US FOREIGN POLICY AND NATIONAL DEVELOPMENT IN THE CARIBBEAN, 1960-1976

by

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The Caribbean has long been an area of intense US interest and activity. Yet at the same time, the United States has failed to articulate a distinctive Caribbean policy, separate from its policy towards Latin America. In part, this failure has resulted from the practical difficulty of determining a definition of "the Caribbean" - US policies towards the different countries within the Caribbean region have varied according to time and perspective.

This thesis attempts to determine the exact nature of United States foreign policy towards the Caribbean during the period 1960 to 1976. It starts from the assumption that the Caribbean has been included within US-Latin American policy in the articulation of policy statements and objectives, but that US policy has differed in terms of both its implementation and impact on Caribbean countries. US foreign policy is, therefore, examined from a liberal-democratic perspective in terms of the distinction between national interest and development objectives and policy actions, looking at their impact on the Caribbean national development process - in particular, on economic and political development. In attempting to assess the coherence of US policy, the differences within US policy are examined with respect to two sub-groups in the Caribbean - the English speaking and the Spanish speaking countries.

Three specific areas of US policy are examined: first, security policy - looking at both hemispheric defence and internal security policy, military and police assistance programmes; second, economic policy -
looking at development assistance, regional integration, private investment, trade and migration; and third, diplomatic policy - looking at US policy towards dependent countries, trades unions, political parties, human rights and different forms of government. The continuity of US policy is assessed by comparing the Democratic presidencies of Kennedy and Johnson with the Republican administrations of Nixon and Ford, and the key feature of US-Caribbean policy - the primacy of security interests - is finally distinguished.
PREFACE

The Caribbean has long been an area of acute interest and involvement for the United States. At the same time, however, studies of US foreign policy in the Caribbean have been largely spasmodic and prescriptive - there has been little attempt to provide a detailed analytic study of the exact nature of US-Caribbean policy. In part, this deficiency lies in the anomalous position of the Caribbean within US policy - the United States has never articulated a distinct Caribbean policy, but has tended to include the Caribbean within its larger Latin American policy. Indeed, in many ways, "the Caribbean" has not existed as a distinct policy area, and definitions of the region have varied according to time and perspective.

This thesis attempts to assess the extent to which the United States has developed a coherent policy towards the Caribbean by examining the distinctions between US policy towards Latin America and the Caribbean during the years 1960 to 1976. It examines US policy from a liberal democratic perspective, looking at the distinction between national interests and development objectives, and the extent to which these objectives have been implemented in the Caribbean. In particular, it looks at the impact of US foreign policy on the Caribbean national development process, and the extent to which US policy has contributed to Caribbean economic and political development. The emphasis of the thesis is thus placed on the division between policy objectives and practice, and the difference in policy implementation and impact in Latin America and the Caribbean.

Three specific areas of US policy are examined - security, economic and political or diplomatic - and the differences within US policies are highlighted by comparing the Democratic presidencies of Kennedy and Johnson with the Republic presidencies of Nixon and Ford. In addition, the nature of US policy is determined by examining the differences in policy application
and effect in different sub-groups in the Caribbean - the English speaking and Spanish speaking countries. In this way it is felt that the contradictory elements within US policy, intervention and neglect, can be reconciled, and an assessment of the exact nature of US policy in the Caribbean can be made.
ACKNOWLEDGEMENTS

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<td>CIAP</td>
<td>Inter-American Committee, Alliance for Progress</td>
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<td>CIA</td>
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<td>CNTD</td>
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<td>CONDECA</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development (World Bank)</td>
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<td>ICSID</td>
<td>International Convention for the Settlement of Investment Disputes</td>
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<td>Subc.</td>
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<td>UCN</td>
<td>National Civic Union Party, Dominican Republic</td>
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<td>UN</td>
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<td>UNCTAD</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>UPEB</td>
<td>Union of Banana Exporting Countries</td>
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<td>WHA</td>
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CHAPTER 1 INTRODUCTION

The study of United States - Caribbean relations is of great interest both historically and on a contemporary level. Since the United States first expressed its special interest in the Western Hemisphere in the Monroe Doctrine of 1823, the Caribbean has been the primary area of US concern and activity. Most of the colonies acquired by the United States were situated in the Caribbean - Puerto Rico from the war with Spain in 1898, 1 the US Virgin Islands from Denmark in 1917, and rights "in perpetuity" over the Panama Canal Zone in 1901. The Roosevelt Corollary led to US intervention in four Caribbean countries - Haiti, Nicaragua, the Dominican Republic and Cuba. During the Second World War, US concern over hemispheric security led to the establishment of military bases and installations on many Caribbean Islands. The post-war policy of opposing Communism in the hemisphere resulted in US military interventions in Guatemala, Cuba, the Dominican Republic and Grenada, and led to the United States to actively opposing left-wing governments in British Guiana, Jamaica and Nicaragua. The US Government has also continuously encouraged the expansion of its commerce and private investment in the Caribbean and has sought to establish a major leadership role in its political and diplomatic affairs.

However, in spite of the special interest manifested by the United States in its policy toward the Caribbean, US officials, academics and journalists alike have been unable to agree on either the intended nature of US policy toward the region or its impact on Caribbean countries. US policy toward the Caribbean has been described both as imperialistic and altruistic, as reactionary and progressive, reformist and revolutionary, as sponsoring economic and social change or supporting the status quo. Perhaps the only agreement reached has been that the United States has
exercised an inordinate and decisive influence on Caribbean affairs: its dominant position has enabled it both to make and unmake governments and economies, and to influence the most trivial decision and the most important events. There is thus general agreement on the fact that the United States will play a crucial role in any attempts at political and economic change by the Caribbean countries.

This thesis attempts to outline the ways and extent to which the United States influenced Caribbean affairs during the period 1960-1976, in particular the extent to which US policy constrained or enhanced the prospects for effective economic and political development in the region.

Before outlining in greater detail the proposed contribution of this thesis to the study of US foreign policy in the Caribbean, a brief examination of the existing secondary material should first be made looking in particular at the material dealing with the 1960-1976 years.

Overview of existing material on US policy towards the Caribbean

The anomalous nature of US policy towards the Caribbean is reflected in the type of material already published on that subject. Whilst studies of US-Latin American relations and the inter-American system abound, the Caribbean has received only limited attention, especially in terms of the quality of material published. Most specialists on United States' foreign policy accept that the Caribbean has held a unique position in US policy, both historically and in the present day. However, the Caribbean has largely been incorporated in the wider studies of US-Latin American relations, often with only a few pages dealing with specific US activities toward the region. It may even be argued that many Caribbean writers are not "true Caribbean" specialists - their main concern has been with US foreign policy in general or with US-Latin American affairs in particular.
Past studies of US-Caribbean relations have largely fallen into three categories: general-historical, specialist, and analytic. First, there are those studies which take a historical approach, looking at the general aspects of US policy towards the Caribbean in chronological sequence. Many of these studies, such as those by Dana Munro and Dexter Perkins, examine a specific time period, and most of them are more concerned with past US policy - in the nineteenth and early twentieth centuries - than with contemporary issues. Of the material covering the period 1960-1976, two deserve special mention. The first is John Bartlow Martin's book which was an attempt to provide a definitive study of US policy in the Caribbean, looking particularly at the Nixon and Ford Administration. However, although the book contains some interesting material, it is poorly written and organized, with virtually no references to the sources used. The second is Jenny Pearce's recent journalistic study of Caribbean-US relations dealing mainly with the period since 1961, and particularly since 1978. This book provides a useful radical critique of US policy. However, given the book's emphasis on US policy towards El Salvador, we might easily include Pearce in the second category of specialist studies.

This category can in fact be divided into two parts: those studies which deal with specific Caribbean countries (often looking at particular "crises" in US policy), and those which deal with specific areas of US policy, such as security or economic issues. For the period under consideration, major country studies have been carried out principally on Cuba and the Dominican Republic, and, to a lesser extent, Panama. Many of these studies deal with specific crises in US foreign policy - the Bay of Pigs and Cuban Missile Crisis, the Dominican Intervention and the Panama Canal dispute. As such, an important collection of detailed information on US Caribbean policy has been developed - indeed,
some of the best studies of the US foreign policy decision-making process have been in this area - notably the works by Graham Allison and Abraham Lowenthal.

With regard to specialist studies which concentrate on specific areas of US policy, a division occurs between political-strategic and economic affairs. In the former category excellent research has been conducted into US military-security policy towards Central America by Don Etchison, and useful but more limited studies have been carried out by Adolf Berle, Maurice J Mountain and Roland del Mar. In the latter category, Ransford Palmer has provided a comprehensive survey of US economic relations with the Commonwealth Caribbean, whilst NACLA's numerous studies on US economic policy towards most of the Caribbean countries deserve special attention.

Finally, in the specialist category, there are those studies which attempt to examine in detail one aspect of US policy towards one country or group of countries in particular. Most of the edited books on US-Caribbean relations adopt this approach, covering various aspects of US policy separately, without providing an overall picture of relations.

Third, there are those studies which are analytic and prescriptive, of which the most important must undoubtedly be Robert Crassweller's *The Caribbean Community*. This book is the definitive study on the Caribbean for the period 1960-1970 and as such has been heavily used as a source in this thesis. Other important, but more limited analyses of US policy include Harold Molineu, Abraham Lowenthal and John Plank.

Overall, the major criticism which can be directed against existing studies of US-Caribbean relations is the limited nature of the research carried out and information available. This applies particularly to the period 1969-1976, and to the English speaking Caribbean countries where there is 'an almost dearth' of secondary material on US relations.
As a result, studies of US policy towards the Caribbean have been both subjective and selective. For example, many scholars have not included the Commonwealth Caribbean in their studies simply because there is no information on the area. Moreover, where detailed information is available, as in the study of crises in US policy, the effect has been one of "overkill" or over-specialization, with numerous books examining the Cuban Missile crisis and Dominican intervention from different perspectives, but using much the same material.

Secondly, most analyses of US-Caribbean relations can be criticised for being either prescriptive or explanatory: they seek either to advocate what form future Caribbean policy should take (as in Crassweller's and Martin's books), or to back up the author's particular perspective on US foreign policy in general, i.e. the bureaucratic perspective in Lowenthal's and Allison's works, the neo-imperialist perspective in Pearce's and NACLA's reports. In consequence, much of the available secondary material on the Caribbean has been very selective - academics have chosen to specialize in those areas which appear to prove the arguments they are making, but have been content to leave alone the less blatant day-to-day and general pattern of US relations. Similarly many of the studies have been journalistic rather than in-depth analyses - made because the Caribbean is topical or "fashionable" at a particular time, notably in the early 1960s when Cuba and then the Dominican Republic dominated Latin American affairs, and again in the late 1970s to date when Nicaragua, El Salvador and Grenada became prominent in world eyes.

Finally, existing material on US-Caribbean relations can be criticised, in that they are more concerned with who was involved in the policy decision-making process, and with why the different policies were pursued than with what effect they had on the Caribbean. Thus, the tendency is to examine so much detail on the US side of the decision-
making process that its effects and impulses on the Caribbean are totally ignored. Similarly, studies of US intervention in the Caribbean inevitably provide an unbalanced perspective of US domination of the region, and thus tend to ignore the limits of US influence.

Outline of the thesis

The paucity of material on US policy towards the Caribbean has had both a constraining and a liberating effect on the structure of this thesis. On the one hand, it has meant that only a general overview of US policy over a specific time period can be attempted: there has not been sufficient groundwork completed on US-Caribbean relations to attempt a more realistic study. On the other hand, it has meant that there have been vast gaps and blanks which can be filled - by even the most rudimentary research. Given these factors, the thesis examines US policy towards the Caribbean in terms of three questions or areas.

First, it attempts to provide a general overview of US policy towards the Caribbean for the period 1960-1976, to show the continuous nature of US objectives and policies and the contrasts in the types of response both available and chosen by different US Administrations. Such an approach will attempt to reduce the "crises" in US relations with the Caribbean to only one type of response to a particular threat, as only one aspect of the wider nature of US foreign policy, since such crises will be examined alongside the long periods of neglect and indifference. The overview will concentrate on three major policy areas in US relations with Latin America and the Caribbean - namely security, economic and political or diplomatic policy. The overview will not, therefore, be exhaustive, it will leave the wider social and cultural areas alone.

Second, the thesis attempts to determine the exact position of the Caribbean within US policy towards Latin America. It starts from Molineu's conclusion that the United States has never delineated a
distinct Caribbean policy, but that there has been a discernible pattern of US behaviour in the Caribbean in practice. The thesis, therefore assumes, firstly, that a distinction can be made between US policy statements and actions; and secondly, that the distinction between Latin America and the Caribbean within US policy lies more in the implementation than in the articulation of that policy. The framework of the thesis is thus to look at general US policy statements towards Latin America and, if available, toward the Caribbean, and to see their degree of application in the Caribbean.

In attempting to determine the exact nature of US-Caribbean policy, it is important to assess the coherence of that policy toward the whole of the Caribbean region. The thesis starts from the assumption that there is no one accepted definition of the Caribbean, and that different analyses of the Caribbean have often involved totally different groups of countries. This study attempts to examine US policy towards all the small, independent territories and dependencies, in the vicinity of the Caribbean. It looks, in particular, at how US policy has differed towards those groups of countries with similar colonial and cultural heritages: more specifically, it looks at the distinction within US policy towards the English-speaking and Spanish-speaking countries.

Thirdly, the thesis attempts to assess the impact of US policy on the Caribbean, looking in particular at its effect on the process of national development in the Caribbean. It attempts to provide a balanced assessment which takes into account both the positive and negative effects of US policy. The thesis examines the impact of US policy in terms of the "national development" objectives and theories
of US officials and academics, and attempts to assess their relevance to the Caribbean. In making this assessment, the thesis concentrates on only two aspects of Caribbean national development—political and economic development—and again leaves the wider social and cultural areas alone.

**Definitions of the Caribbean**

The starting point of this analysis must be that there is no one accepted definition of the Caribbean, that both on an academic level and on the empirical level of international organizations and groupings, the countries which are described as Caribbean, or claim to be such, vary considerably. As a result, any definition of the Caribbean must ultimately be subjective and even arbitrary.  

In part, the difficulty of defining the Caribbean as a distinct region lies in the immense diversity of historical, political, cultural and economic traditions and experiences of the countries situated within and around the Caribbean Sea. Even on a purely geographical or physical level, the Caribbean is a vast area of widely differing island and mainland territories—which may range in distance from the Bahamas off the coast of Florida, south to the eastern shores of Brazil, and across from the Mexican coast to the Guyanas in the east. And within this area there is a wide diversity in territorial size: Venezuela, the largest country, covers 352,000 square miles, whilst Montserrat is less than 30 square miles.

The Caribbean countries have all been subjected to vastly different historical experiences, depending on their colonial linkages with Spain, England, France, the Netherlands, and the United States. As a result
of this colonial heritage, and the strong links forged between individual Caribbean countries and the metropolitan powers, the Caribbean has never been regionally integrated. Rather, it is characterized by regional disunity, with each country developing isolated and fragmented politics, economies and societies, and maintaining much stronger vertical links with Europe and the USA (and recently in Cuba's case the USSR) than with their closer neighbours.

Culturally, the Caribbean is characterized by a wide variety of racial and lingual traditions. The Caribbean has no homogenous population, but is rather an amalgam of Americans and white Europeans (English, Spanish, Dutch, French and Portuguese), Africans, East Indians, Chinese, Lebanese and native Indians. An even wider variety of languages are spoken - with some fifteen variants of the native Indian dialect in Guatemala alone, and many local variants of the European tongues - whilst the religions practised range from Voodoo in Haiti to Islam and Hindu in Surinam.

Economically, the Caribbean covers a broad range of organizations and systems which include at one end of the scale the Bahamas' tax haven for private investors, and at the other Cuba's centrally planned socialist economy. This variety has given rise to wide disparities in the rate of economic growth, with Puerto Rico as a relatively industrialized country registering a per capita GNP of $1834 in 1975, but Haiti, with a virtually stagnant economy, registering only $145.16

On the political level, the Caribbean is again comprised of a multiplicity of political traditions and systems. From the perspective of political independence a marked distinction can be made between Haiti, which received independence in 1804 and Cuba and Panama (1902 and 1903 respectively), even between Jamaica and Trinidad in 1962 and Grenada in 1974 and Surinam in 1975. Moreover, the political systems encompassed
in the Caribbean range from the two party parliamentary system in Jamaica to the virtual one party system in Guyana, and from military rule in Guatemala and a one family dynasty in Haiti to charismatic socialist leadership in Cuba and personalist political systems in the smaller East Caribbean islands.

Given this wide variety in experience and form in the Caribbean, it is not surprising that a number of different interpretations of the Caribbean region have developed, according to whether a historical, cultural or geographical approach is adopted, and whether the Caribbean is "internally" or "externally" perceived and according to whether it is viewed as a regional subsystem or a subordinate state system.17 Five different approaches to defining the Caribbean can be distinguished:

1. the historical - the Commonwealth Caribbean, or West Indies
2. the cultural - the Caribbean archipelago
3. the geographical - the Caribbean basin
4. the Latin American perspective, and
5. the United States perspective.

It should be noted that these definitions are not exhaustive and are not always mutually exclusive. More important they all involve distortions since "Mapping is related to the conceptual exercises of classification and division of complex reality".18 As a result, this thesis will briefly examine each definition and note some of its main proponents, before outlining the reasons for adopting the final model, the US perspective.

1. The Commonwealth Caribbean

Often referred to as The West Indies, this approach involves a partial definition of the Caribbean based on the historical relationship between the United Kingdom and its former colonies and dependencies in
the Caribbean. These countries are felt to be linked through their common cultural heritage of slavery and plantation agriculture, their predominantly black, English-speaking societies, relatively stable political systems based on the Westminster model, and only recent moves towards political independence.

The empirical basis for this definition lies in the continued colonial dependence of many of the smaller island territories on the UK, the attempted political union under the West Indies Federation (1958-1962), and the more limited but successful economic union achieved under the Caribbean Free Trade Association (CARIFTA), established in 1968, and the Caribbean Community (CARICOM), created five years later. In addition, the Commonwealth Caribbean has been accepted as a distinct "sub-group" by such international institutions as the World Bank, the United Nations and, to a lesser extent, the OAS, and has created its own "international" agency, the Caribbean Development Bank (CDB).

Within the English-speaking Caribbean, an accepted division is often made between the "Big Four" countries - Barbados, Guyana, Jamaica and Trinidad-Tobago - which are seen as being relatively more developed countries (MDCs), and which have all been dependent since the mid-1960s, and the relatively less developed countries (LDCs), the smaller and more politically dependent territories. Within this second grouping it is possible to distinguish politically between

(i) the recent independent Leeward and Windward islands of Antigua, Dominica, St. Kitts - Nevis, St. Lucia, St. Vincent and Grenada, and Belize in Central America, and

(ii) the British Crown Colonies - Montserrat, Anguilla, the Caribbean Islands, the Turks and Caicos Islands and the British Virgin Islands.
The Bahamas does not fit neatly into either the MDC or LDC category, since it is relatively developed and independent since 1973, and is only recently a member of the Caribbean Community. For the purposes of this study, it will be included in the LDC grouping, having acted independently only for the last three years under consideration.

The main proponents of this concept of the Caribbean have been specialists from the West Indies, such as Lambros Comitas and Ransford Palmer. In addition, various publications by the international agencies have dealt separately with the Commonwealth Caribbean.

2. The Caribbean Archipelago

The second major conception of the Caribbean is "culture-based" and includes all the islands of the Caribbean Sea, plus the mainland "extensions" of Guyana, Surinam, Cayenne and Belize. In addition to the English-speaking countries referred to above it includes

(i) the Spanish island republics of Cuba and the Dominican Republic,
(ii) independent Haiti as well as Martinique, Guadeloupe and Cayenne, which are Overseas Departments of France,
(iii) the Dutch-speaking Surinam (independent since 1975) and the Netherlands Antilles, and
(iv) the US Virgin Islands and Puerto Rico as US dependencies.

According to Demas,

In spite of the variations in language, constitutional status, political institutions, level of economic development, and in developmental ideologies, the countries and territories of the Caribbean archipelago are characterized by many common features: a very long history of political colonialism, a heavy African element in the population, a long history of economic dependence on the metropolis, the legacy of slavery and indentureship and the dominance of the sugar industry that makes the Caribbean Archipelago a "culture area". It is my view that this culture area is the "true" Caribbean.
Other scholars who hold this perspective are Aaron Segal, Abraham Lowenthal and Harold Mitchell. Some academics, such as John Plank, accept this wider perspective, but tend to limit their studies to the politically independent countries.

It is worth noting that whilst this definition is perhaps the most widely accepted by Caribbean experts, it has little empirical grounding - most of the Caribbean states have refused to integrate in any way politically or economically along these lines. Indeed, of the Caribbean leaders only Eric Williams of Trinidad has argued passionately for such a Caribbean grouping.

3. The Caribbean Basin or Circum-Caribbean

The third definition of the Caribbean conceives the region primarily in "geopolitical" terms. It is the widest definition, embracing all the mainland countries whose shores are washed by the Caribbean Sea as well as all the island territories. This definition thus includes all the Caribbean archipelago, plus

(i) the large independent states of Mexico, Colombia and Venezuela,
(ii) the five Central American Republics of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, and
(iii) Panama and the Canal Zone.

This definition sees the Caribbean Sea as the unifying and centralizing element in the region. As such, in a strictly geographical sense, El Salvador and the Guyanas could be excluded, despite their important linkages with Central America and Caribbean phenomena. Similarly, although Mexico is strictly "in" the Caribbean, the lack of common cultural and historical experiences makes it "infinitely more logical" to consider Mexico as an outside power with which the Caribbean has relations, rather than an integral part of the region. This definition
thus perceives the unifying characteristics of the Caribbean as not just geography, but as developing countries with a background of colonial domination, plantation and slavery; a preponderance of African and European peoples; economies still dominated by single cash crops and foreign investors, and plural cultures and languages. The Caribbean Basin may in fact be divided into two geographical-cultural areas:

(i) the Euro-African rimland - comprising the islands and most of the coastal periphery of the surrounding area, and

(ii) the Euro-Indian mainland, with contrasting cultural attributes.

The main academic proponents of this definition have been Peter Odell and JP Augelli. On an empirical level, Michael Manley of Jamaica has actively argued for an economic Caribbean grouping along these lines, and the Inter American Development Bank has perceived the Caribbean in this light.

