would impose an increasing, and self-perpetuating, tension on US-Latin relations: Latin poverty would not be reduced whilst the US supported authoritarian leaders who were opposed to any form of social or political reform; however, the US did not perceive the Latin Americans as being ‘politically mature’ enough to be trusted with the “responsibility” of democracy, and therefore, felt that supporting dictators was the most effective way of

'controlling' the region.¹⁴ Expanding the system of foreign private investment in a region not geared up for social reform would only increase the disparity mentioned in the annex to NSC 144/1 --- even if the US was successful in extending "free trade, free investment and free capital" in the area, this increase in prosperity would not benefit the ordinary Latin Americans whilst corrupt and authoritarian leaders continued to enjoy Washington's favour. The more that the US sought to achieve its aims in the fields of either national security or economics, the more those problems surrounding them would continue to erode the standing of the US in Latin America. The full impact of the Eisenhower administration's policies can be seen most clearly in the case studies of Guatemala and Brazil, where Washington attempted to meet its economic and security objectives but only succeeded in undermining both.

Guatemala and Brazil: US Policy In Action

When Eisenhower came to office the situation between the US and Guatemala was approaching boiling point. The history of US-Guatemalan relations has been covered thoroughly elsewhere, and for the purposes of this paper it is not necessary to repeat them.¹⁵ As a case study, Guatemala would be an issue of both national security and economic concern for the US; President Arbenz's willingness to advocate a developmental model other than that prescribed by the US and his potentially acting as encouragement for similar actions by other Latin leaders made his position untenable in the eyes of Eisenhower and Secretary Dulles. As we have already seen, any anti-Americanism was deemed (in the eyes of US officials) to be a national security threat. The situation in Brazil was markedly different. There, President Truman had courted Brazilian support for the Korean War by implementing a Joint Brazil United States Economic Development Commission. However, the internal situation was somewhat parlous, with the incumbent leader, President Getulio Vargas, beset by political weakness and severe economic problems.¹⁶ The problem facing the US was that the bilateral economic relationship between themselves and Brazil was relying too heavily on the Joint Commission and was still stuck in a pattern of continual Brazilian requests for American aid and loan payments. Whilst the presence of a comparatively large communist party in Brazil was an issue of

mild concern for US officials, the Eisenhower administration's main objective was to terminate the Joint Commission and encourage the Brazilians to embrace the ideals of liberal capitalism. The net consequence of US action in both Guatemala and Brazil would be the undermining of American objectives: in Guatemala, the removal of Arbenz and the accession to power of Castillo Armas ushered in an era of dictatorship and repression --- although economic radicalism and anti-American sentiment was quashed, the damage that US sponsored intervention did to Washington's relationship with the other Latin nations ultimately hindered the administration's attempts to foster stability and encourage the spread of private investment. In Brazil, the opposite occurred: US intervention for economic reasons would, ultimately, undermine the political stability of both Brazil and Latin America, as the political and economic aftermath of the Joint Commission's termination led to a period of crisis, which left the US unable to actively pursue their aims whilst they waited for a new leader to be constitutionally elected (a process which took approximately 18 months).

American intervention in Guatemala became inevitable once Arbenz implemented his Agrarian Reform bill and seized vast swathes of land owned by the United Fruit Company.¹⁷ Head of the CIA, Allen Dulles, encapsulated the growing feeling inside the administration when he wrote: 'They have flaunted us and consistently got away with it. It is time they were brought to realize that this could not continue.'¹⁸ Arbenz's intransigence would force the US to seek an anti-communist resolution at the Caracas Conference in March 1954 in order to obtain a hemispheric mandate for action against Arbenz. The damage that this would potentially inflict on inter-American relations, though, was demonstrated at Caracas, where Latin support for Dulles's resolution was somewhat less than overwhelming: the final resolution was significantly less direct than Dulles had been hoping for and outlined the Latin delegate's fear of what US efforts might mean for them in the coming months and years.