The above three definitions of the Caribbean can be seen in Demas' words as "concentric circles, the first or innermost one being the English-speaking Caribbean, the second or middle one being the Caribbean archipelago, and the third or outermost one being the Caribbean basin". They have in common the desire to provide a definitive Caribbean concept which can exist both empirically and academically distinct from the other geographical, political and economic areas of the Western Hemisphere, notably the USA and Canada in North America, and Central and South America. They are all attempts to define the Caribbean "from within".

However, it will be argued in this thesis that, certainly up to the present, the very existence of the Caribbean as a region - and its fundamental failure to establish a viable regional identity - has depended on its relationship with the outside world, especially with Latin America and the United States: that is, its regional position within the inter-American system has depended on the larger groupings and countries
around it. As such, the Caribbean can be further redefined according to the "external" perspectives of the inter-American system and the United States.

4. Inter-American System Perspective

Within the Western Hemisphere the Caribbean can be viewed from two perspectives.

(i) The Caribbean is seen as being comprised of all those countries outside of the inter-American system - notably the West Indies and other island and mainland dependencies. According to this perspective Cuba, Haiti, the Dominican Republic, Panama and Central America are all essentially Latin American states, being part of the inter-American system. This external perspective thus corresponds directly with the Commonwealth Caribbean conception.

(ii) In contrast, the Caribbean is often defined as those islands within the inter-American system - notably Cuba, the Dominican Republic and Haiti. This model can be seen as part of the general division of the hemisphere into regional subgroups - the Caribbean, Central America and South America - with the West Indies standing isolated from the system.

The problem with both these perspectives is that they do not adequately cope with the position of the smaller island and mainland territories, especially those which have gained their independence since 1962. Many of the English-speaking countries have become partially integrated into the inter-American system - through membership of the OAS - and thus, it is no longer possible to distinguish between "the West Indies" and "Latin America". This lack of clarity is illustrated on a pragmatic level by the anomalous position of "the Caribbean" within the OAS - it has never been decided as to whether the Caribbean qualifies
as a "subgroup" of Latin America or is a separate region in its own right. Similarly, in academic circles, "Latin American Studies" have not always included "Caribbean Studies", and especially the Commonwealth countries. Indeed, this very problem lies at the heart of the United States' singular inability to determine exactly what constitutes the Caribbean, and thus to articulate a distinct Caribbean policy.

5. The US Perspective

Given the above problems in defining the Caribbean as a distinct regional subsystem, it is more proper to conceive of it as a "subordinate state system" - as a region which is dependent upon external influences for its existence. In this light, the essential Caribbean characteristics are that they are small "mini, or even micro states", "whose main problem is to establish viable political, economic and social systems which can withstand pressures from abroad or from within. As such, they are susceptible to various forms of influence from the external powers and this external influence limits the degree of regional integration or coherence. The outstanding feature of the Caribbean is thus its fractionalism and the tendency towards centrifugal rather than centripetal groupings.

From the perspective of the United States, the dominant power in the Caribbean for the last century, therefore, the Caribbean may be defined as

that set of dependent, not fully sovereign enclaves (in the vicinity of the United States in or bordered by the Caribbean Sea) concerning which the United States has historically felt a special security interest, arising primarily from their proximity, their weakness and their presumed vulnerability to external penetration.

In this light, the composition of the Caribbean will vary over time according to whether the various territories have been perceived as
potential threats to US security or as being safely dependent on friendly powers. Indeed, the composition of the Caribbean may be said to vary according to the type of threat under consideration - certainly, as the following chapters will show, "the Caribbean" has been differently conceived in each policy area (military, political and economic).

The two main proponents of this "definition" of the Caribbean have been Robert Crassweller and Abraham Lowenthal. However, there is an important distinction between the two specialists. Crassweller perceives the Caribbean as incorporating the Caribbean archipelago plus Central America and Panama. Mexico, Colombia and Venezuela, while having some Caribbean cultural and historical characteristics are not strictly Caribbean in the sense that they all possess the potential for independent or autonomous national development. Lowenthal agrees that the larger states may be excluded, but also maintains that the Central American states have developed their national and regional integration processes to the extent that they now possess "elements of continuing viability". He thus excludes the five Central American states and Panama from his definition of the Caribbean.

When Lowenthal first proposed this definition in the early 1970s it appeared likely that the regional integration process in Central America would continue to develop successfully. However, the virtual stagnation of the Common Market since 1970, and the enormous difficulties faced by Nicaragua and El Salvador in the last few years in trying to establish viable national systems leads to the conclusion that Central America will continue to be dependent on the United States for some time to come. Certainly, during the period 1960-1976, although Central America may have had the potential for autonomous development, this was never achieved, and the United States may be accurately said to have included these six countries in its perception of the Caribbean. As a
result, this thesis will adopt the definition of the Caribbean outlined by Crassweller. In so doing, it should be noted that the thesis will tend to concentrate on those nation states which had achieved some measure of political independence in the 1960s and 1970s. The thesis will, therefore, concentrate on the larger Commonwealth Caribbean countries — that is, Jamaica, Trinidad - Tobago, Guyana and Barbados — and the Bahamas and Surinam, as well as those states which, while formally independent for more than half a century, only began to move in the late 1950s asserting that fact — namely, the five Central American nations, Panama, the Dominican Republic, Haiti and Cuba. The thesis will pay less attention to the other territories, even though Grenada did achieve independence in 1974, and Belize and several of the British Leewards and Windwards islands have since attained that status.

Second, in taking this definition of the Caribbean it is evident that there is a major historical and cultural division within the region: between the north-west European (notably British) and the Iberian or Spanish heritages. In looking at the problems faced by the Caribbean in the national development process, it is evident at once that these different heritages have resulted in markedly different problems — the role of the military in the Spanish Caribbean, the late achievement of political independence in the British Caribbean, to name but two. In effect, therefore, the Caribbean may be said to be composed of two main sub-groups — with Spanish-speaking countries and the English-speaking countries — with a third group incorporating the remaining diverse French, Dutch and US territories.

In assessing the extent to which the United States has pursued a distinct Caribbean policy, therefore, it is important to determine the degree to which the United States has distinguished between the English
and Spanish speaking countries, or how far the policy has been generally implemented. This can best be done by taking a general over-view of US policy to the Caribbean which will highlight the comparisons and contrasts within US policy.
Footnotes to Chapter 1

1. The other US colonies gained as a result of the war (Guam and the Philippines) are located in South-East Asia.


3. Thus, for example, J Lloyd Mecham asserts that "the Caribbean area has been regarded by the United States as a regional unit to which it applied a distinct set of policies". A Survey of United States-Latin American Relations, Boston (1965), p. 239.

4. Included in this group are WF Callcott, The Caribbean Policy of the United States, 1890-1940, Baltimore (1942); HC Hill, Roosevelt and the Caribbean, Chicago (1927); CP Howland, American Relations in the Caribbean, New Haven, Conn. (1929); DG Munro, Intervention and Dollar Diplomacy in the Caribbean 1920-1921, Princeton, New Jersey (1964); The United States and the Caribbean Republics, 1921-1933, Princeton, New Jersey (1974); D Perkins, The United States and the Caribbean, Rev. ed. Cambridge, Mass. (1966); JF Rippy, The Caribbean Danger Zone, New York (1940).


On Panama, see J Dubois, Danger Over Panama, New York (1964); LD Langley, "US-Panamanian Relations Since 1941", JIAS, XII (July 1970); Georgetown University, Center for Strategic Studies, Panama: Canal Issues and Treaty Talks, Washington (1967); W Lafeber, The Panama Canal: The Crisis in Historical Perspective, New York (1978); SS


15. The following analysis draws especially on RD Crassweller, The Caribbean Community (1972), op. cit., pp. 3-13; the statement of


19. This section leans heavily on WG Demas in The Restless Caribbean (1979) op.cit., pp. vii-ix.


25. See VA Lewis in Foreign Policy Making in Developing States (1977) op.cit., p. 121.


29. WG Demas in The Restless Caribbean (1979) op.cit.


32. E de Kadt, ibid.

33. AF Lowenthal, ibid., p. 3.

34. Ibid.
CHAPTER 2  THEORETICAL FRAMEWORK

Introduction

This chapter attempts to outline briefly four theoretical frameworks which each encompass concepts of world politics, US foreign policy decision-making, and national development in the less developed areas. In addition, the chapter examines in greater detail one particular perspective, called the traditional-liberal approach, which will be adopted, in an eclectic form, as the framework for the following three chapters.

In making this brief survey, a number of points should immediately be stressed. First, this survey is in no way intended to be exhaustive - it merely attempts to outline the major arguments which have been utilized in other studies of US-Latin American and Caribbean relations in the 1960s and 1970s. Second, it should be emphasized that there is no one accepted theory which provides a definitive basis for the study of US foreign policy or international relations or LDC development in general. Indeed each model might rather be called a partial perspective, in the sense that "the focus is not simply on different facets of an agreed 'world', but rather on different versions of the 'world' as a whole which colour and at the same time reflect issues of method, values and action". Third, the choice of four perspectives is necessarily an arbitrary one: there may be other additional theories, and the boundaries of each perspective are inevitably blurred. However, it is felt that these four theories are essential to any understanding of US policy and its impact on the Caribbean, and that the distinctions made will help to highlight the contrasting world perspectives of the developed and underdeveloped countries.
The Four Perspectives

The four perspectives which will be examined can be classified as follows: traditional-liberal, organizational-bureaucratic, radical-Marxist, and Caribbean dependency.

1. The traditional-liberal perspective is North American, or Anglo-American based. It focuses on the nation state as the primary actor in an international system based on the balance of power, with each state pursuing its "national interests" in its foreign policy. All states are viewed as independent, if unequal and thus LDC development is seen as a largely autonomous process. It is commonly regarded as the "traditional" approach in political analysis - certainly, all the other theories originated as critiques of this model. Indeed, although this approach was particularly popular in the early post-war period, the degree of criticism caused it to lose face in the 1960s and especially the 1970s. However, the theory has one important advantage over many of its rivals - it is directly applicable to, and acceptable in, the practical world of politics as well as in academic circles.

2. The organizational-bureaucratic approach - developed as a distinct alternative to the traditional model in the 1960s and 1970s, although derived from the same liberal, North American basis. This approach emphasizes the interdependence of states, groups and actors both within and outside the political system, and sees the international system as the process of bargaining and regulation between organizations. Foreign policy is thus viewed as only one way in which one nation may influence another: the notion of penetration provides for nations having all the major decisions made by people outside their political systems. LDC development is viewed from a corporatist approach: that is, the need to develop effective political and economic organizations. The major drawback in this approach has been its limited applicability to empirical
studies.

3. The radical-Marxist approach - as its name implies, is derived from two related sources: the writings of Marx, Lenin and others on imperialism; and the radical North American theorists who began criticising US policy and the traditional model in the 1960s. This model perceives the international system as being structured by the expansive nature of monopoly capitalism and the dominant socio-economic classes. Foreign policy is thus inextricably linked to the interests of the nation's ruling economic groups and LDC development is determined by the level of exploitation and dependency.

4. The Caribbean Dependency model - was developed in the late 1960s primarily as a response to the failure of the Marxist approach to deal with the LDCs. Although starting from the Marxist perception of world capitalism, this model concentrates primarily on the implications of a global system of dominance and dependency, on LDC development. It sees the extraction of surplus as only one dimension of international relations and foreign policy as only one instrument of domination. Unlike the above three models, the dependency school does not provide a global theory, but rather takes an indigenous approach, with different models developing from different areas of the Third World. As such this thesis examines only those models which relate specifically to the Caribbean and, to a lesser extent, to Latin America.

In the following pages each of these theories or perspectives will be examined in greater detail, looking at four specific areas of conceptual enquiry: (i) the structure of international relations; (ii) the foreign policy decision-making process; (iii) the national development process in LDCs; and (iv) the impact of foreign policy on LDC development.

In each case, whilst the analysis will be general, reference will
be made, where possible, to how the United States, Latin America and the Caribbean may be included.

1. The Traditional-Liberal Model

(i) International Relations: The traditional-liberal model posits the nation-state as the main actor in world politics, with international organizations and domestic groups playing only a subordinate role. The state's dominant position is derived ultimately from its "monopoly of the legitimate use of force", which gives it the authority to pursue its own interests in the international system.\(^8\) This system is depicted as an area in which independent, though not necessarily equal players bargain about competing or conflicting national interests and in which war occasionally erupts when the bargaining process breaks down. The relationship between states is seen as being essentially hierarchical, some having more power and influence than others, with a continual struggle taking place to change the balance of power.\(^9\)

(ii) Foreign Policy: Given the dominant position of the nation-state in international relations, foreign policy is also viewed as state-centred. It is assumed that foreign policy objectives can be attributed to the nation as a whole, or to a unified decision-making system, so that the United States is seen to pursue well defined goals which are in the "national interest". The ultimate "national interest" objective will be to assure the security of the nation. Although this model accepts that policy will be influenced by competing groups from within (and even outside) the system, ultimately there will be agreement on what constitutes the national interest - and this will be both separate from, and above the particular interests of these groups. As such, foreign policy is essentially distinct from domestic policy. Finally, foreign policy is seen as a rational decision-making process, which involves the establish-
ment of "well-defined and well-ordered objectives, as well as a strategy for obtaining them", and sees foreign policy makers as rational actors capable of choosing between policy alternatives.

(iii) National Development Process: The traditional model views national development as a unilinear historical process along which all countries must pass, and that all the underdeveloped countries are still in a stage of history through which the United States and Europe passed long ago. Therefore the LDCs must follow essentially the same path of development as the United States. National development is thus viewed within the ideological framework of liberal-democracy and capitalism - i.e. the LDCs will be "developed" when they have achieved stable, democratic political systems with welfare economies firmly tied to the capitalist world market. Given that development is a historical process, change can ultimately occur only as a result of that nation's efforts - i.e. development must be an autonomous national process.

(iv) Impact of Foreign Policy on LDCs: Whilst the traditional-liberal model perceives foreign policy objectives largely in terms of national interest, it does also provide for wider, "ideological" or international interests. In other words, the pursuit of the national interest will not always involve the blatant use of power against another nation - it may also involve assisting other nations in the pursuit of their objectives and interests, and the pursuit of such international ideals as freedom, democracy, the economic well-being of the people, etc. Where such wider objectives are compatible with national security interests, as in the development of democratic, pro-capitalist, stable societies in Latin America and the Caribbean, they will be actively pursued within US foreign policy. As such this approach assumes an essential compatibility of US and Latin American interests - that the United States can actively assist in the development of Latin American states.
2. Organizational-Bureaucratic Model

(i) International Relations: This model is primarily concerned with the interdependence of political groups in the international system, with the nation state being only one type of actor. Indeed this approach posits three other levels of interaction which are equally or more important: sub-national actors with a base in one state, who can significantly affect decisions in another state; supra-national actors or organizations which can override national authority and reduce state sovereignty; and transnational actors, headed by the multinational corporations (MNCs) which can transfer power and resources across the national boundaries. The international system is thus conceived, not as a global hierarchy of states, but rather as a mass of coalitions and conflicting organizations, where the search for order requires a continual process of bargaining and conciliation.

(ii) Foreign Policy: Given the diffuse nature of international relations, the state is no longer viewed as the sole guardian of a unified, rational foreign policy. Instead, US foreign policy is perceived as the product of "overlapping and interlocking bargaining processes", involving both intra-governmental and extra-governmental actors. And whilst these participants may share common values or sets of images, the primary influence on their behaviour will be the aims, procedures and norms of the organizations to which they belong. Thus, it is not possible to talk of national interests and objectives, since policy is the outcome of the bargaining process between organizations, each of them having its own objectives and purpose and its own customary mode of operation. Finally, this perspective sees foreign policy as inseparable from the wider political processes at home and abroad, as being conditioned by both external stimuli and by domestic interests and operations.

(iii) National Development Process: The organizational-bureaucratic
model perceives national development not so much as a series of historical stages, but rather as the continual process of adjustment and adaptation to new demands and changes by the organisations and structures in society. That is, development is viewed as the capacity or capability of LDC organizations to undergo the transformation to modernization. In Latin America, therefore, political development is viewed more as the process of adaptation and transformation of the traditional organizations which have their basis in the Ibero-Hispanic culture— that is, a strong, centralized and often authoritarian bureaucracy and military—rather than the development of increasingly democratic and pluralistic structures. Certainly, the growth of bureaucratic-authoritarian corporatist structures are seen as most conducive to economic modernization.16

(iv) Impact of Foreign Policy on LDCs: The concept of "linkage politics" provides a schema for analyzing the mutual impact of actors and environment in the international system. A linkage is defined as "any recurrent sequence of behaviour that originates in one system and is reacted to in another".17 Four types of linkage processes are distinguished: (a) penetrative—where members of one polity act as participants in another polity; (b) reactive—where national leaders react to activities undertaken by outsiders but do not share authority with them; (c) emulative—where one type of action or output is emulated in another system; and (d) fused—where certain inputs and outputs continually reinforce each other and form a reciprocal relationship.18

The central feature of this model is that foreign policy is a two-way process— that Latin America will be influenced and conditioned by inputs from the United States and vice versa. Secondly, the emphasis is placed less on direct involvement in another nation's affairs than on influencing behaviour, persuading another nation to alter its behaviour in the preferred direction. In other words, the model perceives
"indirect" linkages to be of more importance than direct linkages in influencing outcomes, and covers the possibility that the actions of one nation are quite likely to have unintended effects on the actions of others. As a result, under this model, Latin American development is circumscribed by US influence, by the diffusion of US technocratic values and procedures. However, given the interdependence of nations, the model postulates a compatibility of interest between the United States and Latin America, and thus the US is likely to support LDC development. 19

3. Radical-Marxist Model

(i) International Relations: The radical-Marxist model conceives the international system as being structured primarily around economic relationships, in particular the expansion of monopoly capital from the developed capitalist countries into the underdeveloped LDCs. According to this approach, international state relations are only part of a wider system of relations in which the multinational corporations are dominant and their underlying purpose is to maintain and expand the opportunities for trade and investment available to the MNCs. The international capitalist system is conceived within a framework of imperialism and neo-colonialism, in which the underdeveloped countries continue to be dominated by the imperial powers. 20

(ii) Foreign Policy: Although the state still acts as a focus of activity and coercive power, it is more a channel for, or representative of the dominant political and economic interests - that is, the ruling class (bourgeoisie) and the MNCs. As such, US foreign policy is seen as the process of politically controlling as much of the world as possible, to support the expansive requirements of US business. This may involve bargaining or coming into direct conflict with rival business organiz-
ations of different countries. It is thus not possible to distinguish between the public "national interest" of the state and the private interests of US businesses, the two are inextricably linked. Foreign policy is therefore ultimately perceived as a rational decision-making process, determined by the expansive interests of imperialism.  

(iii) National Development Process: Within the Marxist radical school, it is possible to distinguish two theories on national development in the underdeveloped areas. The first is devolved specifically from Marx and Lenin and relates very closely to the US traditional model. It sees development from the perspective of the materialist conception of history - as a succession of historical stages which are characterized by the structure of production reflected in the class system. The LDCs are thus perceived as being in a semi-feudal, pre-capitalist stage of history. Hence the only real means of attaining development is to follow the path laid by the industrialized countries - the capitalist path of development.

Since 1960, however, it has also been argued that, like the Soviet Union, the LDCs do not need to go through the capitalist stage to socialism. Rather, a non-capitalist path of development can be pursued, depending on the motivating role of the national bourgeoisie, and the balancing of class forces in general. It should be noted, however, that according to the Soviet Union, Latin America is not capable of following this non-capitalist path - it is too firmly tied to the United States and the capitalist system. Orthodox policy would thus envisage a revolution based on a working class and peasantry alliance to overthrow capitalism and establish the conditions for the transition to socialism. This may in some instances be based on the model of "non-capitalist development".

(iv) Impact of Foreign Policy on LDCs: In postulating an international system based on monopoly capital, the radical model inevitably concentrates
on the metropolitan centre at the expense of the underdeveloped periphery. However, this approach does contain the following assumptions. First the main emphasis is on the exploitation of the LDCs, and on their corresponding importance to the US economy. The notion of imperialism implies a decisive inequality between nations, an exploitative relationship which serves the interests of the dominant nation at the expense of the subordinate, and the crippling of the latter's autonomy. The impact of US policy on the LDCs must therefore be inevitably negative, since it seeks to maintain the existing imbalance and exploitation. Only where development serves the interests of US business - or the "higher interests" of preserving the capitalist system as a whole - will it be part of US foreign policy objectives. As such US policy will have a limiting, adverse and even ultimately determinant effect on Latin American development.

4. Caribbean Dependency Model

(i) International Relations: The dependency model starts from the Marxist perception of world capitalism and postulates an international system structured by the requirements of monopoly capital, in which the economy of a certain group of countries is developed at the expense of the development of a second subordinate group of countries, the LDCs. The international system is thus characterized by a structural imbalance between nations - between those that are dominant and developed and those that are dependent and underdeveloped. However, it should be noted that this relationship is not seen merely in economic terms - it involves political, social and ideological mechanisms as well, defined as "the infrastructure of dependency". As such, like the bureaucratic model, this approach accepts the interdependence of all groups within and outside the political system - the nation state is only one instrument for institutionizing dependency.
(ii) Foreign Policy: Because the primary emphasis of this model is on the impact of US policy on LDC development, only limited attention has been given to the US foreign policy making process. Indeed, most dependency theorists perceive foreign policy in the same light as the radical Marxist school: i.e. it is assumed that US foreign policy reflects the wider needs of US business abroad; that the state is only one channel for domination and that foreign policy is thus only a partial aspect of international relations; that US foreign policy is based on a conception of the national interest which involves "the strengthening of international capitalism against the threats of socialism and nationalism" and that foreign policy making can be viewed as a rational, unified process. The main difference in the dependency approach is one of emphasis in that foreign policy is viewed as an instrument for control over all aspects of LDC society, it is not just motivated by the desire for economic domination.

(iii) National Development Process: The dependency school of theorists perceive development not so much in historical terms as in international terms: it is conditioned by the location of the nation within the global structure of dominance and dependence. The development of the centre, the capitalist countries of the United States and Western Europe, occurs at the expense of development of the periphery, the LDCs. Those nations in dependent positions within the global structure are thus systematically prevented from achieving any kind of autonomous development. Indeed, it can be argued that the centre-periphery relationship results in the "underdevelopment" of the dependent areas, with LDC political, economic and social systems being distorted through serving the needs of the capitalist centres. As a result, only limited autonomous national development is seen as possible within the existing international system. The process of national development can only
occur in those societies which first seek to reform their relationships with the outside world, as well as restructuring their internal organisation.

(iv) Foreign Policy and LDC Development: Given the above, the effect of US foreign policy will be generally to retard autonomous national development in the LDCs. Indeed, what may be conceived as development will be strongly conditioned by the fact of dependence itself. This is not to deny that some development will occur - especially where it is compatible with US interests, e.g. in the expansion of private sectors, or in those areas where US control is more limited - e.g. in the establishment of national control over the economy. However, in the final analysis, the development of independent countries within Latin America and the Caribbean is seen as being incompatible with the maintenance of US dominance in the international system.29

The above outlines reveal a number of common features shared by the four perspectives.30 First, they all attempt to explain US foreign policy and to provide paradigms which can be used in a predictive fashion. Second, they all attempt in some form or other to provide general frameworks for the study of international relations and foreign policy which can be applied to other countries. Indeed, the general purpose of each perspective can be characterized as follows: the traditional-liberal approach is concerned with "mapping" the relations between states; the organizational-bureaucratic approach provides a general framework; the radical-Marxist approach provides a general theory; and the dependency approach provides a "paradigm-surrogate".

Despite these attempts at universalism, however, the perspectives are all characterized by their strong ideological bias and the extent to which they form the basis for "practical" international relations and foreign policy. Thus US officials tend to perceive foreign policy in
terms of the national interest (which may be influenced by intra-bureaucratic bargaining); the Soviet Union perceives US foreign policy largely in imperialist terms; whilst Latin America and the Caribbean see US policy as part of the structure of dependency.

At the same time, it is important to emphasise the sharp contrasts between the perspectives especially between the traditional-liberal and radical-Marxist models. Indeed, in many ways it is possible to argue that only these two perspectives exist, since the organizational-bureaucratic model only provides a more complex framework for the study of US policy and its impact on other systems, based on liberal-democratic principles; whilst the dependency model provides the view "from below" of the imperialist theory established by the radical-Marxist school. Certainly, only two perspectives exist in terms of the possibilities for change and development in the world system - for whilst the traditional and organizational models provide for gradual reform within the system, the Marxist and dependency models see development occurring only through the fundamental transformation of the system, through revolutionary, not reformist methods.

Given the sharp distinctions between the various theories available, it is recognised that in choosing only one perspective, the thesis will inevitably provide a partial view of US policy in the Caribbean. However, since the emphasis of the thesis is on examining the exact nature of US policy, it is felt that only one particular theory should be utilized which can best provide a practical framework for the study of US-Caribbean policy - to attempt to compare perspectives or to incorporate as many features of the four perspectives as possible in a general scheme, is beyond the confines of this study.

As a result, the thesis will examine US policy from the traditional-liberal perspective, on the grounds that US policy towards the Caribbean
should first be assessed on its own terms. In the rest of this chapter, the traditional model will be examined in greater detail, looking first at its advantages and disadvantages in comparison to the other perspectives, and outlining the main features of the model. Particular attention will be paid to the assumption that foreign policy is ultimately based on a set of perceived objectives or interests which can be classified according to whether they promote the US national interest or wider development objectives.

**Traditional-Liberal Model: The Model Utilized**

In selecting the traditional liberal model as the framework for this thesis, a prime consideration has been that the model justifies the thesis' very existence - it assumes that US Government foreign policy may usefully be studied in isolation from domestic politics and from the activities of other trans-national actors. In addition, it provides a simple, easily applicable framework and set of criteria against which US foreign policy can be assessed for a specific time period.

Whilst it is recognised that foreign policy-decision-making is a complex process, involving both domestic, supra-national and trans-national inputs, and whilst the organisation-bureaucratic model undoubtedly provides a more complex and even a more realistic perspective of this process, it is felt that this second model is not directly relevant to the thesis in two ways. 31 First, it can be argued that the subject of US foreign policy in the Caribbean has not been sufficiently developed to enable a more complex model to be utilised. As one critic has noted:

> The greatest draw-back in any decision-making study is access to material. The amount of legwork done by Allison in his study of the Cuban Missile Crisis ... is an illustration of this handicap. 32

Second, the main purpose of this thesis is to determine WHAT was
the exact nature of US foreign policy in the Caribbean and WHAT its impact was, not WHY it occurred or WHO was involved in the decision-making process. The bureaucratic model undoubtedly provides an accurate insight into the composition of US foreign policy and its main determinants, whilst the traditional-liberal approach may be criticised for its limited analytical content, and its tendency "to gather as much minutia as possible and string it together in chronological sequence with the hope that out of the plethora of data, an explanation will somehow emerge". However, as noted in the Introduction, the main deficiency in US-Caribbean studies is the very absence of "minutia" and "plethora of data". In seeking to fill some of the gaps, the thesis must inevitably be historical and descriptive, rather than explanatory.

Furthermore, given the concentration on the impact of US policy in the Caribbean, the traditional-liberal model again appears to provide a more useful framework than the organizational approach. Although Rosenau has provided an extensive framework for the study of linkage politics and transnational relations, he is more concerned with the whole international system and the penetration of one national system by a variety of transnational groups and organizations, not just by states and their foreign policies. Furthermore, the framework of linkage politics is not easily applicable to empirical and historical studies of foreign policy. As such this model is not directly applicable or relevant to this thesis.

The rational-decision-making model of the traditional-liberal school, on the other hand, provides a simple framework which can be easily applied to any assessment of the impact of US policy: it posits a simple causal relationship between

(i) the proposed objectives in US policy,

(ii) the policies formulated, articulated and implemented in order to achieve these objectives, and
(iii) the effects or impact of these policies in the light of their supposed objectives.

The model assumes that foreign policy is ultimately based on a set of perceived objectives or interests, and that these interests can be used both to describe and to evaluate US policy. That is, the concept of national interest "is both a practical rule of thumb to guide the statesman in the formulation and execution of foreign policy, and a standard against which the statesman's success or failure may be judged".35

It should be noted here that both the Marxist and dependency models also utilize similar frameworks in their studies of US foreign policy, based on different perceptions of the US national interest. The drawback with these studies, and especially of the radical school, is that too often the final judgement on the impact of US foreign policy is made on "moral" grounds - that is, US policy is criticised in general terms, not in relation to what it is trying to achieve. Thus, US policy has been criticised for preventing or constraining the development of nationalist, socialist economies in the Caribbean, when such a development would obviously be detrimental to US national economic interests. Rather than examining US policy effects in relation to some general criteria, it is felt that a much more balanced picture will be obtained by judging US policy on its own terms.

The major disadvantage of such an approach is, of course, that it is necessarily tautological and biased - it adopts the criteria which the US Government itself puts forward to justify its policy actions. The policy statements and objectives announced by US officials are bound to be influenced by the degree to which they support US policy actions - i.e. in practice, it is difficult to distinguish between cause and effect. Even more, the statements and objectives will be influenced by their level
of public acceptability - that is, Administration officials are more likely to put forward those arguments most acceptable to Congress and to public opinion.

However, despite these limitations it is felt that the traditional-liberal model can best provide the necessary criteria against which to assess the nature of US policy to the Caribbean. It provides a simplistic framework against which the policies of the different US Administrations can be examined in detail, comparing the various stages of policy articulation and implementation.

The Framework

The framework outlines in this section will be utilized as the basic structure for the next three chapters of the thesis which deal with US policy towards Latin America and the Caribbean in the areas of security, economic and diplomatic relations. The framework can be divided into six categories which are all causally related.

1. National Objectives: It will be argued that US foreign policy has consistently revolved around the pursuit of certain objectives which can be classified according to whether they promote the US national interest or international interests. Three elements of national interest are distinguished - the security interest, the economic interest, and the political interest. Of the wider international or "ideological" interests, only those concerned with promoting LDC national development will be considered, with a distinction being made between political development objectives economic development objectives.

Although the balance between these objectives will alter over time, according to the perceived external conditions and internal influences,
they will all be consistently pursued, and as such are the criteria against which varying policies can be measured. Similarly, although different government agencies will be concerned more with some objectives than others - for example, the Defense Department with security - most US officials will be aware of, and take into account all national interest and development objectives. As such, these objectives are truly "national" in perspective.

2. Policy Actors: It is assumed that the policy process involves a variety of individuals and organizations operating at different levels of the political arena:

(a) National level - these include the President and White House, the Department of State, Defense, Commerce, Agriculture, the CIA, Congress, AID, the Peace Corps, Exim Bank, the JCS.

(b) International level - these included US representatives at the United Nations, the OAS, World Bank, IDB, GATT, Inter-American Defense Board.

(c) Host country level - or the in-country representatives of the above groups and organizations - the Embassy staff (Ambassador, AID Chief of Mission, military attaches and MAAGs, CIA, Commercial and Political attaches, USIS and Peace Corps) and the representatives of the international agencies.

In addition to these "direct" participants in the policy process, attention will also be paid to the role of "indirect" participants - notably business sectors, unions and public opinion - in influencing policy decisions and actions.

3. Policy Formation: Although this is the main area of interest for most foreign policy specialists, only limited emphasis will be attached to this aspect. It will be assumed that the foreign policy process
involves both domestic and internal inputs and that the output will depend largely on the perceived objectives to be achieved. Secondly, although policy will be formulated through the interaction of the above groups and organizations, who may have conflicting interests and goals, it will be assumed that it is possible to talk of a distinctive US Government foreign policy. In the next three chapters, the main concern will be with policy as perceived at the national and international levels, given that the purpose of the thesis is to provide a general overview of US policy.

4. Policy Statements: It will be argued that the policies articulated by US officials can be divided into three areas, roughly corresponding with the national interest objectives - military-security, economic and political. In each case, the basic aims of US policy will be outlined, utilizing the various statements made by officials in their annual testimony before Congress, or published in foreign policy documents. Again, in so far as most policy statements are made on behalf of the US Government as a whole, it will be assumed that these policies are supported by all of its members. However, the thesis will take note of any marked differences or conflicts in policy between the various US agencies, especially where such differences reflect a conflict in national objectives.

5. Policy Decisions and Actions: In each section, the programmes and projects implemented by the US Government will be outlined to see exactly what was achieved. Again, a distinction will be made between those programmes carried out on a multi-lateral or international level; those carried out on a unilateral level by US Government agencies, and those carried out on a bilateral level, in co-operation with Latin America and
the Caribbean. In making these distinctions, it will be possible to compare the levels at which US policy operated within the Caribbean, as well as comparing the actual content of policy.

6. Policy Impact or Effect: Finally, the impact of US policy on Caribbean national development will be assessed at two levels: first, the degree to which US programmes and projects achieved the specific aims outlined in the policy statements; and second, the degree to which they contributed to the wider national development objectives. In particular, any conflict between national interest and development objectives will be noted, and the relative balance between the two shown.

Finally, in each chapter, a division will be made between the two historical periods 1960-1968 and 1969-1976. This division will show the development of US policy in the last years of the Eisenhower Administration and will provide a comparison between the two Democratic presidencies of Kennedy and Johnson and the two Republican presidencies of Nixon and Ford, revealing the relative change in emphasis between objectives and policies.

National Objectives

In adopting the concept of national objectives as the criterion on which to describe and analyse US policy towards the Caribbean, I have chosen to distinguish between those objectives which are concerned solely with the furtherance of US security, political and economic interests in international relations, and those which are concerned with the more "ideological" interests of freedom and democracy and the economic well-being of the people - that is, between national interest and development objectives. Such a distinction is necessarily artificial, since ultimately the aim of all policy objectives must be to ensure the nation's survival. Similarly, the distinction between the five objectives chosen
is necessarily arbitrary: national objectives will vary over time, according to the threats perceived and to the US position in world affairs. By making this distinction, however, it is hoped that an accurate assessment can be made of the extent to which the United States wanted to assist in, and was able to help achieve, national development in the Caribbean, or whether its policy was motivated purely by self-interest.

The earlier examination of the traditional-liberal model revealed the close relationship between theory and practice, between US academic thinking and government policy during the 1960s and 1970s. It was remarked that US officials tend to perceive foreign policy in terms of the national interest. Likewise, it is possible to talk of an "ideology of national development" given the general consensus on the problems facing the LDCs and the possible solutions to these problems in both academic and government circles. Consequently, the following survey of US national objectives will include both a general theoretical discussion and reference to the type of policy options available to the US Government in the pursuit of these objectives during the period 1960-1976. The discussion will look at US national objectives within US policy towards Latin America in general, but special attention will be paid to how the objectives apply to the Caribbean.

National Interest Objectives: The Security Interest, the Economic Interest, the Political Interest

National interest objectives may be defined as those objectives which are concerned solely with the promotion and protection of the nation state in its strategic, economic and political relations with other countries. The dominant concern of all nation states is to ensure their continued existence, "to protect their physical, political and cultural identity against encroachment by other nations". In particular, this involves
maintaining the state's position within the world balance of power, and maintaining or even expanding its influence over other nations.

With regard to Latin America and the Caribbean, the United States has been concerned above all to establish the Western Hemisphere as its own "sphere of influence", excluding all other world powers, notably Europe and the Soviet Union. In part, this has stemmed from the perception of the hemisphere as separate from the Old World, with its own interests - known as the Western Hemisphere Idea. More important, as Crassweller notes,

_It is a simple fact that no world power has ever been indifferent to its own influence in adjoining geographical areas, particularly when those areas consist of much weaker nations or buffer states_.

The desire to exercise a hegemonic influence over Latin America, to exclude foreign intervention and to provide a showcase for US power and prestige, has been the major objective in US foreign policy and has been the common factor in its strategic, economic and political national interests.

1. The Security Interest

The US national security interest involves both the preservation of territorial integrity - the prevention of external aggression against the United States - and the protection of those states whose friendship is deemed essential to the country's security and domination of the world balance of power.

Since the beginning of the nineteenth century, the US national security interest has involved the prevention of external military influence in the hemisphere. This security interest has been perceived mainly in geopolitical terms: it has been argued that "The strategic importance of Latin America to the United States stems primarily from the fact that militarily it protects our southern flanks". Consequently,
The existence of hostile governments in Latin America would be a grave menace to the United States should we become engaged in warfare on any considerable scale anywhere in the world.39

The close geographical proximity of the Caribbean has meant that it has held a special position in the US perception of its security interest. The Caribbean Sea has often been described as the "mare nostrum", as protecting the "soft underbelly" of the United States, and as such, the need to prevent foreign military-strategic influence there has been paramount.40 Indeed, Crassweller has argued that the central tenet of US national security objectives in the Caribbean is that no part of the Caribbean may safely be permitted, through conquest or subversion or even through orderly process, to serve as a military power base hostile to the United States.41

It should be noted that whilst the development of a global nuclear warfare capability has undoubtedly diminished US geopolitical security concerns in the Caribbean, from a psychological perspective, the region remains of supreme importance to the US national interest. That is, the position of the United States as a world power would be adversely affected by any loss of military influence in its own "backyard". In this light, the importance of the Caribbean to the United States "can hardly be exaggerated. In military-strategic terms it is a sort of hinterland on whose stability freedom of US action in other parts of the globe depends".42

In policy terms, the security interest involves preventing the establishment of hostile military bases or the movement of hostile forces in Latin America through the maintenance of US military installations on friendly territories; through direct military action by the United States acting alone or in concert with allies; and through preventing the establishment of governments favourable to hostile forces in the hemisphere. In addition, it involves the maintenance of friendly military relations
with hemispheric governments through mutual defence agreements and regular contact between the armed forces.

2. The Economic Interest

The economic national interest of the United States has two related components. First, it involves ensuring the economic survival of the nation and the expansion of economic benefits accruing to its members, through the promotion and protection of its trade and investments abroad. Second, it involves sustaining the "open global economy" or free world market in which the United States operates. The US position as a world power requires that as much of the globe as possible be linked to the international capitalist system, both to provide sources and markets for its expanding trade and investments, and to discourage countries from establishing economic relations with the Communist bloc.

In consequence, US economic interests may be viewed under three subheadings. First, in the area of trade, a primary concern in US policy has been to increase the demand for US goods and services, to expand its hemispheric market and thus exclude foreign competitors. In particular, a major US objective has been to expand its sales of manufactured goods, in order to finance imports and achieve a favourable balance of trade. In addition, the United States has sought to ensure the regular supply of those raw materials and other goods needed for the stable running of the economy, or for the satisfaction of its population. This has involved maintaining friendly commercial relations with those countries which import and export US products, through a variety of trade agreements, including international arrangements and specific commodity agreements. The United States has also sought to protect domestic production against foreign competition through the use of import restrictions.

Second, the United States has sought to encourage a "favourable
climate for private investment" abroad and the general acceptance of private enterprise methods, so as to create the conditions in which US investments would best flourish. This has involved the provision of technical and financial assistance as incentives for US investors operating abroad, and the establishment of agreements with host countries to help eliminate investment disputes.

Third, the US Government has been concerned to protect the economic interests of its population both at home and abroad. This has involved restricting immigration so as to encourage the most technically proficient to settle in the United States and protect employment for its own population; and supporting the interests of US traders and investors abroad in their relations with host countries - where these are consonant with the general US objectives.

With regard to the position of Latin America and the Caribbean in US economic interests, it should be noted that the hemisphere has always been viewed as crucial to the functioning of the US economy. Thus, it has been argued that

The (economic) strategic importance of Latin America to this country cannot be overestimated. Latin America is a major source of essential raw materials and a major market for US products.43

Similarly, Latin America has been a major recipient of US investment and thus a major source of remitted profits to the US economy.

Whilst the Caribbean has been an important source of several raw materials, notably sugar, bauxite and oil, and has been one of the main areas of US investment, its importance to the United States has hinged on the need for America's backyard to be firmly entrenched in the capitalist world economy, not linked to the Communist economy.
3. Political Interest

The US national interest may also be said to have two political components - namely, ensuring the political survival of the state through maintaining cordial relations with its allies and neighbours, and retaining its position as a world power in the diplomatic arena. The United States has traditionally sought to establish a "healthy relationship" with Latin America and to assure its own leadership over the hemisphere as a means of excluding hostile political powers. Similarly, the United States has sought to secure hemispheric support for its international policies - the votes of the twenty Latin American states in the United Nations (twenty-six by 1975) have been of considerable importance to the United States' ability to play a leadership role in world affairs.

The United States has thus perceived its political interest in Latin America primarily in terms of maintaining the traditional relationship of friendship and support. As one US official has noted,

Latin America's political orientation is of the highest concern to us. Its pro-Western orientation has been evident year after year in the United Nations and other international organisations.44

The loss of such support would have serious ramifications on the United States' ability to influence political events on a world scale - for

If the United States ... proves unable to convince its Western Hemisphere allies of the justice and wisdom of its policies, it may not be able to exercise effective leadership in other underdeveloped areas of the world.45

In seeking to maintain Latin America's role as chief ally of the United States, a primary objective in US foreign policy has been to encourage political stability in the hemisphere, thus reducing the possibility of hostile political intervention. This has involved
supporting all de facto "friendly" governments, regardless of their political colouration, and establishing extensive contacts with the leading members of each nation - the military, political and economic elites - as a means of influencing their support for US policies. At the same time, the United States has opposed those governments and organizations which support, or are affiliated to, hostile powers. In particular this has involved opposing any Communist or left-wing regimes, and attempting to stifle the growth of Communist parties and trades unions.

Given the high level of political instability in the Caribbean, the United States' political interest may be said to be especially pronounced there. Indeed, it may be argued that the United States has not merely sought to establish friendly relations with Caribbean governments, it has sought to dominate the area politically, given its readiness to intervene to prevent hostile political systems being established there.

Development Objectives: Economic Development, Political Development

International or ideological objectives in foreign policy may be defined as those objectives which seek to transform international society, thus operating at a higher level than those which only promote the national interest. Of the various international objectives only those concerned with the transformation of the underdeveloped world will be considered here, looking in particular at those objectives concerned with the promotion of political and economic development in the LDCs.46

The ideological nature of US development objectives lies in the perception of the development process within a framework of liberal-democracy and capitalism. The underdeveloped areas are expected to follow the US capitalist path of development, and the United States expected to play a key role in effecting this transformation.
With regard to Latin America and the Caribbean, the US Government evidenced great interest in promoting national development in the hemisphere, claiming that "development is the key to our foreign policy in Latin America". This concern has been due partly to the perceived "special relationship" between Latin America and the United States, and has partly arisen out of the United States' desire to provide a hemispheric "showcase" for democratic and economic development, visible to the rest of the developing world. As President Kennedy argued, the task of the Americas was

to demonstrate ... that man's unsatisfied aspiration for economic progress and social justice can best be achieved by free men working within a framework of democratic institutions.

1. Economic Development Objectives

During the period 1960-1976, economic development was conceived by both the US Government and academics primarily in terms of economic growth.

The primary need for developing countries was to achieve "self-sustaining growth" - that is, when domestic capital resources could provide the necessary impetus for economic change and transformation. According to Rostow, the economic and social preconditions necessary for such growth were:

(i) a rise in the rate of productive investment from 5 per cent or less to over 10 per cent of the national income,

(ii) the development of one or more manufacturing sectors with a high rate of growth, and

(iii) the existence of a political, social and institutional framework conducive to the transmission of "expansionary" impulses throughout the economy, including the capacity to mobilize
The "take-off" thus involved an increase in the rate of investment so that output per capita rises, accompanied by radical changes in production techniques and income distribution which perpetuate new investment and per capita output - that is, growth becomes automatic. Thus, whilst the importance of balanced economic transformation and structural change is noted, the primary emphasis is placed upon economic growth, measured in terms of the GNP. In effect, therefore, the model presupposes that growth and development are synonymous.

How does this theory of economic growth translate into US policy objectives? First, given the need for an increase in the rate of investment, the most important objective was to increase the accumulation of capital. The whole basis of US development assistance was that the necessary capital resources needed to spark off self-sustaining growth could be provided from external sources, although operating in conjunction with domestic capital. As one US official noted:

A basic objective in US aid continues to be to assist LDCs to achieve economic viability - to help them reach the stage where they can grow at an acceptable rate and make progress in dealing with their development programs. Most of the countries to which the United States now gives concessional assistance will at some point be able to take over and continue the process of economic development with their own resources and drawing on foreign non-concessional capital.

The process of capital accumulation involved the expansion of external and domestic resources through a variety of channels, including (i) private investment - through the mobilisation of domestic savings and at the attraction of foreign private capital, (ii) public investment - through the expansion of host country fiscal resources and the provision of foreign public capital from bilateral (US) sources and from the multilateral financial institutions, and (iii) export earnings - through
increased access to foreign markets and preferential trade agreements.