In order to get a watered-down version of his resolution passed by the delegates, Dulles was forced to agree to an economic conference at Rio de Janeiro later in the year.¹⁹ As Rabe writes: 'After the Arbenz government was toppled in June 1954, the Eisenhower administration faced

the “evil day” of discussing economic issues with Latin Americans and making good on the promises Secretary Dulles had made at Caracas.²⁰ Eisenhower appointed Treasury Secretary, George Humphrey, as head of the US delegation (against the wishes of his own brother Milton) and the US position became one of blocking Latin economic requests for more aid and strongly reaffirming the US commitment to the expansion of foreign private investment.²¹ The mistrust that American efforts had engendered in the Latin Americans at Caracas was deepened by the events at Rio, where the US steadfastly refused to accede to Latin economic requests. There is, though, a crucial point to be made: at Caracas, Dulles was acting in respect to US national security interests, as the administration believed the removal of Arbenz to be vital to US interests in the region; at Rio, Secretary Humphrey, with the blessing of Eisenhower and Dulles (although contrary to the recommendations of Milton Eisenhower and the Foreign Operations Administration), was acting in respect to US aims in the economic sphere. It was a distinction not shared by the Latin Americans, who considered the economic conference as being a reward for their support at Caracas and therefore, were hopeful of obtaining a more favourable outcome.

In Brazil, the situation was markedly different in both tone and context to that facing the administration in Guatemala. Here, the major aim for the US was not to remove a troublesome leader, but to reshape the basis of their economic relationship by terminating the Joint Commission.²² US policy towards Brazil in 1953 and 1954 would be dominated by the Eisenhower administration’s determination to restructure the bilateral relationship so that the emphasis was on American leadership and economic development financed by foreign private investment.²³

In April 1953, the US advised President Vargas that they were going to terminate the Joint Commission. Although it had been due to come to an end at some stage in that year, the interminable delays that had characterised the Commission’s tenure meant that the Brazilian leadership were hopeful that it would be allowed to continue until its work had been completed. Sadly for Vargas, the US did not share similar sentiments, and although he implored the Eisenhower administration to prolong the activity of the Commission, the decision had already been taken with scant attention paid to the political ramifications of such an approach. The sole exception was the State Department official, Merwin Bohan, who was aware of the damage that

could be done by unilaterally terminating the Joint Commission, pleading with his superiors to let the Commission go out in a 'blaze of glory' in order that US-Brazilian relations might be strengthened; his pleas would be to no avail. Referring to the end of the Commission, Michael Weis accurately states: 'In their zealous pursuit of fiscal conservatism, the hardliners showed a complete disregard for the internal political consequences within Brazil and the stability of the Vargas administration if funding dried up.'²⁴

President Vargas continued to send emissaries to Washington to try and negotiate an extension to the Commission's lifespan, but on May 8 Foster Dulles informed Herschel Johnson, the US Ambassador in Brazil, that they wanted the Commission to terminate on June 30.²⁵ Although the Brazilians would eventually succeed in having the Commission extended for six months, it would be a hollow triumph; no new loans would be considered and it would exist in name only.

Bohan was furious. He wrote to the State Department and strongly criticised the administration's decision:

[By] January 1953 there was no one in the Department with a personal knowledge of the events leading up to the establishment of the Joint Commission or of its first year of operations. This explains...why the true nature of the Joint Commission began to be lost sight of, for the Commission was the heart of a political not an economic program...the objective was political – only the implementation was economic. Improving the balance of payments or bettering the managerial practices on Brazilian railroads, for example, were problems, not objectives.²⁶

Throughout this episode, the Eisenhower administration had resolutely, and singularly, pursued its economic agenda: their approach had nothing to do with national security policy, and was solely intended to serve as a staging platform from which to realign US-Brazilian relations along the lines of foreign private investment. As with Guatemala, though, the consequences of their actions would affect the administration's aims in other areas of policy. Eight months after the Joint Commission was finally terminated, President Vargas, encumbered by political weakness,

virulent nationalism and intense pressure from the military, committed suicide, leaving a dangerous political vacuum in Brazil. With no election scheduled until the fall of 1955, the US was forced to endure working with an interim administration and was unable to pursue its own aims and objectives with any great stridency for fear of boosting Brazilian nationalism. Stability, that most cherished of aims in the region, was drastically undermined by US actions in the economic sphere. Once again, the twin aims of national security and economic expansion in Latin America had proven to be incompatible.