Second, in attempting to achieve self-sustaining growth, the main emphasis was placed on industrialization as the key modernizing sector in the economy. A strong manufacturing sector would help transform the economy away from its agricultural base and traditional skills, and would provide for greater foreign exchange reserves through the substitution of locally produced goods for imported ones, and through the expansion of manufactured exports. The basic model for such industrial development was Puerto Rico's "Operation Bootstrap", which had led that country to experience a high rate of economic growth and prosperity during the 1950s. The United States thus sought to encourage similar "industrialization by invitation" in Latin America and the Caribbean.

In addition to the establishment of a strong manufacturing sector, US economic development objectives envisaged the balanced growth of the other economic sectors. This involved the general diversification of the economy away from dependence on one agricultural export and the growth of mining, tourism and service industries; the transition from subsistence to market agriculture; the expansion of agricultural production for domestic consumption, and the gradual decline in importance of agricultural exports in comparison to manufactured goods.

Such objectives required the infusion of capital into the productive sectors, in order to stimulate increased production and more efficient techniques; the provision of technical assistance and training to increase the level of skills; and the provision of the infrastructure needed for industrial and agricultural development - roads, railways, power, etc. In addition, the growth of strong manufacturing and agricultural sectors involved support for regional integration movements - seen as "a genuine step towards larger markets and greater competitive opportunity". Regional integration markets were felt to be especially important for the
smaller Latin American and Caribbean countries who could not expect to absorb increased production through import substitution alone.

Third, although the primary emphasis of the model is on the growth of the productive sectors, US development objectives also included social sector development - that is, the provision of better housing, water and sanitation, education and health care facilities, resulting in an increase in the standard of living for all the people. It should be noted that social sector development was viewed as additional to, not part of economic growth:

> Social progress is not a substitute for economic development. It is an effort to create a social framework within which all the people of the nation can share in the benefits of prosperity, and participate in the process of growth.\(^5\)

Fourth, Rostow's model envisaged the development of a national integrated economy - involving the establishment of national markets, national sources of capital and other national economic institutions necessary for an expansionist economy. However, at the same time, an important aspect of US economic development objectives was to limit state involvement in the economy, to allow market forces to dominate. The emphasis was thus on the government playing a limited role in the economic development process, acting as a catalyst in stimulating the private sector through the provision of seed capital, technical assistance and infrastructure.

Overall, the ultimate US objective in terms of LDC economic development is to assist those countries in expanding their economies, measured in terms of the GNP. Whilst this growth is measured primarily in per capita terms, the model does not provide for the planned redistribution of resources or income amongst all the social classes. Rather, the emphasis is upon the "trickle down" process - that is, the benefits of economic growth would gradually be shared by all groups in the developing countries,
but initially only those in the productive sectors, especially the manufacturing elite, would benefit.

Similarly, the US model perceived economic growth as the natural solution to the problem of unemployment - indeed, it was argued that we can best alleviate the serious problem of unemployment by concentrating our effort, those of the countries which we are assisting to achieve high rates of economic growth. An economy that is experiencing accelerated growth is the one best equipped to provide additional employment opportunities which are the natural outgrowth of the dislocations found in any development process.54

2. Political Development

During the 1960s and 1970s, political development was conceived in both US academic and government circles primarily as the process of political modernization and the establishment of political democracy.55 Although analyzed differently by different writers, political modernization was generally agreed to involve the following syndrome:

(i) national integration - the establishment of national unity and identity; greater popular identification with, and loyalty to, the national political system;

(ii) governmental authority - the expansion and centralisation of governmental power and authority; increasing the government's capacity to formulate and implement policies; the differentiation of political structures and functions; and

(iii) political participation - the extension of egalitarian principles and mass mobilization in the political system.

Such a process of political modernization was invariably linked to political democracy: political development in its "highest" and "truest" forms was equated with liberal-democratic government. Certainly, US Government officials specifically linked "political development" with
the "evolution towards stable, democratic political institutions". The primary political development objective of the US Government was "government of, by and for the people - that is, a political system with the widest popular participation and benefit".

More specifically, the promotion of political development involved US Government activity at all levels of the modernization syndrome. First, with regard to national integration, US policy objectives were concerned primarily with assisting the creation of national political sovereignty and authority, including the attainment of national independence and freedom from external political constraints. In particular this involved US support for independence movements in the less developed areas, and opposition to colonial forms of government - i.e. national independence was viewed purely in political terms as the transition from colony to independent state. In addition, it involved recognition of the authority of all "legitimate" forms of government, and acceptance of the principle of "non-intervention" in the domestic affairs of other nations.

Second, with regard to the development of governmental power and authority, two different policy objectives were pursued. In line with the differentiation and specialisation of functions and structures within the political system, the US government sought "to promote the growth of democratic institutions" in Latin America - notably legislatures, bureaucracies, independent judiciaries, etc. The basic objective was to help establish democratic representative government which derived its authority from the people. As such, political development also involved the separation of civilian and military power and the creation of a professionalised apolitical military subordinate to civilian rule. Military government, like authoritarian dictatorship, was seen as detrimental to political development. In policy terms, this involved
giving positive support for democratic regimes through the provision of military and economic assistance and establishing close friendly relations. Conversely, it involved withholding such assistance and even diplomatic recognition from non-democratic governments, especially military regimes.

In addition, the development of governmental authority was seen in terms of increasing the capacity of government for effective administration - through supporting effective political leadership, assisting in the training of administrators and encouraging meritocratic recruitment in bureaucracies. Whilst to a certain extent this was seen to involve increasing the scope and scale of government, especially in the sense of providing more government for more of the people, at the same time, the US model of political development was based on the notion of limited government. The emphasis was on creating institutions and procedures which distributed power and limited authority, rather than accumulating it.

Third, the expansion of political participation was seen as the most crucial aspect of political development. Political participation covered more than the political right to vote in elections. It includes, for example, the right of a people to speak to a bureaucracy that is responsive, and the ability to form voluntary organisations to pursue group interests.59

In policy terms, therefore, this involved ensuring that the liberal rights of freedom of association, information, choice between opposing policies and organizations etc. were upheld through supporting human rights movements and constitutions which encompass civil liberties. In addition it involved the promotion of "grass roots" democratic organizations, trades unions, and, above all, political parties. Indeed, the development of mass political parties was seen as the main institutional
difference between traditional and modern polities, as the key to political development:

The need is to develop more stable political parties which are based not on personality cults but upon enduring principles of public service and conduct. Among the central political tasks of the Alliance for Progress is the unification of popular support behind groups who can represent the aspirations and the will of the majority, thereby avoiding the loss of free expression and free institutions...."60

It should be noted that in encouraging the development of political parties, the US Government was explicitly concerned with the creation of two party systems, since these could best provide representative government based on the wishes of the majority of the people.

Overall, therefore, the promotion of political development as a US policy objective essentially involved the promotion of liberal-democratic government - the two were virtually synonymous. It is worth noting here that democratic government has always been a cardinal principle of the inter-American system - the OAS Charter states that

the true significance of American solidarity and good neighbourliness can only mean the consolidation in this continent, with a framework of democratic institutions, of a system of individual liberty and social justice based upon respect for the essential rights of man.61

As such, the promotion of political development in Latin America has been of especial significance in US policy objectives.

Conclusion

Given the above distinction between national interest and development objectives, what conclusion can be drawn as to their overall compatibility? First, to the extent that political development was thought to be dependent upon economic and social progress, both development objectives were not only compatible but essential to each other's success. The aim of US
policy from a development perspective was to provide "a historic demonstration ... that economic growth and political democracy can go hand in hand".62

This interrelationship should not be taken too far, however. During the 1960s it was persuasively argued that political development could be distinguished from economic development - the two were not necessarily synonymous.63 Further, it was argued that representative democracy did not necessarily provide the best conditions for economic development - a modernizing military government could be much more effective in stimulating economic growth, than inefficient civilian government.64 Where the highest priority was attached to economic development, therefore, this might conflict with support for political democracy.

With regard to the relationship between national interest and development objectives, US policy assumed an essential compatibility of interest. Thus, the development of viable capitalist economies would be best suited to the expansion of US trade and investment, whilst representative democratic institutions could best provide stable government in the hemisphere. As such, "US interests in the Caribbean would be best served by the emergence there of progressive, prosperous and stable nations" by the successful achievement of Caribbean national development.65

In the following three chapters, the relationship between US objectives will be more fully explored, through an examination of the security, economic and political policies pursued by the US Government during the years 1960-1976. In each policy area, the relative emphasis placed on each objective will be noted, and an attempt will be made to assess how far the various policies pursued contributed to Caribbean national development.
Footnotes to Chapter 2


3. Thus Lowenthal and Smith examine only three perspectives, taking the radical and dependency theories together; whilst Dominguez describes eight different "perspectives" on inter-American relations.


7. See the same sources as for the radical-Marxist perspective, especially S Bodenheimer, "Dependency and Imperialism: The Roots of Latin American Underdevelopment" in Readings in US Imperialism, ed. KT Fann and DC...


9. See HJ Morgenthau, "Another 'Great Debate': the National Interest of the United States", in Perspectives on World Politics (1981), op.cit.


18. Ibid., p. 46.


31. For a critique of the rational policy model see especially MH Halperin and A Kanter in Readings in American Foreign Policy (1973), op.cit.; and GT Allison, Essence of Decision (1971), op.cit.

32. MP Sullivan, International Relations (1976), op.cit., p. 73.

33. Ibid.


35. S Kirby in Knowledge and Belief in Politics (1973), op.cit., p. 228.


42. LI Kamynin, "US Foreign Policy Today" International Affairs, 43, No. 2 (1967), p. 67.


46. For a general analysis of these development objectives, see RA Packenham, Liberal America and the Third World: Political Development Ideas in Foreign Aid and Social Science, Princeton, New Jersey (1973).


50. Ibid.


53. Ibid., 14 March 1961, pp. 177-8.


56. L Gordon, Assistant Secretary of State for Inter American Affairs, before HCFA, FAA of 1967 Hearings, op.cit., p. 571.


63. SP Huntington argues that not only is political institutionalization separate from economic development, but that economic development may produce political instability not political development. Political Order in Changing Societies (1968), op.cit., pp. 5-7, 12. This argument will be more fully developed in later chapters, since the underlying philosophy of US policy was undoubtedly that economic and political development go together. See RA Packenham, Liberal America and the Third World (1973), op.cit., p. 125.

64. See especially JJ Johnson, The Military and Society in Latin America, Stanford, California (1964); M Janowitz, The Military in the Political Development of New Nations, Chicago (1964). Again since this argument developed as a challenge to the traditional liberal image of a politicized military as a reactionary force, it will be more fully developed in later chapters. RA Packenham, Liberal America and the Third World (1973), op.cit., p. 228.

CHAPTER 3  US SECURITY POLICY 1960-1976

Introduction

The United States has a long history of military involvement in Latin America and the Caribbean. Since the pronouncement of the Monroe Doctrine in 1823, the United States has sought to maintain hemispheric security by preventing foreign intervention in the hemisphere. In the early twentieth century, this involved excluding the European powers through a variety of techniques: war with Spain in 1898; armed intervention in Cuba (1899-1902 and 1917 to 1923), Panama (1903), Nicaragua (1912-25 and 1926-33), Haiti (1915-1934), and the Dominican Republic (1916-1924); the acquisition of military base rights in Cuba and control of the Panama Canal Zone, and later, during the Second World War, the acquisition of military bases in the West Indies.

In the early post-war period US security policy shifted to the prevention of external Communist aggression in the hemisphere. The United States expanded its military bases and installations in the Canal Zone and the Caribbean islands; established multilateral inter-American defences structures (the Rio Treaty of 1947 and the Inter-American Defense Board) to provide "collective security"; and established bilateral Mutual Security Treaties with seventeen Latin American nations, to assist in the training and equipping of the hemisphere's armed forces.

In the late 1950s, US security policy underwent a significant alteration as the emphasis changed away from defence of the hemisphere against external aggression and towards security against internal subversion. Whilst the United States continued to support collective hemispheric defence against submarine warfare, its main concern was with the prevention of guerrilla insurgency attacks on Latin American governments, through
military intervention (Cuba 1961, the Dominican Republic 1965), the restructuring of multilateral defence organizations towards internal security and the provision of military and police assistance for counter-insurgency and civic action purposes.

This chapter outlines the major trends in US security policy towards Latin America and the Caribbean during the period 1960-1976. It examines the change in emphasis in US policy as regards hemispheric defence and internal security during the early 1960s, and the development of that policy in the 1970s.

1960-1968 Section

General Objectives

Before analyzing the specific policies pursued by the US Government during the 1960-68 period, it is first proposed to briefly examine the relative emphasis placed on US national interest and development objectives in the military security sector. First, it can be argued that the dominant concern of the United States was to prevent Communist aggression and influence in the hemisphere. Throughout the period 1960-76, this objective was inextricably bound to Cuba, to the existence of a socialist state aligned with the Soviet Union in the Western Hemisphere. The overriding objective in US security policy was to prevent the Soviet Union from using Cuba as an offensive base from which to attack the United States, and to prevent the establishment of "a second Cuba" by armed intervention or subversion.

A second objective underlying US security policy was the need to maintain a political influence over the Latin American security forces. This objective was based on the recognition of the Latin American military as one of the most powerful institutions in the hemisphere's political system; its military officers were "the coming leaders of their nations."
It is beyond price to the United States to make friends with such men".2

The third national interest, that of promoting the US economy, involved supporting the military industrial complex and US equipment transfers to Latin America. During the period 1960-68, this was a low priority in US security policy - indeed, both the White House and Congress sought to limit arms acquisitions in the hemisphere.

With regard to the development objectives pursued within the security programme, it was argued that US policy was compatible with the democratic development of Latin America since

the whole thrust of US military assistance is in the direction of helping Latin American countries to establish apolitical military forces responsive to civilian control and willing to take a constructive part in the development of representative constitutional democracy.3

Second, US security policy contributed to the overall economic development strategy - by providing resources for military expenditure and thus helping to reduce the domestic expenditure on defence, and increasing the military's participation in solving economic development problems through civic action projects.

Overall, US national interest and development objectives were expected to result in a coherent policy towards Latin America. In particular it was assumed that the objective of preventing Communist expansion was compatible with, and even essential to, the development process. As one DOD official explained:

A long-range objective of the military assistance programme is to promote sound economic, political and social institutions through democratic processes. Unless the environment in these countries is reasonably stable, free from destructive Communist subversive activity, economic development and constructive social reforms cannot be expected to occur. The employment of Latin American armed forces to enhance this stability is required if the long-range goals of the Alliance for Progress are to be achieved.4
It was thus assumed that there was a very close relationship between modernization and stability, and between democracy and internal security. Similarly it was argued that by maintaining a political influence over Latin America security forces, the US was able to influence those forces to promote economic development and to be responsive to civilian control.

In attempting to achieve these objectives, the United States pursued two separate policies - namely hemispheric defence and internal security.

Hemispheric Defence Policies

The period 1960-68 saw a gradual decline in the importance placed on the defence of the hemisphere against external aggression within US security policy. The Soviet Union's development of a nuclear warfare capability in the late 1950s meant that the common defence programme had largely lost its significance - the Western Hemisphere could no longer be defended against foreign intervention by the maintenance of US military bases in the Canal Zone and the Caribbean islands, by the Rio Pact or by combined military action with the Latin American forces. Accordingly, in the early 1960s, the United States released a number of inactive military bases which it held in the Caribbean - including 80 per cent of the bases acquired in the West Indies under the 1941 leased-bases agreement. Similarly, although the US continued to station troops in the Canal Zone, it was recognized that "the Canal defenses are embodied in the deterrent effect of total US military capability". Furthermore, although the Rio Treaty was expanded to include Barbados and Trinidad, thus extending the inter-American security system to the Commonwealth Caribbean, it was recognized that its original purpose of providing collective security against aggression was of only secondary importance, and that it was primarily an instrument for the settlement of inter-American disputes.
US policy still revolved around hemispheric defence in two areas: in the development of an anti-submarine warfare capability, and against the establishment of a foreign military presence in the hemisphere.

(i) Anti-submarine warfare policy

The major aspect of US hemispheric defence policy during this period was the development of an anti-submarine warfare (ASW) capability in Latin America to combat the Soviet Union's growing naval power. The United States continued to expand its own naval activities in the hemisphere. The US Second Fleet stationed in the Caribbean, maintained an active role in the defence of the Caribbean sea lanes during the 1960s. More important, the United States continued to operate an undersea surveillance system (SOSUS), designed to both detect and deter the activity of Soviet submarines in the Caribbean. This involved maintaining a number of US bases on Caribbean islands - including the Atlantic Undersea Test and Evaluation Centre (AUTEC) in the Bahamas, the Long Range Navigation (LORAN) station on Caicos, and submarine and naval bases in the Virgin Islands, Bermuda, Puerto Rico, Panama, Trinidad and Cuba.

In addition, the United States sought to expand multilateral ASW activities in the hemisphere. In the early 1960s the US Navy began to work closely with the Latin American forces in this field; between 1959-62, the CINCLANT Fleet sent two separate task forces composed of US destroyers, submarines and patrol craft to conduct combined anti-submarine warfare exercises with South American air and naval forces. These exercises provided the basis for the annual combined naval exercises, known as UNITAS, which took place throughout the 1960s.

On a bilateral level, the US Government also sought to expand
the ASW capabilities of individual countries through providing the necessary equipment, often on a loan basis. By August 1962, the United States had already loaned 12 destroyers and 8 submarines to South American countries. Much of the grant assistance programme also went on naval equipment, especially on electronic submarine detection equipment and on combat ships.11

It is important to note that practically all the multilateral and bilateral assistance in this field went to the larger South American countries. The primary responsibility for Caribbean defence against submarine attack remained with the United States, largely because of the limited naval capabilities of the smaller Caribbean countries.

(ii) Soviet military presence

With regard to the prevention of a Soviet military base being established in the hemisphere, US policy revolved around Cuba. In many ways it can be argued that in March 1960 this policy became obsolete with the arrival of Soviet armaments and military advisors in Cuba.12 Certainly, the failure of the United States to bring about the collapse of the Castro regime in the abortive Bay of Pigs intervention of April 1961 meant that the United States perforce had to accept a Cuba backed by Soviet military might. However, US policy makers made a distinction between Cuba's right as a sovereign nation to acquire arms for self-defence, and the build-up of arms in Cuba for offensive purposes against the United States.

This distinction became apparent during the Missile Crisis in 1962.13 When the Soviet Union began its arms build-up in Cuba in 1962 with largely defensive weapons systems - anti aircraft missiles, ship-to-ship missiles and patrol boats - the US position
was initially one of limited tolerance. But, as Kennedy warned,

There is no evidence of any organized combat force in Cuba from any Soviet bloc country; of military bases provided to Russia; of a violation of the 1934 treaty relating to Guantanamo; of the presence of offensive ground-to-ground missiles; or of other significant offensive capability either in Cuban hands or under Soviet direction and guidance. Were it to be otherwise, the gravest issues would arise.

Following the discovery of land-based missiles in Cuba in October 1962, therefore, the United States took action "to protect its own security and that of its allies". On 22 October 1962, Kennedy announced that the United States would impose a "naval quarantine" on Soviet ships carrying weapons to Cuba, unless or until the missiles were withdrawn. In the negotiations which ensued, the Soviet Union agreed to the removal of the offensive weapons from Cuba, under UN observation, in return for US assurances against an invasion of Cuba. It should be noted that this agreement was never explicitly articulated, because Cuba would not accept verification of the missile removal, whilst the United States never made a formal non-intervention pledge. The implicit agreement was, however, that the US opposed the establishment of any type of Soviet military base in Cuba.

In addition to these unilateral actions, the United States actively encouraged OAS participation during the missile crisis. The Organization not only condemned Soviet activity in the hemisphere, but also supported the creation of a "Combined Quarantine Force" with several Latin American countries participating in the naval blockade. It should be noted, however, that the United States was always prepared to act on its own: in effect, the US utilized these multilateral actions "to legitimize its national measures" against the Soviet threat.
The missile crisis was the peak of US-Soviet tension in the Caribbean, and from 1963 onwards, the threat to the United States from the Soviet military presence in Cuba appeared to diminish. As a result, it can be argued that during the 1960-68 period the United States successfully contained the Soviet military presence in the hemisphere and ensured that Cuba would not be used as an offensive base endangering US security.

**Internal Security Policy**

During the period 1960-68, the major emphasis in US security policy was on the protection of Latin America against internal subversion, involving "the maintenance of internal law and order against Communist inspired violence ... terrorism, sabotage and possibly guerrilla operations ....".21 This redefinition of the basic security problem in Latin America was a direct response to the Cuban experience. In particular, Castro's successful utilization of guerrilla warfare as a strategy against the traditional Cuban armed forces appeared to indicate that Latin America was a suitable theatre of operations for insurgency tactics.22

Furthermore, the attempted invasions of the Dominican Republic, Haiti, Panama and Nicaragua between January and August 1959 appeared to indicate that the Cuban revolution could be exported to other Latin American countries.23 Certainly, throughout the 1960s, Cuban provided active support for insurgency operations, training over 5000 people from the hemisphere in "revolutionary ideology, terrorism and guerrilla warfare", and supporting "national liberation movements" in Venezuela and Bolivia.24

In attempting to counter this internal subversion and the possible exportation of the Cuban revolution to other countries, the US Government
introduced a number of changes into its security policy. First, on a unilateral level, the US military presence in Latin America was expanded significantly. In June 1963, the Caribbean Command, located in the Canal Zone, was replaced by the US Southern Command (SOUTHCOM), which maintained a military force of up to 14,000 personnel. In addition to the traditional function of defending the Panama Canal, SOUTHCOM's mission included "the conduct of military operations" in the land area of Central and South America, and the preparation of "contingency plans" for "crisis situations in countries of Latin America which might require a military response from the United States".25

US tactical units within the Canal Zone were also reorganized to cope with the new insurgency threat. The US Army Special Forces Group was established specifically to combat guerrilla warfare, and its primary operational area was Latin America. Other army units were reorganized to eliminate tanks, reduce heavy artillery and strengthen the infantry. The US Air Force in the Caribbean was assigned a detachment of the 1st Air Commando Group specially trained in counter-guerrilla tactics, and both the Navy and Air Force were re-equipped to increase the manoeuvrability of small scale units to "trouble spots".26

This reorganization of US forces in Latin America facilitated a much quicker and more flexible unilateral response to possible security threats. Thus the Eisenhower Administration sent warships to guard and patrol the coasts of Nicaragua and Guatemala from possible Cuban attack in November 1960.27 Similarly, US ships patrolled the coasts of the Dominican Republic and Venezuela under the Kennedy Administration.

More important, the United States attempted to apply the new counter-insurgency techniques against first Cuba and then the Dominican Republic. The US intervention in the Bay of Pigs in April 1961 was essentially an attempt to overthrow the Castro regime by training and arming Cuban
exiles and providing limited military support for a guerrilla-type offensive.

In the Dominican Republic, the United States took direct military action in April 1965 to prevent the collapse of the traditional military forces and the threat of a possible Communist takeover. The US military intervention began with the landing of 400 Marines and ended with the occupation of over 20,000 troops, nearly as many as in Vietnam at the time.

The most significant feature of US unilateral military activities in this period was that they all occurred within the Caribbean, reflecting the general distinction of the region as being especially vulnerable to Communist subversion as well as a suitable theatre of operation for US forces.

A variety of multilateral military arrangements were also utilized to counter the threat of internal subversion. An Inter-American Security Committee was created to monitor Cuban subversive activities. Its report led the OAS in April 1963 to request all the governments of Latin America to adopt rigid passport restrictions on travel to Cuba and to exercise greater surveillance on the flow of arms and propaganda from Cuba. The Inter-American Defense Board was "revitalized", and played an important role in further isolating Cuba; it provided military experts to uncover Cuban weapons in Venezuela, as a result of which sanctions were taken against the Castro regime, excluding it from the Rio Treaty.

The United States was also involved in the creation of a subregional defence organization, the Central American Defense Council, which was concerned with planning and organizing joint military operations against insurgents. After 1961, a series of combined anti-guerrilla warfare exercises was organized by the United States, such as the surveillance/
intercept exercise, Halcon Vista, involving four Central American nations and the US. Finally, the United States sponsored the creation of an Inter-American Peace Force, which included contingents from five Latin American countries to "multilateralise" her operations in the Dominican crisis.

Whilst the importance of these multilateral efforts should not be totally discounted, especially in terms of isolating Cuba, it should be noted that in many cases they largely provided "umbrella" support for US unilateral actions. The United States was always prepared to defend Central America against possible Cuban attack, whilst the Peace Force was largely a cover for the American military presence, which undoubtedly dominated operations.

Finally, and most important of all, US policy involved support for the hemisphere's security force. As McNamara stated,

the primary objective in Latin America is to aid, where necessary, in the continued development of indigenous military and paramilitary forces, capable of providing in conjunction with police and other security forces the needed domestic security.

In perceiving the Latin American armed forces as the main instruments for attacking communist insurgency in their own countries, US officials were influenced by both the Guatemala affair of 1954 - when the military had played a decisive role in the collapse of the Arbenz government - and by the Cuban revolution - when the collapse of Batista's military had led to Castro's success. In both cases, the strength of the military appeared to be inversely related to the success of insurgency.

The United States thus sought to assist the Latin American forces to combat internal subversion. Under the Military Assistance Programme (MAP), the United States provided equipment, training and advice in counter-insurgency and civic action to the Latin American militaries.
Similarly, the Public Safety Programme (PSP) provided equipment and training to the hemisphere's police forces. These two programmes were the most important aspects of US security policy in the 1960s, and thus their effect on hemispheric development will be examined in detail in the following sections.

**Military Assistance Programme**

The early 1960s saw a general expansion in military assistance funding to Latin America, from a total of $444 million for the period 1953-61 to $776 million for the period 1962-68. US assistance to the Caribbean likewise increased from $15 million to $57 million for the same two periods. Thus, although the MAP programme for the Caribbean nearly quadrupled, it still remained a very small proportion of total military aid to the hemisphere - only 7.4 per cent. All military assistance to the Caribbean during the 1960s was in grant form, as was three-quarters of aid to Latin America. The most important source of funds for the Caribbean was the MAP grant material programme which accounted for some $54 million out of the $57 million total. It is worth noting that the Caribbean's share of the grant material programme increased considerably from an average of 10.7 per cent between 1962-65, to 23.6 per cent in 1968.

Within the Caribbean the MAP programme concentrated on the Spanish group of countries - especially the Dominican Republic, Guatemala and Nicaragua. These three countries accounted for nearly three-quarters of MAP aid to the region. The period 1962-68 saw the establishment of a small programme in Jamaica, reflecting the increased concern of the United States with security in the Commonwealth Caribbean. Some military assistance was also provided to Haiti until 1963, when the mission was withdrawn. (See Table 1)
Table 1  Military Assistance Programmes, 1962-68

<table>
<thead>
<tr>
<th>Country</th>
<th>MAP Grants</th>
<th>Other Grants</th>
<th>FDA</th>
<th>Total MAP Grants</th>
<th>FMS and Loans</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Costa Rica</td>
<td>1.6</td>
<td>-</td>
<td>*</td>
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<tr>
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<td>0.4</td>
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<td>-</td>
<td>*</td>
<td>1.1</td>
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<td>*</td>
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<td>-</td>
<td>*</td>
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Throughout the 1960s US officials consistently emphasized the benefits of the MAP programme to hemispheric development. Thus it was argued that the MAP contributed to Latin American economic development through providing additional financial resources which helped to limit defence expenditures. Indeed, it was claimed that the low level of expenditure on defence by the Latin American governments, in terms of both total GNP and central government spending, was a direct result of the MAP programme.\(^{33}\) Certainly, US military assistance made an important contribution to hemispheric defence revenues, especially in the Caribbean region. Between 1962-68, the US MAP programme accounted for 5.9 per cent of Latin American defence expenditures and 9.7 per cent of Caribbean military spending. The importance of the MAP varied considerably from 45 per cent in Panama, to only 1.3 per cent in Haiti. At the peak of the programme in FY 1966, the MAP accounted for one-sixth of Honduran defence outlays, whilst US MAP funds actually equalled domestic expenditures in Panama. (See Table 2)

The significance of these statistics lies in the evidence that domestic defence expenditures were mainly devoted to personnel and maintenance costs whilst the MAP provided for much of the training and equipment costs. The MAP therefore "probably influenced at least some Latin American nations to maintain military establishments larger than they would have maintained in the absence of this assistance".\(^{34}\) To the extent that the maintenance of large military establishments detracts from overall expenditure on development projects, therefore, US military assistance can be said to have had a negative impact on Caribbean economic development.

With regard to the political impact of the MAP, US officials consistently argued that there was no relationship between military assistance and military rule, an argument which has been supported by
<table>
<thead>
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</tr>
<tr>
<td>Panama</td>
<td>6.0</td>
<td>2.7</td>
<td>45.0</td>
<td>0.6</td>
<td>0.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Caribbean Total</td>
<td>594.0</td>
<td>57.4</td>
<td>9.7</td>
<td>85.3</td>
<td>9.0</td>
<td>10.5</td>
</tr>
<tr>
<td>Latin America Total</td>
<td>13,194.0</td>
<td>776.3</td>
<td>5.9</td>
<td>2,175.0</td>
<td>126.2</td>
<td>5.8</td>
</tr>
</tbody>
</table>

several scholarly studies. Thus, Charles Wolf found a weak correlation between those countries receiving more US aid and higher levels of "democraticness" in his study of Latin American countries between 1950-60. Similarly, Philippe Schmitter also reported insignificant correlations between both total and per capita US military aid and measures of military rule for the periods 1945-61 and 1962-70. Both studies concluded that military rule in Latin America could not be attributed to US military aid, and even argued that "these factors do not appear to play a significant role in the process at all".

The major problem with these studies is, however, that they assume a direct relationship between military assistance and rule - i.e. "that a country which has a $4 million assistance programme should have proportionately more military intervention in politics than a country with a $2 million program". A more accurate assessment of the economic and political impact of the MAP can be made if we examine not just the amount of assistance provided, but the type of military aid, in terms of the equipment transferred, and the training and advice given in the areas of civic action and counter-insurgency.

(i) Military equipment and arms sales

During the 1960s there was a major attempt on the part of several US Government agencies, especially the White House, DOS and Congress, to limit the type and amount of equipment provided under the MAP and Foreign Military Sales (FMS) programmes. Congress placed a variety of restrictions on foreign assistance legislation in an attempt to limit the amount of funds spent on armaments. In the early 1960s, emphasis was placed on limiting grant material transfers to Latin America, through the $55 million ceiling placed on the MAP programme in FY 1961. However, the mid-1960s saw a rapid expansion in credit assistance under the FMS programme, from
an average of $15.2 million between 1962-65, to $37 million in FY 1966. Congress therefore attempted to limit arms credit by authorizing the DOD to guarantee commercial sales only to 25 percent of the total cost in the 1965 Foreign Assistance Act. When the Department attempted to increase credit assistance to $56 million in FY 1967, Congress imposed an $85 million ceiling on all military assistance and sales, of which only $75 million could be spent on FMS. As a result, FMS credits were limited to $175 million between 1962-68, less than a quarter of total grant assistance. It is worth noting that no FMS credits were provided to Caribbean countries who received US equipment only under the excess defence articles and MAP grant material programmes. (See Table 1.)

At the same time, the US Government sought to limit the type of equipment being provided to Latin America. In the early 1960s, heavy equipment, such as fighter aircraft, tanks, artillery and combat ships, began to be transferred less frequently and the emphasis placed on lightweight, mobile equipment such as jeeps, helicopters and carbines. Thus, out of $435 million in grant aid to Latin America between 1962-67, only $14.2 million was spent on sophisticated hardware, mainly on combat ships (in line with the ASW policy). This change in emphasis was strongly supported by Congress both in the Clay Report of 1962 and in an amendment to the 1965 Foreign Assistance Act which prohibited purchases of sophisticated weapons with MAP funds. In addition, the Conte-Long amendment to the 1967 Appropriations Act directed the President to withhold economic assistance to the amount spent by any underdeveloped country on sophisticated weapons. In making these restrictions, the US Government was not only
attempting to reorganize the provision of equipment in line with the new internal security programme, but was also attempting to encourage "a concentration on development problems as the root cause of instability". In particular, the assumption behind the fiscal restrictions was that they "would encourage those governments to apply their resources in a different fashion ... to use their resources for health and welfare, education, housing and other needs ....". Similarly, by prohibiting sophisticated weapons transfers, it was argued that the military programme helped to prevent scarce resources being diverted away from development projects to make excessive arms purchases. As the State Department noted,

Our policy on the acquisition of sophisticated military hardware by Latin American countries was and continues to be that military expenditures by developing countries should not get in the way of development.

However, the ability of the US Government to restrict Latin American arms purchases was limited in two respects. First, it has been noted that, especially in the military sales programme, the move away from major armaments supplies was not supported by the military industrial complex, as evidenced by the DOD's attempts to expand arms sales in the mid-1960s. Indeed, even in the early 1960s, US security policy was marked by "constant efforts on the part of or with the willing collaboration of US military personnel to expand major arms procurement". Thus, sales of the C-130 to South America were justified under the internal security rubric, but "the real reason was to keep the production line going in Georgia". As a result, many of the equipment transfers which occurred during the 1960s appeared to benefit the US economy at the expense of Latin American development.
Secondly, as US officials admitted in the 1970s,

Experience has shown that refusal or inability on our part to provide credit does not prevent military purchases but, instead results in acquisitions from third countries of equipment sometimes more advanced and more costly than that originally sought from the United States.48

Certainly, for the period 1964-73, although the United States was the major supplier of arms to Latin America (providing some $983 million), nearly 60 per cent of the hemisphere's purchases came from other countries, especially France and the Soviet Union. However, it should be noted that the United States continued to dominate arms acquisitions in the Caribbean region, supplying $96 million or 81 per cent of total transfers (if Cuba is excluded). As such, it would appear that the United States was able to exercise a limiting influence on arms acquisitions in the Caribbean.49 (See Table 3)

Table 3 World Arms Trade, 1964-1973 (US$ m)

<table>
<thead>
<tr>
<th>Country</th>
<th>Total</th>
<th>US</th>
<th>USSR</th>
<th>UK</th>
<th>Other</th>
<th>% US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Cuba</td>
<td>311</td>
<td>-</td>
<td>309</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Dominican Rep.</td>
<td>24</td>
<td>-</td>
<td>24</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>El Salvador</td>
<td>15</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>60</td>
</tr>
<tr>
<td>Guatemala</td>
<td>30</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>97</td>
</tr>
<tr>
<td>Guyana</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Haiti</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Honduras</td>
<td>14</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>57</td>
</tr>
<tr>
<td>Jamaica</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>15</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>93</td>
</tr>
<tr>
<td>Panama</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>2</td>
<td>61</td>
</tr>
<tr>
<td>Trinidad &amp; Tobago</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Caribbean Total</td>
<td>429</td>
<td>96</td>
<td>309</td>
<td>5</td>
<td>19</td>
<td>22</td>
</tr>
<tr>
<td>(excluding Cuba)</td>
<td>118</td>
<td>96</td>
<td>-</td>
<td>5</td>
<td>17</td>
<td>81</td>
</tr>
<tr>
<td>Latin American</td>
<td></td>
<td>2,323</td>
<td>983</td>
<td>309</td>
<td>186</td>
<td>845</td>
</tr>
</tbody>
</table>

(ii) Civic action

The early 1960s saw increased attention being focused on civic action within the military assistance programme - defined as "the use of military forces in less developed countries in the construction of public works and other activities helpful to economic development". With US assistance, civic action projects were initiated in seventeen Latin American countries between 1962-68 at a cost of some $54 million by the Defence Department alone. All seven Spanish Caribbean countries received civic action assistance, with the largest programmes in the Dominican Republic, Guatemala and El Salvador, but none was provided to Haiti or the Commonwealth Caribbean.

The programme was joint funded by AID and the MAP, AID providing the "consumable items" such as construction materials and medical supplies, whilst MAP provided equipment and most of the advisors. At its peak in FY 1963, a total of $21.7 million was provided for civic action purposes in Latin America, with two-thirds, or $14.1 million coming from MAP. The Caribbean received only a small portion of this total - $3.1 million - again mostly in MAP funds ($2.1 million).

Civic action had the dual purpose of providing Latin American militaries with a means of gaining rural support against insurgency, and increasing the political and economic utility of the military in the development process. As one Defense official summarized,
However, the importance of civic action in contributing to both the suppression of insurgency and to Caribbean economic development appears to have been limited. Whilst civic action helped to restore public order in rural areas in some countries, notably Ecuador and Colombia, it provided only a temporary deterrent to insurgency. On the development side, perhaps the most important criticism was that civic action placed too much emphasis on short-term, impact projects, designed to win over the support of the peasantry, rather than on economic and social development. As a result, civic action in Central America, and especially in Guatemala, Nicaragua and Honduras became "more a means of institutional self-preservation than an attempt to solve development problems". In general, the Latin American militaries were opposed to civic action, seeing such projects as detracting from their ability to defend their country by diverting military personnel and effort into what were essentially civilian tasks.

By 1964 these limitations to the programme had become apparent, and throughout the rest of the 1960s, civic action declined in importance within US security policy.

(iii) Military training

In line with the changing emphasis on internal security under the Kennedy Administration, the United States launched an intensive counter-insurgency training programme throughout the hemisphere in 1962. The programme concentrated on the areas of "riot control, counter-guerrilla operations and tactics, intelligence and counter-intelligence and other subjects which contribute to the maintenance of public order and the support of constitutional governments".

Three types of training were provided. First, continual advice and assistance were provided by the resident MAAGs and
military missions. It has been estimated that perhaps 70 to 80 per cent of the time of these missions was devoted to improving the quality of military education and the organizational structure of local forces.57 Second, in-country training was also provided by US Mobile Training Teams which visited most Latin American countries in the 1960s, including the five Central American countries, Panama and the Dominican Republic. Finally, the officer training schools in the Panama Canal Zone and the United States began to provide courses in counter-insurgency and anti-guerrilla warfare tactics for senior Latin American military personnel. The most important schools were the US Army and Airforce Schools of the Americas at Fort Gulick, Panama, the Jungle Warfare Training Centre at Fort Sherman, Panama, and the Inter American Defense College, established in Washington DC in October 1962.58

Between 1961 and 1968 a total of 23,979 Latin American officers and enlisted men were trained in the United States and the Canal Zone.59 Most of this training took place during the period 1964-68, when some 22,058 Latin American personnel received US education. The Caribbean region accounted for about one-third of this total - or 7,297 trainees - and the main countries involved were Panama, the Dominican Republic, Nicaragua and Guatemala. It is worth noting here that no Commonwealth Caribbean countries received training throughout the period 1960-76, although some officers visited the US on orientation tours. Both the Cuban and Haitian programmes were terminated in the early 1960s, whilst the Costa Rican programme had ended by June 1967. (See Table 4)

In assessing the importance of training to the Caribbean militaries, an interesting criterion is the ratio of trainees to the size of the military forces.60 Table 5 reveals that whereas
### Table 4  Summary of Latin American Students Receiving US Training

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Students 1950-75</th>
<th>Total 1950-63</th>
<th>Total 1964-68</th>
<th>Total 1969-76</th>
<th>Total 1963-76</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica</td>
<td>307</td>
<td>214</td>
<td>521</td>
<td>208</td>
<td>321</td>
</tr>
<tr>
<td>Cuba</td>
<td>N/A</td>
<td>N/A</td>
<td>523</td>
<td>521</td>
<td>-</td>
</tr>
<tr>
<td>Dominican Rep.</td>
<td>782</td>
<td>2,923</td>
<td>3,705</td>
<td>955</td>
<td>1,419</td>
</tr>
<tr>
<td>El Salvador</td>
<td>239</td>
<td>1,443</td>
<td>1,682</td>
<td>304</td>
<td>528</td>
</tr>
<tr>
<td>Guatemala</td>
<td>729</td>
<td>2,301</td>
<td>3,030</td>
<td>903</td>
<td>1,117</td>
</tr>
<tr>
<td>Haiti</td>
<td>475</td>
<td>92</td>
<td>567</td>
<td>504</td>
<td>-</td>
</tr>
<tr>
<td>Honduras</td>
<td>388</td>
<td>2,253</td>
<td>2,641</td>
<td>746</td>
<td>602</td>
</tr>
<tr>
<td>Jamaica</td>
<td>N/A</td>
<td>N/A</td>
<td>11</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>808</td>
<td>4,089</td>
<td>4,897</td>
<td>2,366</td>
<td>1,204</td>
</tr>
<tr>
<td>Panama</td>
<td>60</td>
<td>4,070</td>
<td>4,130</td>
<td>768</td>
<td>2,106</td>
</tr>
<tr>
<td>Caribbean Total</td>
<td>3,788</td>
<td>17,385</td>
<td>21,707</td>
<td>7,286</td>
<td>7,297</td>
</tr>
<tr>
<td></td>
<td>28,621</td>
<td>43,030</td>
<td>71,651</td>
<td>24,421</td>
<td>22,058</td>
</tr>
</tbody>
</table>

**Sources:**
## Table 5  Distribution of US Military Training Assistance

<table>
<thead>
<tr>
<th>Country</th>
<th>Size of Armed Forces 1970</th>
<th>US Trainees 1950-75</th>
<th>US Trainees per 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica</td>
<td>1,200</td>
<td>521</td>
<td>434</td>
</tr>
<tr>
<td>Cuba</td>
<td>200,000</td>
<td>523</td>
<td>26</td>
</tr>
<tr>
<td>Dominican Rep.</td>
<td>19,000</td>
<td>3,705</td>
<td>195</td>
</tr>
<tr>
<td>El Salvador</td>
<td>6,000</td>
<td>1,682</td>
<td>280</td>
</tr>
<tr>
<td>Guatemala</td>
<td>9,000</td>
<td>2,301</td>
<td>337</td>
</tr>
<tr>
<td>Honduras</td>
<td>5,000</td>
<td>2,641</td>
<td>528</td>
</tr>
<tr>
<td>Haiti</td>
<td>5,000</td>
<td>504</td>
<td>101</td>
</tr>
<tr>
<td>Jamaica</td>
<td>2,000</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>6,000</td>
<td>4,897</td>
<td>816</td>
</tr>
<tr>
<td>Panama</td>
<td>3,000</td>
<td>4,130</td>
<td>1,376</td>
</tr>
<tr>
<td><strong>Total Caribbean</strong></td>
<td><strong>256,200</strong></td>
<td><strong>21,707</strong></td>
<td><strong>85</strong></td>
</tr>
<tr>
<td><strong>Excluding Cuba</strong></td>
<td><strong>56,200</strong></td>
<td><strong>21,184</strong></td>
<td><strong>378</strong></td>
</tr>
<tr>
<td><strong>Total Latin America</strong></td>
<td><strong>957,000</strong></td>
<td><strong>71,651</strong></td>
<td><strong>75</strong></td>
</tr>
</tbody>
</table>

**Sources:**  
only 101 soldiers per 1,000 had received training from Haiti, nearly 820 out of a thousand Nicaraguan soldiers were US trainees, whilst in Panama some 4,130 personnel received training out of a force of only 3,000. Overall, nearly 40 per cent of Caribbean armed forces received US training, in comparison to only 7.5 per cent for Latin America as a whole. Whilst these correlations are imprecise, it is nevertheless possible to conclude that US training affected a far larger proportion of Caribbean military personnel than South America, and was thus of greater importance to the Caribbean.

Throughout the 1960s, US officials argued that the training programme directly contributed to the democratic development of the hemisphere through promoting a professional, apolitical military force. Thus, McNamara claimed that

Our military assistance is not contributing to a non-democratic orientation of [the Latin American military] power bloc. Quite the contrary, the experience we have indicates that the exposure of the military officers of those nations to our schools acquaints them with democratic philosophies, democratic ways of thinking, which they in turn take back to their nations.....

.... In this sense, I think we contribute very directly to the furthering of democratic processes in those nations.61

However, by the end of the 1960s, it had become apparent that US military training programmes had not predisposed Latin American forces towards democracy.62 Indeed, it was argued that the effect of US training was to instill a violent fear of communism and even of democratic left-wing government.63 Certainly, it appears that the training programmes were intended to inculcate a fear of Communism in the armed forces - many of the counter-insurgency courses included a significant proportion of anti-Communist education, often at very simplistic levels.64 Similarly, events in the
Caribbean indicate that the armed forces tended not to support the democratic forces in those countries, but rather the right-wing "anti-communist" forces. Thus, in the three military takeovers in Guatemala, the Dominican Republic and Honduras in 1962-63, counter-insurgency forces were involved in stifling the non-Communist left, "the very groups which the political advisors in Washington believed to be the best defense against Communism".65

However, the extent to which US training influenced these military interventions against democratic regimes has not been adequately analyzed. Studies of the military coups in Brasil in 1964 and Ecuador in 1963 have not produced any conclusion on the general effect of US training on military intervention, and suggest that other causal factors, such as elite recruitment and corruption, were also involved.66 Furthermore, even if a direct link could be made between the anti-communist attitudes of military personnel and their involvement in coups, given the innate conservatism of many officers and the fact that most of them "already exhibit the kinds of political attitudes generally alleged to be the product of US indoctrination", US military training may not necessarily be such an important factor.67

In terms of the impact of US training on the professionalism of Latin American armed forces, however, a more conclusive result can be recorded. It is generally accepted that US military training has improved the level of skill and capability of Latin American militaries - in terms of both their technological sophistication and organizational structure. The effect of this increase in professional capability has not been, however, to contribute to the establishment of an apolitical military, but has rather tended to increase the political activity of the armed forces given the correspondingly
inefficient management of civilian sectors. As Alfred Stepon concluded,

logical and empirical observation indicates that to the extent that military expertise is increased in the areas of counter-insurgency, nation-building and multisector development planning, the military becomes intrinsically more, rather than less, involved in politics.