Conclusion

The intention of this paper was to demonstrate the double-edged nature of US aims and objectives in Latin America during the early period of the Eisenhower administration. The pursuit of national security aims (based upon the eradication of anti-American sentiment, uncontrollable democracy nationalism and communism) was accompanied by a quest to expand the American economic system throughout the region. This was not a deliberate construct; it was a consequence of the way that US foreign policy and the existing world system evolved between 1945 and 1950. As the Cold War mentality took hold, US aims in the post-war world, which revolved around the extension of “free trade, free capital and free investment”, were joined by the increasing commitment that US officials felt to being *seen* to be *winning* the Cold War. By 1953, this was the dominant feature of US foreign policy: as a result, it impacted heavily on the Eisenhower administration’s approach to Latin America, and as has been shown in this paper, it imposed an overwhelming “tension” onto US policy that often served to undermine the pursuit of US objectives in other areas. In Guatemala, the US was acting on economic *and* national security fears, and the subsequent overthrow of Arbenz, coupled with the US stance at the Conferences in Caracas and Rio, directly damaged US aims of encouraging the spread of foreign private investment in Latin America. Similarly, in Brazil, the US decision to terminate the Joint Commission was motivated by purely economic considerations; however, this approach ended up undermining US aims in the security sphere as political instability engulfed Brazil. This double-edged approach of US policy, imposed by the singular way that the Cold War developed, would dominate US policy towards Latin America throughout the Eisenhower era, and would

increasingly undermine any chance that the administration had of being fully successful in either field.

¹ For the Orthodox Cold War argument see: Stephen Rabe, *Eisenhower: The Foreign Policy of Anti-Communism and Latin America* (Chapel Hill: University of North Carolina Press, 1988); Mark Gilderhus, *The Second Century: US-Latin American Relations Since 1889* (USA: Scholarly Resources Inc, 2000) Cole Blasier, *The Hovering Giant: US Responses to Revolutionary Change in Latin America 1910 – 1989* (Pittsburgh: University of Pittsburgh Press, 1976) Revised Edition 1989; Joseph Smith, *The United States and Latin America: A History of American Diplomacy 1776 – 2000* (London: Routledge, 2005) For the Revisionist (economic) appraisal see: Walter LaFeber, *Inevitable Revolutions: The United States in Central America* (New York: W.W. Norton & Company, 1983) 2nd edition 1994; James Siekmeier, *Aid, Nationalism, and Inter-American Relations: Guatemala, Bolivia and the United States 1945-61* (New York: The Edward Mellen Press, 1999); Matthew Loazy, “An ‘Aladdin’s Lamp’ for Free Enterprise: Eisenhower, Fiscal Conservatism, and Latin American Nationalism, 1953-61” *Diplomacy and Statecraft* (Volume 14, No. 3 September 2003) pp 83-105

² For information on US-Latin American relations between the Monroe Doctrine and the start of the Cold War see: Lars Schoultz, *Beneath the United States: A History of US Policy towards Latin America* (Cambridge, Massachusetts: Harvard University Press, 1998); Mark Gilderhus (2000); Joseph Smith (2005)

³ As it did in most areas of its foreign policy.

⁴ By this I mean that US aims in the economic sphere undermined US efforts with respect to aims in the national security sphere and vice-versa: the aim of expanding foreign private investment and extending American influence would be directly hindered by the Cold War expediency of supporting repressive dictators and hindering much-needed Latin social and economic reform; similarly, the national security aim of quelling nationalism and anti-American dissent, as well as fostering stability in the region, would be undermined by American efforts towards economic expansion. The more that “free trade, free capital and free investment” were expanded in the region, the more the Latin Americans began to rail against the injustice that the existing political systems imposed upon them, which undermined the region’s political stability --- this can be seen most graphically in the events surrounding Richard Nixon’s tour of the region in 1958.