Public Safety Programme

In addition to the military assistance programme, under the Kennedy Administration the United States began to train and equip Latin American police forces. The Public Safety Programme (PSP) was begun in 1961 under the control of AID's Office of Public Safety and with technical assistance from the Departments of Defense, State, Justice, Treasury and the White House. The programme concentrated on training in the areas of "police organization, administration and management; basic police operations; investigative techniques ... border control; police instruction training; and internal security subjects". It also provided small amounts of equipment needed for police reorganization - such as communications equipment, patrol cars, jeeps and anti-riot equipment.

During the 1960s, public safety assistance was provided to 23 Latin American nations, including nine Caribbean countries. This assistance helped to create civilian police forces in three countries, including the Dominican Republic and Honduras. Between 1961-68, the United States spent some $40 million on hemispheric public safety and $11.6 million in the Caribbean. The largest programmes were in the Dominican Republic and Guatemala, reflecting the concern over civil disturbances in those countries. Projects were also initiated in Guyana and Jamaica to combat the increase in internal security problems in the Commonwealth
Caribbean in the mid-1960s. (See Table 6)

Police training was provided in Panama and in Washington, mainly at the Inter American Police Academy established in July 1962. Between 1961-69, a total of 3,166 Latin American police personnel were trained in the United States, including 1,120 from the Caribbean - mainly from Panama, Guatemala and El Salvador. In-country training and advice was also provided by the 34 Public Safety Officers stationed in the Caribbean as of 30 June 1968.

The public safety programme was based on the assumption that "The police constitute the first line of defense against subversion and terrorism" and that

the police are a most sensitive point of contact between Government and people close to the focal points of unrest and more acceptable than the army as keepers of order over long periods of time. The police are frequently better trained and equipped than the military to deal with minor forms of violence, conspiracy and subversion.74

The programme was seen as promoting democratic development in Latin America in two ways: first, it helped to "insure an environment of law and order which supports the orderly social, economic and political development of emerging nations".75 Second, the use of the police in quelling disturbances would limit military involvement in civilian affairs to when "civilian protections and guarantees against riots and disturbances break down".76 In addition, it was assumed that the police were more easily controlled by civilian forces and less likely to get involved in political affairs than the military.

However, although the effects of the programme varied, it appeared to have limited benefits from a development perspective. The programme did contribute to the maintenance of law and order in Jamaica and Guyana, and enabled democratic elections to occur in Venezuela in 1963 and in the
<table>
<thead>
<tr>
<th>Country</th>
<th>Personnel trained in US 1961-69</th>
<th>PSP Expend. 1961-68 (US '000)</th>
<th>Resident PSP Advisors as of 30.6.68.</th>
<th>FY Year Program Initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Rica</td>
<td>103</td>
<td>1,020</td>
<td>4</td>
<td>1963</td>
</tr>
<tr>
<td>Dominican Rep.</td>
<td>122</td>
<td>2,681</td>
<td>15</td>
<td>1962</td>
</tr>
<tr>
<td>El Salvador</td>
<td>202</td>
<td>1,727</td>
<td>4</td>
<td>1961</td>
</tr>
<tr>
<td>Guatemala</td>
<td>243</td>
<td>2,071</td>
<td>2</td>
<td>N/A</td>
</tr>
<tr>
<td>Guyana</td>
<td>34</td>
<td>790</td>
<td>2</td>
<td>1966</td>
</tr>
<tr>
<td>Honduras</td>
<td>60</td>
<td>1,030</td>
<td>2</td>
<td>1960</td>
</tr>
<tr>
<td>Jamaica</td>
<td>34</td>
<td>363</td>
<td>2</td>
<td>1967</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>35</td>
<td>N/A</td>
<td>-</td>
<td>N/A</td>
</tr>
<tr>
<td>Panama</td>
<td>266</td>
<td>1,339</td>
<td>3</td>
<td>1959</td>
</tr>
<tr>
<td>Other</td>
<td>21</td>
<td>582</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Caribbean Total</strong></td>
<td><strong>1,120</strong></td>
<td><strong>11,603</strong></td>
<td><strong>34</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Latin American Total</strong></td>
<td><strong>3,166</strong></td>
<td><strong>39,699</strong></td>
<td><strong>90</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

Dominican Republic in 1962. But the same law and order forces collapsed utterly during the 1965 Dominican crisis. Where US training was successful in establishing pro-democratic police forces, the police were themselves routed by the military, as in Honduras during the 1963 coup. Furthermore, in most of the Spanish Caribbean countries, especially Guatemala, Nicaragua and El Salvador, the police actively opposed democratic governments during military takeovers, or became closely aligned with those groups repressing left-wing democratic movements and civil rights. As with the MAP programme, therefore, the maintenance of internal security under the police assistance programme appeared to be in direct contradiction to Caribbean democratic development.

**Conclusions**

In assessing the overall results of US military security policy in the 1960-68 period, it should first be noticed that both aspects of the policy - hemispheric defence and internal security - were relatively successful. The United States was able both to contain Soviet expansion into the hemisphere and to assist in the prevention of internal insurgency, so that by 1968 the threat of Communist aggression had considerably diminished.

Second, in both policy areas, the Caribbean can be distinguished from the rest of Latin America in that nearly all the US unilateral measures to prevent Communist expansion occurred in the Caribbean. In addition, the US achieved a much greater degree of penetration of the Caribbean security forces, in terms of training, equipment and financial assistance, than of the security forces in the larger South American countries.

Within the Caribbean, however, a sharp distinction can be made between US security policy towards the Spanish and Commonwealth countries.
In general, the relatively stable conditions in the English-speaking countries meant that little priority was attached to the maintenance of security, and the United States was largely prepared to leave the responsibility for Commonwealth Caribbean security to the United Kingdom, as evidenced by the UK intervention in Anguilla in 1967. However, the establishment of military and police ties between the United States and this sub-group, especially Jamaica and Guyana, indicates that the US favoured its inclusion in the inter-American security system, but at limited financial cost.

In the Spanish-speaking Caribbean, on the other hand, the United States did not appear to count the cost in the prevention of internal subversion, and possible Cuban invasion, particularly in the Dominican Republic and Guatemala. Indeed, it may be argued that US security policy was concentrated on this sub-group throughout the 1960s. Certainly the US was more prepared to use unilateral security measures in this area, and whilst the bulk of military assistance went to the larger South American countries, in terms of size the Spanish Caribbean received proportionately much greater aid.

Finally, with regard to the "other" Caribbean states, US military-security policy was characterized by neglect or indifference. Only in Haiti did the United States provide limited military assistance, and this was curtailed in 1963.

The third conclusion which can be drawn is that the 1960-68 period revealed the basic incompatibility of US security and development objectives. The linkage of "development" with "defence" proved to be incorrect in both theoretical and practical terms. As one US official conceded: "If our basic policy is to promote social change, then to some extent we are promoting instability. And one man's instability is another's insurgency". Certainly, the general effect of introducing economic
and democratic development objectives into the security programme appears to have been to increase the political, social and economic consciousness of the Latin American armed forces and thus to increase their intervention into civilian affairs. And whilst the MAP programme sought to limit Latin American and Caribbean defence expenditures, this proved incompatible with the promotion of US arms sales abroad.

1969-1976 Section

General Objectives

Under the Nixon and Ford presidencies, there was a distinct change in emphasis in policy objectives within US military-security strategy, especially in the level of importance attached to national interest and development objectives. The primary concern continued to be "to prevent the establishment of a military power base hostile to the United States in this hemisphere", and to encourage the Latin American military "to pursue military objectives compatible with US military strategy". 81

However, the 1970s saw much greater emphasis being placed on the benefits of the MAP programme to the US economy, particularly in relation to its contribution to Latin American economic development. Thus, whilst one DOD statement claimed that "grant military aid permits recipient countries to dedicate more of their resources to economic development" and "permit(s) these same recipient countries to husband their limited foreign exchange for use in the development sector", it also emphasized that

the bulk of funds appropriated by the Congress for military aid does not leave this country; these funds are used to purchase military goods and related commodities for export to recipient nations. Thus, they support our own domestic economy. 82

To a certain extent, this emphasis can be seen as an attempt by the DOD and DOS to gain Congressional support for the security programme,
given Congress' growing concern over the US economic crisis. But it also reflects the high priority attached to US economic interests by both Republican Administrations, and their general indifference to development issues in the hemisphere.

Certainly, only limited attention was placed on the promotion of democratic forms of government through US security policy: where US officials debated the ability of the MAP to influence the values and activities of the Latin American military, it was discussed almost totally in terms of "fostering favorable attitudes towards the United States and its policies". In effect, therefore, during the 1970s much greater emphasis was placed on the furtherance of US national interests than in promoting Latin American national development in US security policy.

**Hemispheric Defence Policies**

Under the two Republican Administrations the need to protect the United States and Latin America from external aggression became increasingly important. The two aspects of hemispheric defence policy - the ASW strategy and prevention of a Soviet offensive base - came under threat during the 1970s and were inextricably linked together.

(i) *Anti-submarine warfare strategy*

The late 1960s saw a rapid expansion in Soviet naval activity in the Caribbean. In July 1969, a Soviet naval squadron composed of three warships, two diesel-powered submarines and one nuclear submarine operated and made port calls in the Caribbean. In May-June 1970 a second Soviet flotilla visited Cuba, this time including a submarine carrying cruise missiles. Between 1970 and 1972 the Soviet Union sent another eight naval squadrons to the Caribbean, each one composed of both surface ships and submarines. In May 1972, the Soviet flotillas included a GOLF-II submarine, the first
strategic missile submarine, and again in April 1973 and April 1974, the Soviets sent a similar class of submarine into the Caribbean.

The effect of this Soviet naval activity was to seriously challenge US supremacy in the Caribbean sea. The July 1969 visit was the first Russian naval squadron in the hemisphere in more than a century, and the first fleet of a great US rival to enter the Caribbean since the Spanish fleet had been destroyed by the US Navy in 1898.\(^{85}\) In response, the United States placed increasing emphasis on the SOSUS submarine surveillance system and continued to organize the combined UNITAS exercises in ASW strategy. However, the United States could do little to prevent the Soviet naval presence in the Caribbean, especially since port calls were accepted by several Caribbean states, in addition to Cuba.\(^{86}\)

(ii) Soviet military base

The United States was, however, able to prevent the Soviet Union from establishing a nuclear submarine base in Cuba.\(^{87}\) In September 1970, a Soviet naval squadron visited Cienfuegos and unloaded supplies for the construction of a submarine base there, including a submarine tender, two support barges, a new dock, fuel storage depot, communications facility, barracks and recreation facilities. Kissinger warned the Soviet Union that "we would view the establishment of a strategic base in the Caribbean with the utmost seriousness".\(^{88}\)

The United States viewed the Cienfuegos base as an attempt to alter the strategic balance of power, since it would have enabled Soviet submarines to remain on station in the Western Atlantic nearly twice as long, by reducing transit times between ports.\(^{89}\)
US officials successfully negotiated the withdrawal of the Soviet submarine tender under the agreement reached after the 1962 missile crisis - i.e. prohibiting the introduction of Soviet offensive weapons into the hemisphere in return for the US promise not to invade Cuba. In effect, the 1962 understanding was expanded to include submarine or surface ships armed with nuclear missiles, as well as land based missiles, operating from Cuba.

**Internal Security Policies**

The period 1969-76 saw a gradual decline in emphasis in US internal security policies for Latin America. By 1969, it had become apparent that the dangers of Cuba exporting her revolution had practically vanished. Indeed, by the late 1960s, Castro had begun to withdraw support for insurgency operations in favour of a policy of cooperation with several Latin American states. Cuba's armed support for the MPLA in Angola in 1975-76 did result in increased US concern over the possibility of Cuban "intervention by consent" in Latin America. In general, however, the 1970s saw only limited importance attached to the Cuban security threat.

At the same time, US officials began to recognize that Communist groups had little chance of acquiring power through guerrilla operations in rural areas, as evidenced by the failure of Guevara's insurgency campaign in Bolivia in 1967. In the early 1970s, the shift to urban guerrilla warfare and terrorism, especially in the Caribbean basin area, led the Nixon Administration to concentrate on public safety rather than military assistance. Particular concern was expressed over the "new challenge" of the Black Power movement in the English Caribbean, and the ability of extremists to exploit racial tensions. However, in most countries, the threat of urban insurgency degenerated into random acts of violence and assassinations. As a result, the importance attached
to internal security in the Latin American countries declined considerably at all levels of US activity.

Thus, there was a general reduction of the US military presence in the hemisphere. In 1971 SOUTHCOM's function as MAP operational centre for Latin America and the Caribbean was ended, and in 1974 SOUTHCOM was relieved of its position as regional command headquarters, becoming the 193rd Infantry Brigade (Canal Zone).95

With regard to US unilateral action within the hemisphere, evidence suggests that the Dominican experience left US officials determined to play a low key role. Thus, in the black power riots in Trinidad in 1970, although the Nixon Administration provided a plane load of arms and ammunition, plus a six-ship squadron to evacuate American nationals if necessary, it refused to intervene, arguing that the primary responsibility for security lay with the UK.96 Similarly, whilst SOUTHCOM provided observer and communications personnel as well as aircraft, during the Honduras-El Salvador dispute in 1969, it preferred to leave primary responsibility for terminating hostilities to the OAS.97

On the multilateral level, the strong reaction against the US-dominated Inter American Peace Force left most Latin American states reluctant to participate in other such security arrangements. The Rockefeller Report had recommended that a Western Hemisphere Security Council be created "to cope with the forces of subversion that operate in the Western Hemisphere, which would supercede the OAS Special Consultative Committee on Security".98 But this proposal was never put into practice, and indeed the Special Committee was itself disestablished in 1975. Perhaps the only important development at this level during the 1970s was the 1971 OAS Treaty providing for the denial of political asylum, and for the extradition or trial of terrorists - but even this agreement was subject to controversy.99
Finally, the 1970s saw the decline in both size and importance of the MAP and PSP programmes, in line with the increased priority given to South-East Asia and the general antipathy of Congress to security supporting assistance.

**Military Assistance Programme**

Under the Nixon and Ford Administrations there was a significant alteration in the style and nature of the MAP programme for Latin America. A decision was taken in 1968 to phase out MAP material programmes to the larger Latin American countries and the number of countries receiving grant assistance accordingly declined from eighteen in FY 1969 to only nine in 1975. Similarly the amount of grant assistance was reduced from $22.4 million in FY 1969 to $15 million in 1976. At the same time, however, the foreign military sales programme was expanded enormously from $22 million to $125 million over the same period. As a result, whilst grant assistance totalled only $181 million in the years 1969-76, the FMS programme supplied $604 million, bringing the total military assistance to $786 million, slightly more than for the 1962-68 period. (see Table 7.)

In the Caribbean region, the seven Spanish countries continued to receive grant assistance under the programme whilst military aid was restarted for Haiti in 1975. No assistance was given to the Commonwealth Caribbean in this period. Overall, the United States provided some $86 million, with most of the assistance going to Guatemala, Nicaragua and the Dominican Republic. The major source of funds continued to be the grant programme, which provided some 50 per cent of all military assistance. Indeed, although MAP grants progressively declined in amount for both Latin America and the Caribbean, the latter's relative share increased by five per cent between 1969-76. Total grant and FMS assistance to the
Table 7  Military Assistance Programme, 1969-76

<table>
<thead>
<tr>
<th>Country</th>
<th>MAP Grants</th>
<th>Other Grants</th>
<th>EDA</th>
<th>FMS + Loans</th>
<th>Total Loans</th>
<th>Total Grants</th>
<th>Total</th>
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<td>0.1</td>
<td>-</td>
<td>-</td>
<td>0.2</td>
<td>0.2</td>
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<tr>
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<td>2.4</td>
<td>1.7</td>
<td>1.5</td>
<td>1.5</td>
<td>13.9</td>
<td>15.4</td>
</tr>
<tr>
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<td>0.1</td>
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<td>3.5</td>
<td>3.5</td>
<td>7.4</td>
<td>10.9</td>
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<td>-</td>
<td>0.8</td>
<td>10.8</td>
<td>10.8</td>
<td>10.4</td>
<td>21.2</td>
</tr>
<tr>
<td>Haiti</td>
<td>0.1</td>
<td>-</td>
<td>*</td>
<td>-</td>
<td>-</td>
<td>0.1</td>
<td>0.1</td>
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</tr>
<tr>
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</tr>
<tr>
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<td>0.5</td>
<td>0.5</td>
<td>6.8</td>
<td>7.3</td>
</tr>
<tr>
<td>Caribbean Total</td>
<td>42.6</td>
<td>2.8</td>
<td>13.3</td>
<td>27.3</td>
<td>27.3</td>
<td>58.7</td>
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<tr>
<td>Latin American</td>
<td>128.7</td>
<td>34.6</td>
<td>18.2</td>
<td>604.3</td>
<td>604.3</td>
<td>181.5</td>
<td>785.8</td>
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Sources: As Table 1; US Aid, US Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations, July 1, 1945-June 30, 1977 (1978).
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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
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<td>*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dominican Republic</td>
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<td>11.7</td>
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<tr>
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<td>603</td>
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<tr>
<td>Latin American Total</td>
<td>452</td>
<td>17,176</td>
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</table>

Caribbean during 1969-76 was $86 million, an increase of $29 million over the previous period.

With regard to the contribution of the MAP to Caribbean defence expenditures, it can be seen from Table 8 that in the 1970s US assistance was of less importance than in the earlier period. However, the MAP programme still accounted for nearly 40 per cent of Panama's defence expenditures and over 11 per cent of both Guatemalan and Nicaraguan defence outlays. Moreover, US assistance to the Caribbean averaged at 8.6 per cent of defence expenditures between 1969-74, over three times greater than the average for Latin America as a whole. US assistance was therefore again of greater importance to the Caribbean countries than to the larger South American states.

In terms of the contribution of the programme to democratic development in the hemisphere, the 1970s saw increased opposition to the MAP on the grounds that it was provided to, and thus supported repressive and authoritarian regimes. As a result, Congress made several attempts to control military assistance in line with the demands of the human rights movement. Thus the 1974 Foreign Assistance Act contained a "sense of Congress" motion, calling for the termination or reduction of military aid to any government which "engages in a consistent pattern of gross violations on internationally recognized human rights". The 1976 International Security Assistance and Arms Export Control Act made this provision mandatory and required the Secretary of State to submit detailed annual reports on the state of human rights in each country proposed as a recipient for security assistance.

Whilst this legislation established the principle of military aid reductions for human rights violators its practical application was limited. Restrictions were placed on military aid to both Chile and Uruguay, prior to the beginning of the Carter Administration,
but in each case it required additional legislation by Congress. In the Caribbean, however, military assistance continued to be provided to repressive regimes in Nicaragua, El Salvador, Guatemala and the Dominican Republic.

(i) Military equipment and arms sales

The 1970s saw the continued conflict of interest within the US Government over the volume of arms transfers to Latin America. Congress continued to attempt to deter hemispheric countries from excessive arms purchases through its restrictions on both economic and military assistance. The Nixon Administration, however, adopted a new approach to the sale of arms to Latin America, in line with the Rockefeller Commission which had recommended lifting the legislative arms ceiling. In 1971, Nixon utilized his presidential power to waive the limitation on arms sales and asked Congress to raise the ceiling from $75 million to $150 million. Despite opposition in Congress, the ceiling was raised, but only to $100 million. In April 1972, therefore, Nixon again waived the ceiling to allow nearly $150 million worth of sales to be transacted with Western Hemisphere countries. As a result, Congress raised the sales ceiling to $150 million in the 1973 Foreign Assistance Act, and a year later repealed the provision for an arms limitation altogether. This led to a doubling of credits under the FMS programme from $59 million in FY 1973 to $118 million in 1974, with sales reaching a peak of $134 million in 1975. Similarly, credits to the Caribbean expanded considerably from $4.4 million between 1969-71 to $23 million between 1973-76.

The new policy of supporting increased arms sales to Latin America was justified in both political and economic terms. First,
it was argued that the arms ceiling lessened the political influence of the United States over the Latin American armed forces because
the states that provide military equipment to the less developed countries acquire an influence. We are reluctant to see that kind of influence acquired, particularly in Latin America by states in the Eastern hemisphere.\textsuperscript{107}

More important, US officials placed increasing emphasis on the economic benefits of the credit programme. Thus, one DOD publication stated that

Undue restrictions of US Foreign Military Sales ... lessen the contribution such sales would make to strengthening Free World Security and the United States economy.... The military sales programme offers friendly countries military equipment on a basis that enhances US exports and improves the US balance of payments position.\textsuperscript{108}

The effect of this expanded credit programme varied considerably. For Latin America as a whole, although the relaxation of controls led to an increase in arms acquisitions from the United States - $535 million between 1970-75 - major arms sales in the 1970s went to European suppliers, particularly France and the UK. Indeed, the United States lost its position as the major arms supplier to France, which made sales worth $570 million between 1970-75.\textsuperscript{109} However, the effect of the expanded sales programme on Caribbean development was to increase the outflow of capital to the United States, especially from Guatemala, Honduras and Nicaragua. Whereas in the 1960s most equipment transfers had taken place on a grant basis, under the Nixon and Ford Presidencies arms sales became more important.\textsuperscript{110} In 1972, for example, substantial military sales to Guatemala and Nicaragua led the United States to net a profit for the first time of approximately $3.5 million over military
grants made to all of Central America. Similarly, in both FY 1975 and FY 1976 US credits to Guatemala, Nicaragua and Honduras exceeded grants by $5.2 million and $3.7 million respectively. Thus, increased arms transfers to the Caribbean benefited the US economy during the 1970s at the expense of Caribbean foreign exchange resources.

(ii) Civic action

Civic action projects declined in both size and significance during the 1969-76 period, mainly because the projects were "well-established and largely self-sustaining". Thus the proportion of the MAP programme allotted to civic action declined from approximately 10 per cent in the early 1960s to only 5 per cent in 1970. Similarly, in monetary terms the size of the programme declined from almost $10 million per annum between 1962-67 to an average of $750,000 between 1969-71. In effect, therefore, by the early 1970s, the civic action programme had been virtually terminated within the MAP.

(iii) Military training programme

The military training programme came under increasing scrutiny during the 1970s, from both Congress and scholarly critics. A House subcommittee held extensive hearings on military assistance training in October 1970, and in the same year made a study mission to Latin America to gain "on-the-scene" information about the operation of MAP training in four key countries (Brazil, Peru, Colombia and Panama) and at US schools in the Canal Zone. Both reports came out largely in favour of continuing MAP training. However, in the 1969 Foreign Assistance Act, the Fulbright Amendment limited the number of foreign military personnel trained in the United States to the number of foreign civilians being trained there under the
Educational and Cultural Exchange Act.

As a result, the early 1970s saw a general reduction in the number of foreign military students being trained in the United States and Canal Zone. The number of students from Latin America fell by nearly a quarter from 4,695 in 1968 to 3,699 in 1970, and thereafter stabilized at around 3,330 per annum. In 1974, however, new emphasis was placed on the programme with the reorganization of the programme as the International Military Education and Training programme (IMET). This led the number of students to gradually increase to 4,146 in FY 1976 (including the transitional quarter). Overall, between 1969-1976, a total of 29,497 students from Latin America received training. (See Table 4)

However, a slightly different picture emerges if we examine the Caribbean alone. The number of students from the region fell from 1,268 in 1968 to 855 in 1969, but thereafter increased, reaching 1,295 in 1971 and 1,451 in FY 1976. The number of students receiving training from the Caribbean totalled 8,828 between 1969-76, around 30 per cent of the total for Latin America. The cuts in the IMET programme thus appeared to affect the Caribbean region less than the hemisphere as a whole. Within the Caribbean, the main beneficiaries of the IMET programme were Panama, the Dominican Republic, Nicaragua and Honduras. The programme was restarted in Haiti in FY 1975, but no training was provided to Costa Rica or the Commonwealth Caribbean.

Despite the decline in the number of trainees, in fiscal terms the training programme became the major component of the MAP in the 1970s. After 1971, the IMET never accounted for less than 53 per cent of total MAP funds to Latin America, and accounted for 62 per cent in FY 1976. In the Caribbean the increase was even greater -
from 27 per cent of MAP assistance in 1969 to 71 per cent in FY 1976.\textsuperscript{118}

With regard to the impact of the programme on hemispheric development, in the early years of the Nixon Administration, US officials continued to stress its contribution to the establishment of professional, pro-democratic armed forces.\textsuperscript{119} Following the Congressional studies which concluded that training had little effect in this area, however, emphasis began to be placed on the benefits of the programme to the US economy. Thus it was argued that by increasing the professional capabilities of the Latin American military, training provided the best means on a low cost/benefit ratio of maintaining security in the area, since "training programs to ... have permitted an extensive reduction of on-scene US posture".\textsuperscript{120}

More important, it was openly admitted that

these training programs also have the effect of disposing countries toward the acquisition of US military and other equipment which has a favorable impact on the US economic sector.\textsuperscript{121}

In a study of twelve Latin American countries, it was found that in nine countries there was a very close correlation between training patterns and arms acquisitions, particularly in naval training and acquisitions of US warships, and in airforce training and input of US counter-insurgency aircraft.\textsuperscript{122} To the extent that "training exposes the military of less developed countries to a level of military technology they do not possess and thus exerts a pressure for continuous modernization",\textsuperscript{123} therefore, the programme would appear to be in direct conflict with the objective of encouraging host country expenditure in the development sector.

\underline{Public Safety Programme}

The public safety training programme was given special emphasis in
the early years of the Nixon Administration as part of the effort to counter the growing urban terrorism. In contrast to the MAP programme, PSP funding actually increased, reaching a peak of $4.2 million in FY 1970, of which $2.3 million was allocated to the Caribbean. However, in the early 1970s, the programme began to attract severe criticism, especially in Congress, on the grounds that the PSP only served to identify the United States with repressive regimes. Particular criticism was attached to the programmes in Caribbean countries such as Guatemala and the Dominican Republic.

As a result, the State Department began to "back down", reducing all the major components of the PSP. Public safety assistance declined to $2.3 million for Latin America in 1973 with $1.1 million going to Caribbean countries. By June 1972, the number of PSP officers had fallen to 43 for Latin America and 24 for the Caribbean. (See Table 9) The number of police personnel trained in the United States declined throughout Latin America. Programmes to Guyana and the Dominican Republic were phased out in FY 1972 and FY 1973 respectively. It should be noted, however, that the reductions in the programme mainly affected the South American countries: most of the PSP projects in the Caribbean were maintained at their existing levels, so that the Caribbean's share of PSP assistance increased to nearly 50 per cent.

However, in 1973 Congress voted to prohibit the use of foreign aid funds for police forces in foreign countries, and a year later authorized the abolition of all Public Safety programmes including training in the United States. Between February and August 1974, the police assistance programmes were phased out in the remaining twelve Latin American states, including seven Latin American countries. In addition, during 1975 the International Police Academy was permanently closed, whilst the Defense Department terminated all police training courses in the Canal Zone.
The termination of the PSP did not, however, put an end to US assistance to Latin American police forces. Congress did not prohibit US assistance to foreign police for narcotics control: indeed, the International Narcotics Control Programme, which began in June 1971, expanded to approximately the same size as the former PSP programme. By 1975, approximately 400 agents were stationed overseas, whilst expenditure on narcotics control reached $18.7 million in FY 1975. Within the Caribbean, the narcotics programme concentrated on three countries - Jamaica, Costa Rica and Panama - providing some $800,000 in 1975 alone. Narcotics training previously provided by the IPA was continued by the Drug Enforcement Administration, whilst similar commodities were furnished to the same police units under the narcotics programme as had been provided by the PSP.

Both the Senate Committee on Appropriations and the General Accounting Office expressed concern that much of the assistance for narcotics control could be used for purposes unrelated to controlling drugs traffic, and claimed that the programme was becoming an international law enforcement programme. In addition, the Defense Department found it difficult to prevent MAP assistance being provided for police purposes. Thus the Department identified nine Latin American countries where military units performed civilian law enforcement functions, of which five were receiving MAP assistance. However, "In only one country was assistance to a prohibited unit identified and terminated".

In effect, the US Government's concern to prevent urban terrorism and to maintain contact with the civilian security forces in Latin America made it reluctant to reduce its influence there during the 1970s, even though its police assistance probably contributed to the repression of human rights. Certainly, the US Government was not reluctant to encourage US arms sales to Latin American police forces: between 1973
and 1976 it authorized the sale of 24,402 revolvers and pistols, 21,715 tear gas grenades, 3,027 canisters of MACE and 3,002 gas guns, (See Table 10) with sales going to the repressive regimes in Guatemala, Nicaragua and Haiti. As with the military assistance programme, therefore, security and economic national interests dominated over the objectives of encouraging democratic government and support for human rights.

Table 9 US Public Safety Programme

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<thead>
<tr>
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<tbody>
<tr>
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</tr>
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<tr>
<td>Guatemala</td>
<td>2,784</td>
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</tr>
<tr>
<td>Guyana</td>
<td>509(^1)</td>
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<tr>
<td>Honduras</td>
<td>711</td>
<td>42</td>
<td>3</td>
</tr>
<tr>
<td>Jamaica</td>
<td>417</td>
<td>38</td>
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</tr>
<tr>
<td>Nicaragua</td>
<td>299(^2)</td>
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<tr>
<td>Panama</td>
<td>809</td>
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</tr>
<tr>
<td>Other</td>
<td>-</td>
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<td>-</td>
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<tr>
<td><strong>Total Caribbean</strong></td>
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<td><strong>4,170</strong></td>
<td><strong>24</strong></td>
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<td><strong>Total Latin America</strong></td>
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<td><strong>43</strong></td>
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</table>

2. Figures for FY 1971-73 only.

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<tr>
<th>Country</th>
<th>Revolvers &amp; Pistols</th>
<th>Submach Guns &amp; Rifles</th>
<th>Ammo (K=1000 rounds)</th>
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<th>Gas Guns</th>
<th>MACE</th>
<th>V-150 Armoured Cars</th>
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Conclusions

By the end of the Ford Administration, the wheel had turned full circle in US military-security policy. During the 1969-76 period, the perceived internal security threat in Latin America declined considerably. Guerrilla insurgency appeared to be limited to a few "trouble spots" in the Caribbean - notably Nicaragua, Guatemala and El Salvador - and the danger of Cuba exporting violence also receded. Indeed, the most significant security threat from the US standpoint appeared to be the growing Soviet naval power - for although the United States had successfully prevented the Soviet Union from developing a submarine base in Cuba, it could not stop Soviet submarines from entering the Caribbean Sea. In effect, hemispheric defence again appeared to be of major importance in US strategic thinking.

With regard to the differences in policy implementation in the Caribbean and the South American countries, the most significant feature of the 1969-76 period was the continuation of military and police assistance to the Caribbean at the expense of the rest of Latin America. Similarly, whilst the larger South American states began to diversify their sources of military equipment, training and advice, the Caribbean countries continued to depend on the United States. Indeed, in the case of the Commonwealth Caribbean this dependence increased during the 1970s, as many countries began to look increasingly to the United States as a source of equipment for their security forces.

The Spanish Caribbean countries continued to receive priority attention within US security policy, especially with regard to the distribution of military assistance. Indeed, this subgroup was the major focus of military attention in the mid-1970s with Nicaragua and El Salvador attracting especial concern. However, the remaining Caribbean nations again received little attention in US security policy,
although limited military assistance was restarted to Haiti in 1975.

Finally, it may be concluded that US security policies and programmes had little beneficial effect on the development process in Latin America. The increased priority attached to US economic interests and indifference to Latin American economic development was reflected in the declining contribution of US military aid to defence expenditures, the virtual termination of the civic action programme and the increased importance attached to US arms sales in the hemisphere. Whilst the MAP and PSP programmes contributed more to Caribbean defence spending than to the South American countries, they also appear to have contributed more to the US balance of payments and the growth of the US arms industry than to Caribbean economic resources. Moreover, whilst the programmes undoubtedly helped strengthen Caribbean security forces and to prevent internal subversion, they also appear to have contributed both directly and indirectly to the repression of human rights and the overthrow of democratic governments. Rather than assisting economic and political development, therefore, US security policy served to maintain US political and economic interests in the hemisphere and especially in the Caribbean.
Footnotes to Chapter 3


7. Ibid., p. 3.


21. Ass. Secretary of State Martin, United States Congress, House Committee on Foreign Affairs, Castro-Communist Subversion in the Western Hemisphere Hearings before the Subcommittee on Inter-American Affairs of the Committee on Foreign Relations. 88th Cong. 1st Sess. (1963), 18 (hereafter referred to as HCFA, Castro-Communist Subversion Hearings).


27. This act has been seen as the revitalization of the Monroe Doctrine. M Monteforte Toledo, "La Politica Militar de los Estados Unidos en Centro America", Cuadernos Americanos (Mayo-Junio 1969), p. 36.


30. Other joint exercises are discussed in J Child, Unequal Alliance (1980), op.cit., p. 163.


32. See statement of General Porter, ibid., p. 538.


35. See Secretary McNamara before United States Congress, Senate Committee on Appropriations, Foreign Assistance and Related Agencies Appropriations for FY 1967 Hearings, 89th Cong. 2nd Sess. (1966), 30 (hereafter referred to as SCA, For. Ass. Approps. for 1967 Hearings); see also United States Department of State, "Analysis of Recent Military Involvement in Coups or Attempted Coups" in United States Congress, House Committee on Appropriations, Foreign Assistance and Related Agencies Appropriations for FY 1967 Hearings before the Subcommittee on Foreign Operations and Related Agencies of the Committee.
on Appropriations, 89th Cong. 2nd Sess. (1966), Part I, 528-30
(hereafter referred to as HCA, For.Ass.Approps. for 1967 Hearings).


42. SCFR, FAA of 1966 Hearings (1966), op.cit., p. 177.


55. See US Department of Army, 'Military Civic Action' in W Barber and C Ronning, ibid., p. 235.


60. This paragraph develops the argument made by JS Fitch in The Political Consequence of US Military Assistance (1977), op. cit., pp. 15-17.


62. Following extensive Congressional hearings on military assistance training it was concluded that the US "had little consistent success in instilling in trainees the US concept of professional military ethics". United States Congress, House Committee on Foreign Affairs, Subcommittee on National Security Policy and Scientific Developments, Military Assistance Training Report, 91st Cong. 2nd Sess. (2 April

M Wolpin, Military Aid (1972), op.cit., p. 51.

E Lieuwen, Generals versus Presidents (1964), op.cit., p. 129. Similarly Lieuwen notes that "Most of the Latin American military leaders who conducted the nine coups between 1962 and 1966 had been recipients of US training", SCFR, Survey of the Alliance for Progress (1969), op.cit.

A Stepan discovered a disproportionate number of US trained officers among the generals conspiring against Goulart, and who formed the Castello Branco government but found that US training was only one of a complex of characteristics of the particular group of officers, The Military in Politics: Changing Patterns in Brazil, Princeton, NJ (1971), p. 247. Moreover, a study of the Ecuadorian coup in 1963 revealed that US trained officers were not more likely to have favoured the coup and put slightly less stress on the "communist threat" than officers trained elsewhere. JS Fitch, The Military Coup d'Etat as a Political Process: Ecuador 1948-1966, Baltimore (1977), pp. 252


Ibid., pp. 12-22. See also the specific case studies on Brazil and Ecuador cited above; and on Peru, Colombia and Guatemala, L Einaudi and A Stepan, Latin American Institutional Development. Changing Military Perspectives in Peru and Brazil, Santa Monica, Calif. (1971); R Maulin, Soldiers, Guerrillas and Politics in Colombia, Lexington, Mass. (1973); and C Sereseres, The Guatemalan Armed Forces: Military Development and National Politics, paper presented to the sixth annual meeting, Latin American Studies Association, Atlanta, Georgia, 25-27 March 1976.


Ibid., p. 74.


75. Ibid., p. 75.


78. E Lieuwen, Generals versus Presidents (1964), op.cit., p. 127.


86. The following countries received Soviet port calls: Barbados, Guadeloupe and Jamaica. See J Theberge, Soviet Seapower in the Caribbean (1972), op.cit., p. 9.


88. H Kissinger, op.cit., p. 646.

89. See J Theberge, Soviet Seapower in the Caribbean (1972), op.cit.,
123


91. Indeed, as early as 1967 McNamara had argued that "it is highly unlikely that any Latin American country will soon face a direct military attack from any nation outside the hemisphere or from Cuba". HCFA, FAA of 1967 Hearings (1967), op.cit., p. 117.

91. Thus President Ford reiterated the US position in his speech in March 1976: "I solemnly warn Fidel Castro against any temptation to armed intervention in the Western Hemisphere. Let his regime or any likeminded government be assured the United States would take appropriate measures". Wall Street Journal, 3 March 1976.


94. United States Congress, House Committee on Foreign Relations, Cuba and the Caribbean Hearings before the Subcommittee on Inter American Affairs of the Committee on Foreign Relations, 91st Cong. 2nd Sess. (1970), 58-60, 103 (hereafter HCFA, Cuba and the Caribbean Hearings).


96. It is interesting to note that Venezuela actually provided more military support to Trinidad than did the US, indicating its challenge to the US for leadership in the Caribbean in the 1970s. See JB Martin, US Policy in the Caribbean (1978), op.cit., p. 127.


106. D Etchison, The United States and Militarism in Central America (1975), op.cit., p. 84.


110. Between 1964-73, the MAP programme had accounted for over 50 per cent of US arms transfers to Nicaragua, Panama, El Salvador and Guatemala, and over 75 per cent of transfers to Honduras and the Dominican Republic. N Smith, "Conventional Arms Transfers to Latin America" in Latin America’s New Internationalism, ed. R Fontaine and JD Theberge (1976), op.cit., p. 259.


114. General Mather before HCFA, Cuba and the Caribbean Hearings (1970), op.cit., p. 94.


121. Ibid.


126. United States Congress, Senate Committee on Foreign Relations, Subcommittee on Western Hemisphere Affairs, Guatemala and the Dominican Republic, Staff Memorandum compiled by Pat Holt, 92nd Cong. 1st Sess. (30 December 1971) (hereafter SCFR, Guatemala and the Dominican Republic).


131. Ibid., p. 30.

**Introduction**

Economic issues have traditionally formed a major part of US relations with Latin America and the Caribbean.¹ The United States has always sought to establish strong commercial and investment linkages with the rest of the hemisphere, both to exclude foreign economic interests and to promote its own economic growth and expansion. In addition, the United States has encouraged the economic development of Latin America and has sought to improve social conditions there.

In the late nineteenth and early twentieth centuries, US policy was motivated primarily by the desire to expand US economic interests in the hemisphere and especially in the Caribbean. During the era of "dollar diplomacy", the Government manipulated US investments and loans in the Caribbean and encouraged US investors in the Cuban sugar industry and in the coffee and banana trade in Central America. "Fiscal intervention" took place under US-administered customs receiverships in the Dominican Republic, Nicaragua and Haiti. Similarly, the Government consistently upheld the interests of US investors and property owners during the military occupations of Cuba, the Dominican Republic, Haiti and Nicaragua. By the Second World War, the United States had become established as a major investor and trading partner in the Caribbean, and to a lesser extent in Latin America.

At the same time the United States began to take an interest in hemispheric economic development. In 1939, Roosevelt initiated a programme of loans, grants and technical assistance to Latin America, which was expanded in the early 1950s under the Point IV programme. However, even under the Eisenhower Administration, Latin American economic development received only limited attention and assistance, with
the main emphasis being on US trade and investment requirements and the preservation of the world capitalist system.

The 1960s thus saw a major alteration in US policy as the promotion of economic growth and development in Latin America became the key area of concern. This chapter outlines five major areas of US economic policy - development assistance, regional integration, private investment, trade and migration - and attempts to assess how far the United States contributed towards economic development in the Caribbean during the two periods 1960-68 and 1969-76.

**General Objectives**

During the period 1960-68, the promotion of Latin American economic development was the most important objective in US economic policy. The United States was concerned with engineering nothing less than the rapid transformation of Latin American economic and social structures within a decade, and under one coordinated programme - The Alliance for Progress. This involved three major policy objectives. First, the United States sought to encourage the massive transfusion of funds into the hemisphere, mainly in the form of bilateral aid, on the grounds that "development in Latin America requires an external source of capital on flexible terms", and that private investment and the multilateral agencies could not provide such capital. The Alliance for Progress was an attempt to provide Latin America with vast resources - $20 billion in ten years - on the assumption that this would encourage the hemisphere to mobilise its own resources and that social and economic development would naturally follow.

Second, the United States placed primary emphasis on economic growth in its policy objectives. The Alliance for Progress called for a 2.5 per cent annual growth rate in the gross national product of each Latin
American country, and throughout the 1960s economic development was invariably discussed in GDP terms. Development thus required, above all, the expansion of the productive sectors, and special attention was placed on "the process of rational industrialization" and increasing agricultural productivity.

Third, the United States placed great emphasis on social welfare development, calling for the equitable distribution of the benefits of economic and social progress. The Alliance sought to promote agrarian reform and land distribution, to end illiteracy and provide basic education for all children, to increase life expectancy and to expand medical, water and sewerage facilities, and to provide low cost housing. The Alliance was thus an attempt "to complete the revolution of the Americas, to build a hemisphere where all men can hope for a suitable standard of living ...".

US economic policy was expected to contribute to political development in two ways. First, it was assumed that economic development would lead to the emergence of a strong middle class or entrepreneurial elite, to replace the dominant oligarchies and pave the way for representative democratic government. Second, the type of economic development pursued - capitalist or at least mixed economy - was seen as essential to a liberal-democratic type of government, with only limited state control.

Moreover, such economic development was seen as fundamental to US national interests, since from the point of view of the United States, we can do business much more easily with countries where there is not complete control of the economy at the center, by the State, where private initiative exists in a country, than even from a political and foreign policy point of view, it will be easier for us to live with that country.
More specifically, US economic development objectives were assumed to be compatible with US national interests in that the Alliance for Progress would provide an alternative to the revolutionary development offered by the Castro regime and thus help limit Communist aggression in the hemisphere.9 Similarly, the Alliance was expected to provide additional trade and investment prospects for US business in Latin America - encouraging sales of US products in the hemisphere, protecting its supplies of strategic raw materials and providing the stable condition necessary for investment. It should be noted, however, that the United States consistently argued that US economic interests were of secondary importance in its economic policy:

The main purpose of our program is the more rapid economic development of the countries that are our basic clients.

We in AID are not primarily interested in increasing the profits of American companies.10

In the following pages, US economic policy towards Latin America will be examined in terms of the provision of bilateral and multilateral assistance, regional integration, private investment, trade and migration to assess the contribution to Caribbean development and to illustrate the relative balance between national interest and development objectives.

Economic Development Assistance

Introduction

During the 1960s the provision of development assistance became the most important aspect of US-Latin American economic relations. Throughout the 1950s, the Eisenhower Administration had supported only limited government assistance, arguing that the private sector and the multilateral agencies - the International Bank for Reconstruction and Development (IBRD), the International Monetary Fund (IMF), and the Inter-
national Finance Corporation (IFC) - could provide most of the funds necessary for hemispheric development. At the same time, the United States also opposed the establishment of a regional bank for Latin America, claiming that such an institution would merely duplicate the facilities of the existing international agencies.11

The last years of the Eisenhower Administration and the start of the Kennedy Presidency saw a marked alteration in this policy in two respects.12 First, there was a major expansion of US bilateral assistance, with the emphasis on concessional lending or outright grants. In August 1960, in response to Eisenhower's "strong recommendation for a substantial change in US lending policies with respect to Latin America", Congress authorized an additional $600 million in economic aid for the hemisphere.13 And following Kennedy's inauguration, bilateral assistance to Latin America was increased still further. On 13 March 1961, the President announced a new aid programme for the hemisphere - the Alliance for Progress - under which the United States would provide "a major part of the minimum of $20 billion dollars needed for a decade of development".14 The United States now expected to provide the largest share of financial assistance for hemispheric development; in effect, it assumed a "strong leadership position" for the promotion of Latin American economic growth.15

The turn of the decade also saw the expansion and diversification of multilateral sources of aid for Latin America. The United States increased its subscriptions to the IBRD in 1958, and in addition sponsored the creation of the International Development Association (IDA) in September 1960, which was to be the "soft loan" window of the World Bank. By the end of 1960, US contributions to the three World Bank agencies totalled $990 million, or one third of all subscriptions.16

Furthermore, in August 1958, the Eisenhower Administration announced
its support for an Inter American Development Bank (IDB) and agreed to supply substantial resources for the Bank's use. By 1968, the United States was supplying over three-quarters of the IDB's resources, or some $3,292 million. The United States was the sole contributor to the Social Progress Trust Fund (SPTF), and was the major source of finance for the Bank's soft window, the Fund for Special Operations (FSO).17

The 1960s thus saw a marked expansion in the amount of public assistance going to help finance Latin American development: between 1962-68, US bilateral and multilateral assistance totalled some $12,700 million, with $2,071 million going to the Caribbean. The importance of this assistance can best be assessed by a detailed examination of its financial and sectoral distribution.