⁵ Since the end of World War Two, a widening rift had been emerging between the US and the countries of Latin America. During the war, Washington had aggressively “wooed” the Latin Americans, making grandiose declarations in return for their allegiance. After the war the Latin’s naturally thought that their loyalty would be rewarded with something akin to a Marshall Plan for Latin America. However, the US wanted to make the region a bastion of “free trade, free investment and free capital”; a disparity that began to have an increasing impact on US-Latin relations. For a more detailed appraisal of this see: Mark Gilderhus (2000); Joseph Smith (2005); Gaddis Smith (1998); David Green, *The Containment of Latin America: A History of the Myths and Realities of the Good Neighbor Policy* (New York: Quadrangle Books, 1971)

⁶ David Ryan (2000) p 148

⁷ US traders and investors already played an enormous role in Latin American economies. By the early 1950s, their investments in Latin America ran to \$6 billion, about 40 percent of direct US investments in the world...annual trade between the United States and Latin America amounted to \$7 billion...Latin America accounted for 25 percent of US international trade.’ Steven Rabe (1988) p 75-6; Mark Gilderhus (2000) p 153

⁸ James Siekmeier, *Aid, Nationalism and Inter-American Relations: Guatemala, Bolivia and the United States 1945-61*. (New York: The Edward Mellen Press, 1999) p 9-13

⁹ Memorandum of Discussion at the 132nd Meeting of the National Security Council, 18th February 1953. DDE Papers, NSC Series, Whitman File.

¹⁰ Stephen Rabe, *Eisenhower: The Foreign Policy of Anti-Communism and Latin America*. (North Carolina: The University of North Carolina Press, 1988) P 31-32.

¹¹ Statement of Policy by the National Security Council, NSC 144/1, March 18th 1953. *FRUS 1952-1954 Volume IV*. P 7

¹² 'A Report to the National Security Council', Annex to NSC 144/1, March 6th. NSC 144 – Latin America (2), Box 4, Office of the Special Assistant for National Security Affairs, Eisenhower Library.

¹³The administration supported leaders like: Fulgencio Batista in Cuba, Anastacio Somoza in Nicaragua, Perez Jimenez in Venezuela and Manuel Odria in Peru. Jimenez was even give the Legion of Merit award for his pro-US approach to governance in 1954.

¹⁴ For an analysis of the racial attitudes of US officials towards Latin America both in the 1950s and in earlier times see: Lars Schoultz (1999); Michael Hunt, *Ideology and US Foreign Policy* (New Haven: Yale University Press, 1987); also the remark by John Foster Dulles that, 'you have to pat them a little bit and make them think you are fond of them' Phone Call between Secretary Dulles and President Eisenhower, 26th February 1953. 1-4/53 folder, Box No 10, Telephone Series, Dulles Papers, Eisenhower Library.

¹⁵ Good and in-depth analyses of the build-up to US intervention in Guatemala can be found in: Stephen Rabe (1988); David Ryan (2000); Walter LaFeber *Inevitable Revolutions: The United States in Central America* (New York: W.W. Norton & Company, 1983) 2nd edition 1993; Blanche Wiesen-Cook, *The Declassified Eisenhower: A Divided Legacy of Peace and Political Warfare* (USA: Penguin, 1984); Stephen Schlesinger & Stephen Kinzer, *Bitter Fruit* (Harvard University Press, 1982); Richard Immerman, *The CIA in Guatemala: The Foreign Policy of Intervention* (Texas: University of Texas Press, 1983); Piero Gleijeses, *Shattered Hope: The Guatemalan Revolution and the United States 1944-1954* (New Jersey: Princeton University Press, 1994)

¹⁶ For information on US-Brazilian relations at this time and throughout the Eisenhower era see: Michael Weis, *Cold Warriors & Coup D'Etat: Brazilian-American Relations 1945-1964* (Albuquerque: University of New Mexico Press, 1993); Gerald Haines (1989); Elizabeth Cobbs, *The Rich Neighbor Policy: Rockefeller and Kaiser in Brazil* (New Haven: Yale University Press, 1992)

¹⁷ Again, for information on this see: Gleijeses (1994); Schlesinger and Kinzer (1982); Immerman (1983); Wiesen-Cook (1984)

¹⁸ Memorandum for the Record, by the Director of Central Intelligence Allen Dulles, March 8 1953. Susan K. Holly, *Foreign Relations of the United States 1952-1954. Guatemala*. (Washington: United States Government Printing Office, 2003) P 79; The Guatemalan threat, although overwhelmingly nationalistic in tone, was predictably equated with communism, a point strikingly demonstrated by the US Ambassador, John Peurifoy, who brazenly admitted, 'if [Arbenz]...is not a communist he will certainly do until one comes along.' Telegram from Ambassador John Peurifoy to the Department of State, 17 December 1953, *FRUS 1925-54 Volume IV* p 1093; LaFeber (1993); David Ryan (2000) p 154

¹⁹ For details on the Caracas Conference see: Stephen Rabe (1988); David Ryan (2000); Piero Gleijeses (1994)

²⁰ Stephen Rabe (1988) p 70

²¹ *Ibid* p 71-74

²² President Truman had used the implementation of the Joint Economic Commission as a tool by which to attract Brazilian support for the Korean War; in reality, it had failed to fulfil its remit. Instead of providing a forum for widespread US-Brazilian economic cooperation, it had degenerated into a partisan turf battle between the Department of State and the World Bank over what criteria should be applied to the loans provided by the Commission. In an attempt to devolve responsibility for the commission away from the White House, Truman had placed ultimate responsibility for the Commission's lending practices in the hands of the World Bank's irascible president, Eugene Black, who had staunchly adopted a strict fiscal line in dictating the Commission's approach. Loans would not be provided unless they met certain economic conditions. This greatly troubled the State Department (especially Merwin Bohan) as they had conceived the Commission as being of political, not economic, importance. The issues relating to this are outlined in: Michael Weis (1993); Elizabeth Cobbs (1992)

²³ The commitment that the administration had to this aim can be seen in their response to Brazil's request for payment of a \$300 million loan promised by the Truman administration. Both Dulles and his deputy, Walter Beedel Smith, wanted to cut the payment to \$100, whilst Treasury Secretary Humphrey wanted to abolish the payment altogether. Even when former Truman administration officials confirmed the Brazilian request Dulles remained unmoved, telling Eisenhower: they are threatening overthrow of the government, communism etc' and that he felt sure 'he should tell the Ambassador that we will give them \$100 million and expect them to work it off with their creditors and not be blackmailed, for once we start paying out it will become a tremendous financial burden, for any country who wants to yell "communism" will come in for loans.' Eventually, President Eisenhower began to grow concerned that renegeing on this deal would be bad PR for the US and with Argentina having just received a similar loan, the payment was eventually made, with Dulles telling his subordinates that, the president did want to lay 'the new administration open to possible charges of bad faith with regard to commitments made with the old Administration.' For information see: Memorandum by the Deputy Assistant Secretary for Inter-American Affairs, Thomas Mann, to the Secretary of State, John Foster Dulles, February 20 1953. *FRUS 1952-1954, Volume 4*, p 607; Phone Call Between Secretary of State Dulles and Former Assistant Secretary of State Ed Miller, February 20 1953; Phone Call between President Eisenhower and Secretary Dulles, February 20 1953; Phone Call Between Secretary of State Dulles and Treasury Secretary George Humphrey, February 20 1953; Telephone Memoranda January-April 1953, Box No 1, Telephone Calls Series, John Foster Dulles Papers, Eisenhower Library; Stephen Rabe (1988) p 65; Michael Weis (1993) Chapter Three; Minutes of the Secretary's Staff Meeting, Department of State, February 24 1953. *FRUS 1952-1954 Volume IV*, pp 608-609

²⁴ Michael Weis (1993) pp 62-67

²⁵ In addition to this, Dulles stipulated that the payment of any loans outstanding would only be made if Brazil's economic position was suitably favourable. Loans would be dependent upon Brazilian economic performance, not the benevolence of the US; In order to reiterate this point, Dulles wrote, '[It] should be understood that if Brazil's credit deteriorates for whatever cause, loaning process will slow accordingly. If credit improves loan rate should increase.' Telegram from Secretary of State John Foster Dulles to the Embassy in Brazil, May 8th 1953. *FRUS 1952-1954 Volume IV*, pp 613-614

²⁶ Memorandum from Merwin Bohan, the US Commissioner on the Joint Brazil-United States Economic Development Commission to the Department of State, May 20th 1953. *Ibid.* p 617