**Bilateral assistance**

Between 1962-68, Latin America received a total of $6,608 million from US Government programmes, of which the Caribbean's share was $1,271 million. The main source of US assistance was the AID loan programme, which constituted some 46 per cent of aid to the Caribbean and 49 per cent of aid to the hemisphere (see Table 11).

Within the Caribbean, the importance of Alliance funds varied considerably from one country to another.18 The Alliance was originally conceived as an aid programme for the nineteen Latin American republics, excluding Cuba.19 It is therefore not surprising that the programme concentrated on the seven Spanish Caribbean countries, with some $883 million or nearly three-quarters of the Caribbean total going to this group. Even within the Spanish Caribbean, however, there was a marked disparity in the distribution of assistance. In particular, the Dominican Republic received by far the largest share of US assistance, taking 38 per cent of AID grants, 29 per cent of AID loans and 44 per
cent of PL 480 funds to the Caribbean.

With regard to the Commonwealth Caribbean, it can be seen that AID provided only limited assistance during the 1960s, mainly to Trinidad, Jamaica and Guyana. It is interesting to note that Trinidad was the second highest recipient of AID and Exim Bank credits after the Dominican Republic, whilst Jamaica received the second largest amount of Food for Peace (PL 480) assistance. In general, however, it can be argued that the United States was largely content to leave development finance for these countries to the other industrialized countries, notably the UK and Canada.

Of the remaining Caribbean countries, only Haiti received significant assistance, whilst the other nations and dependencies were allocated minor funds during this period.

Overall, the Caribbean region was allocated limited assistance from US bilateral sources - its share of total US aid for Latin America was only 19.2 per cent. Moreover, within the Caribbean, assistance was concentrated in only a few countries - the Dominican Republic, Panama and Nicaragua together received over half of the region's bilateral aid. In purely fiscal terms, therefore, US assistance made only a small contribution to their foreign exchange resources, and perhaps only in the Dominican Republic was this assistance of major significance during the 1960s.

It should, however, be noted that in terms of aid per capita the Caribbean received significantly more assistance from US sources than did Latin America as a whole - averaging at $40 per person using the 1970 population figures. Panama and the Dominican Republic both received very high levels of per capita assistance, whilst the ratios for Guyana and Trinidad were also noticeably high. With the exceptions of Barbados, Haiti and, surprisingly, Guatemala, therefore, US assistance was much more
important to the Caribbean countries than to Latin America as a whole (see Table 12).

However, these figures do not take into account the outflow of financial resources from Latin America to the United States. In particular, the cost of servicing past foreign loans and debts should be noted: between 1962-68, nearly one third (32.4 per cent) of Alliance funds went to finance existing debt repayments. On a net disbursement basis - gross disbursements less repayments - Latin America received only $4 billion from US Government sources between 1962-68, only one-fifth of the total required under the Alliance, and much less than the projected $1 billion per annum.  

Moreover, whilst Alliance funds appeared to be providing Caribbean countries with scarce foreign resources, in practice they were used more to promote US economic interests abroad. The Food for Peace programme was conceived primarily as a means of disposing of US agricultural surpluses, whilst the Export-Import Bank's main function was to promote US exports of goods and service.  

During the 1960s, a variety of restrictions were even placed on the aid programme in an effort to expand opportunities for US trade and industry. These included "tying aid", so that purchases financed by the aid programme had to be procured in the United States, and the "additionality" requirement designed to finance US exports over and above those sold through commercial channels. In addition, the transportation of aid purchases was restricted so that at least 50 per cent were carried in US ships, whilst the services of US business, especially consultants and experts, had to be utilised "wherever practicable".

Overall, therefore, the bilateral aid programme appears to have supported US economic interests at the expense of providing the Latin American countries with additional resources for economic development.
Certainly, a comparison of the amount of assistance provided and the
level of development (measured in per capita GDP terms) reveals that
the United States did not appear to be trying to ensure that the poorest
countries received the most aid: Haiti, with the lowest GDP received
less assistance than the richest country, Jamaica, whilst the Dominican
Republic, which received the highest level of financing, was only the
fifth poorest country.24

Indeed, the decision as to whether to provide US assistance appears
to have been made more on political than on economic grounds: on whether
or not to support specific governments. The Dominican Republic's
position as the major aid recipient initially reflected the United
States' desire to provide a "showcase" for the Alliance for Progress,
and after 1965 was designed to prevent the country's economic collapse
and the establishment of a second Cuba. Similarly, Haiti's low level
of aid under the Kennedy Administration reflected US opposition to the
repressive Duvalier regime.

Furthermore, although economic aid was utilized to express US
opposition to military coups between 1961-63 and to pressure new military
regimes into holding elections in El Salvador, Guatemala, the Dominican
Republic and Honduras, in general, aid was used more to maintain political
stability than to encourage democratic development. Thus, US assistance
was given to the Dominican Republic in 1962, to Brazil in 1964, and to
Guyana in 1965 as a means of supporting new regimes; bolstered the
existing governments in Colombia in 1962 and in Honduras in 1963 against
balance of payments crises; and helped relieve politically threatening
unemployment situations in Peru (1961) and Honduras (1963).25 In effect,
economic assistance was used more as a policy instrument for US political
objectives - to preserve political stability and to prevent Communist
influence - and only secondarily to promote economic development. This
can be further seen from an examination of the sectoral distribution of US assistance.

**Sectoral distribution**

The last year of the Eisenhower Administration saw US aid move away from the traditional areas of agriculture, public administration and industry and towards "social sector development". Under the Act of Bogota, signed in September 1960, the United States committed itself to providing $500 million for a variety of projects in health, low cost housing, community facilities, improvements in rural living and land reform - areas which had not previously been eligible for US aid. This emphasis on social development was continued and expanded under the Alliance for Progress: indeed Kennedy argued that the purpose of the Alliance was "to satisfy the basic needs of the American people for homes, work and land, health and schools - techo, trabajo, salud y escuela".

During the early 1960s, therefore, US assistance to Latin America was allocated primarily to the social and productive sector. In 1961, leaving aside multisectoral loans and programme credits, over 39 per cent of AID loans were for housing, water and sewerage projects, whilst a further 28 per cent was allocated to agriculture, industry and mining. Under President Johnson, however, the emphasis changed away from urban community development and towards agriculture, education and public health. These three sectors received 30 per cent of the total aid programme in FY 1966 and 40 per cent in FY 1967. In addition, from 1963 onwards, US assistance was channeled increasingly into the infrastructure sectors - transportation, communications and power - in order to stimulate economic growth.

Overall, however, the most noticeable feature of US assistance was the dominance of programme credits - which accounted for $1,277 million
of AID loans (46.7 per cent) between 1961-67. US assistance was concerned more with providing budgetary support rather than financing social reform and the US commitment to social sector development was thus limited, mainly to the early years of the Alliance.30 (See Table 14).

Furthermore, within each sector the impact of US aid in terms of its contribution to social and economic reform was also limited. In agriculture, for example, the initial policy of supporting land reform - seen as crucial to solving rural development problems, particularly the shift in population to urban areas - received limited actual assistance.31 When President Johnson gave increased priority to agriculture within the Alliance in August 1966, the emphasis was instead placed on expanding agricultural productivity through the provision of credit, rural infrastructure and technical assistance.32 Similarly, while AID loans to finance housing helped to solve the shortage of accommodation for salaried people, they had little effect on the housing problems of squatters and slum dwellers, since the average cost of housing units under the Alliance was between $1,000 and $2,000.33

In education, whilst the Alliance had sought to provide six years education for all children, only 10.8 per cent of funds were directed to basic education in FY 1966, the main emphasis of AID loans being higher education and technical training. The education sector did receive greater attention in the last two years of the Johnson Administration - AID authorized $70 million for this purpose in 1968, more than doubling previous loans between 1961-67.34

Finally, with regard to health, the failure to include population programmes was one of the major deficiencies of the Alliance. Although such programmes finally became part of AID's activities in 1965, their immediate impact was obviously limited, and the failure to curtail the
hemisphere's birth rate had repercussions on the success of all other AID policies in this period.35

In summary, it is possible to conclude with the US House Subcommittee on Inter American Affairs that the Alliance produced only "modest visible development gains"36 and that whilst the Alliance may have contributed to long-term Latin American development, it did not achieve the radical social revolution promised.

In part this failure was due to the conflict between economic and political objectives. The Alliance was intended to encourage the creation of a strong middle class in Latin America, but in the short term the United States had little choice but to allow immediate power to remain in the hands of the land owning aristocracies and oligarchies. As a result, the Kennedy Administration's "peaceful revolution" was expected to be implemented by the very groups it was intended to replace. Rather than supporting rapid economic and social change, it is not surprising that Alliance funds were utilised more to perpetuate the traditional elites who opposed land and taxation reforms.37

Secondly, it can be argued that the social reform of the Alliance was essentially proposed as an alternative to the revolutionary change followed by Castro and was only secondarily concerned with Latin American economic and social development. The US commitment to profound social and land reforms was greatest during the early years of the Alliance, when the threat of other Communist revolutions was highest: as that threat receded, so, too, did the radical content of US aid programmes.

Multilateral assistance

With regard to the multilateral agencies, between 1962 and 1968, Latin America received a total of $6,092 million in assistance, of which the Caribbean's share was $800 million or 13.1 per cent. The Inter-
American Bank provided the greatest assistance to the Caribbean - some $277 million. Most of this total came from the two soft loan agencies, the SPTF and especially the FSO, which alone supplied over half the IDB's loans to the Caribbean. The main beneficiaries of IDB lending were the Spanish Caribbean countries, particularly Nicaragua, the Dominican Republic and Honduras. Of the Commonwealth countries, only Trinidad had joined the Bank by 1968, and had yet to receive substantial assistance, whilst the Bank proved reluctant to extend much aid to Haiti.

The World Bank Group also provided considerable funds to Latin America and the Caribbean - some $2,147 million and $239 million respectively. The IBRD was the single largest source of multilateral development assistance in the Caribbean, and the main recipients of Bank loans were Commonwealth countries - Jamaica and Trinidad. The Caribbean also received nearly one third of IDA assistance going to Latin America, reflecting the Association's concern to help those countries at the lowest stages of development. However, the amount of this assistance was very small, only $19 million out of a total of $60 million, with the Association preferring to concentrate on the relatively poorer countries in Africa and Asia. Finally, the IFC provided only marginal assistance to the Caribbean during this period - only $3.1 million.

In addition to this development assistance, the IMF provided substantial compensatory finance to relieve short-term balance of payments deficits. Some $205 million was provided for this purpose between 1962-68, mainly to the Spanish Caribbean countries - notably Nicaragua and Costa Rica.

The other main source of multilateral aid was the United Nations, particularly the UN Development Agency (UNDP). Whilst the amount of assistance to the Caribbean was relatively small - $77 million between
1962-68 - it was the major source of international finance for many of the smaller Caribbean countries and dependencies, especially the Eastern Caribbean islands and Belize and Surinam. An interesting feature of UN assistance was the continued aid given to Cuba during this period, the only US supported international agency to do so.

Overall, it can be seen that the distribution of multilateral assistance within the Caribbean reflected US bilateral aid, with the Spanish Caribbean countries - notably Nicaragua and Costa Rica - receiving the most assistance and with only Jamaica and Trinidad receiving significant multilateral aid of the Commonwealth countries.

In assessing the development impact of multilateral finance, it should be noted that the interest rates of the international agencies were mostly higher than US bilateral terms, averaging at 3.83 per cent between 1962-68, in comparison to AID's 2.1 per cent. The effect of these rates, together with substantial loan repayments, was to greatly reduce the amount of finance being provided to Latin America. Between 1962-68, gross disbursements of multilateral aid averaged at $583 million per annum but the net flow was only $333 million. In effect, therefore, nearly half of multilateral assistance (43 per cent) was going to finance existing debts and services.40

Furthermore, throughout the 1960s, the United States utilized its dominant position within the multilateral agencies to promote US business interests in Latin America. Within the Inter-American Bank, the US Government stipulated that SPTF funds should be used for purchases within the United States alone. And when the SPTF merged with the FSO in 1965, the United States extended the practice of tying aid to the soft loan window of the Bank as well.41 It has been estimated that between 80-90 per cent of US contributions to the IDB were spent in the United States.42
With regard to the World Bank Group, US subscriptions were not tied to expenditure in the US during the 1960s. However, the United States was persistently in surplus in its account with the IBRD, and whilst it maintained a deficit in its account with the IDA during the 1960s, this deficit did not offset the surplus earned by the Bank. The $1.8 billion in subscriptions to the Bank in the 1960s was more than balanced by the $3.5 billion in orders for US goods and services, indicating the importance of the World Bank to the US economy.43

Finally, it should be noted that during the 1960s, financial assistance by the World Bank and IMF was often made dependant upon the host country taking measures to correct its economic imbalance - that is, reducing inflation and following free trade and pro-private enterprise methods.44 Thus the IMF imposed rigid restrictions on stabilization loans to Argentina between 1958-63, Colombia in 1963-64, Chile and Brazil in 1964, and the Dominican Republic in 1964-65. Similarly, the World Bank for several years refused to make any loans to Brazil because of the "unsound financial policies" of the Goulant regime.45

As a result, it can be argued that the World Bank and the IMF were "primarily responsive" to the trade and investment needs of the United States and only secondarily concerned with the internal development of Latin America.46 Indeed, perhaps only the United Nations was able to concentrate on the development requirements of the hemisphere, independent of US economic and political interests.

**Sectoral distribution of multilateral assistance**

During the 1950s, multilateral assistance was largely concentrated in the infrastructure sector, with electric power and transportation accounting for 90 per cent of World Bank lending in Latin America.47
The establishment of the Inter-American Bank in 1960 thus resulted in important innovations in international lending, with the initial concentration of the Bank's loans in social sector development. In the first full year of operation (1962), projects in housing and water supply received 54.4 per cent of all IDB funds. Similarly, the SPTF, created especially to deal with such sectors, committed $500 million between 1961 and 1966 for projects in housing (43.5 per cent), water and sanitation (32.3 per cent), agricultural reform (17.8 per cent) and education (6.4 per cent).

In the mid-1960s, however, a marked shift occurred in the Bank's lending policies away from social sector development and towards projects in the productive sector - in 1965 agriculture, industry and mining accounted for 44 per cent of all loans. The IDB also began to fund projects in the fields of transportation, communications and power: indeed by 1968 these three sectors accounted for $208 million of the $431 million loans. As with US bilateral assistance, therefore, the emphasis on social and welfare development was evident only in the early 1960s.

A different picture emerges if we examine the sectoral distribution of World Bank loans, however. Throughout this period, infrastructure projects continued to be the main area of World Bank finance, accounting for $1582 million or 82 per cent of loans to Latin America. However, in the mid-1960s, the Bank began to diversify its lending. Between 1965-68, it loaned nearly $210 million for projects in agriculture, making this the second largest sector after power. Furthermore, the World Bank also began to finance social sector development with over $35 million being allocated to water and sewerage, and $21 million for education between 1966-68. Thus, whereas the Inter-American Bank began to concentrate more on infrastructure development in the late
1960s, the World Bank conversely began to diversify into social projects. As such, the initial distinction between IDB loan policy and that of the other multilateral agencies had greatly diminished by 1968.

With regard to the United Nations, during the early 1960s, the main assistance continued to be in the form of investment stimulation through the Special Fund and technical advice through the Extended Program of Technical Assistance. In 1965 these two organizations merged to form the UN Development Fund (UNDP), which took over both tasks and provided preinvestment and technical assistance mainly in the fields of agriculture, industry and education. 54

Overall, however, the multilateral agencies concentrated primarily on infrastructure development in Latin America, especially on financing electric power, which accounted for nearly 29 per cent of IDB and World Bank loans between 1961-67. The IDB and World Bank did provide considerable assistance to the productive sectors, but concentrated more on medium and large scale industry and agriculture, at the expense of peasant farmers or land reform. As a result, whilst the multilateral agencies undoubtedly provided substantial financial resources during the 1960s, to help stimulate economic growth, their impact on social and welfare development continued to be only limited.
TABLE 11  US BILATERAL ASSISTANCE 1962-68 (US$ m)

<table>
<thead>
<tr>
<th>Country</th>
<th>AID Loans</th>
<th>AID Grants</th>
<th>AID Sub Tot.</th>
<th>PL 480 Title I</th>
<th>PL 480 Title II</th>
<th>PL 480 Sub Tot.</th>
<th>Exim Bank</th>
<th>Peace Corps</th>
<th>Other</th>
<th>Grand Total</th>
</tr>
</thead>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
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<td>21.7</td>
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<td>–</td>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>0.1</td>
</tr>
<tr>
<td>Belize</td>
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<td>1.0</td>
<td>1.0</td>
<td>–</td>
<td>1.5</td>
<td>1.5</td>
<td>–</td>
<td>1.6</td>
<td>–</td>
<td>4.1</td>
</tr>
<tr>
<td>Costa Rica</td>
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<td>13.7</td>
<td>47.7</td>
<td>–</td>
<td>6.4</td>
<td>6.4</td>
<td>14.6</td>
<td>4.5</td>
<td>12.4</td>
<td>85.6</td>
</tr>
<tr>
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<td>133.4</td>
<td>300.4</td>
<td>23.0</td>
<td>37.7</td>
<td>60.7</td>
<td>29.0</td>
<td>6.5</td>
<td>–</td>
<td>396.6</td>
</tr>
<tr>
<td>El Salv.</td>
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<td>18.7</td>
<td>53.4</td>
<td>0.6</td>
<td>13.6</td>
<td>14.2</td>
<td>8.4</td>
<td>3.2</td>
<td>–</td>
<td>79.2</td>
</tr>
<tr>
<td>Guatemala</td>
<td>26.6</td>
<td>21.2</td>
<td>47.8</td>
<td>–</td>
<td>9.7</td>
<td>9.7</td>
<td>6.1</td>
<td>4.1</td>
<td>8.2</td>
<td>75.9</td>
</tr>
<tr>
<td>Guyana</td>
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<td>13.8</td>
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<td>–</td>
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<td>2.3</td>
<td>–</td>
<td>0.5</td>
<td>–</td>
<td>41.4</td>
</tr>
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<td>–</td>
<td>7.2</td>
<td>7.2</td>
<td>3.0</td>
<td>–</td>
<td>–</td>
<td>32.2</td>
</tr>
<tr>
<td>Honduras</td>
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<td>16.2</td>
<td>55.6</td>
<td>–</td>
<td>3.6</td>
<td>3.6</td>
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<td>4.3</td>
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<td>64.0</td>
</tr>
<tr>
<td>Jamaica</td>
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<td>6.1</td>
<td>17.7</td>
<td>–</td>
<td>18.3</td>
<td>18.3</td>
<td>10.3</td>
<td>3.4</td>
<td>–</td>
<td>49.7</td>
</tr>
<tr>
<td>Nicaragua</td>
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<td>15.5</td>
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<td>7.4</td>
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<td>–</td>
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<td>100.8</td>
</tr>
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<td>Panama</td>
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<td>109.4</td>
<td>–</td>
<td>3.9</td>
<td>3.9</td>
<td>12.8</td>
<td>4.9</td>
<td>12.1</td>
<td>143.1</td>
</tr>
<tr>
<td>Surinam</td>
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<td>1.8</td>
<td>–</td>
<td>0.6</td>
<td>0.6</td>
<td>4.0</td>
<td>–</td>
<td>–</td>
<td>6.4</td>
</tr>
<tr>
<td>Trinidad &amp; Tob.</td>
<td>–</td>
<td>34.3</td>
<td>34.3</td>
<td>–</td>
<td>0.5</td>
<td>0.5</td>
<td>22.7</td>
<td>0.1</td>
<td>–</td>
<td>57.6</td>
</tr>
<tr>
<td>OWI</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2.0</td>
<td>2.0</td>
<td>1.5</td>
<td>1.5</td>
<td>–</td>
<td>5.0</td>
</tr>
<tr>
<td>ROCAP</td>
<td>82.0</td>
<td>25.7</td>
<td>107.7</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2.9</td>
<td>–</td>
<td>110.6</td>
</tr>
<tr>
<td>Total Carib.</td>
<td>568.2</td>
<td>349.8</td>
<td>918.0</td>
<td>23.6</td>
<td>114.3</td>
<td>138.4</td>
<td>142.2</td>
<td>34.6</td>
<td>40.6</td>
<td>1274.0</td>
</tr>
<tr>
<td>LA Total</td>
<td>3208.3</td>
<td>838.6</td>
<td>4046.9</td>
<td>483.7</td>
<td>586.8</td>
<td>1070.5</td>
<td>1270.5</td>
<td>158.4</td>
<td>62.1</td>
<td>6608.4</td>
</tr>
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</table>


1. Excludes SPTF funds.
<table>
<thead>
<tr>
<th>Country</th>
<th>US AID 1962-68(^1) (US$ m)</th>
<th>Per Capita GDP, 1970(^2)</th>
<th>AID per capita (1970 Population)(^3) (US$)</th>
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</thead>
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<tr>
<td>Barbados</td>
<td>0.1</td>
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<tr>
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<td>856</td>
<td>50.0</td>
</tr>
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<td>Dominican Rep.</td>
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<td>595</td>
<td>97.8</td>
</tr>
<tr>
<td>El Salvador</td>
<td>79.2</td>
<td>529</td>
<td>23.1</td>
</tr>
<tr>
<td>Guatemala</td>
<td>75.9</td>
<td>712</td>
<td>14.9</td>
</tr>
<tr>
<td>Guyana</td>
<td>41.4</td>
<td>558</td>
<td>57.8</td>
</tr>
<tr>
<td>Haiti</td>
<td>32.2</td>
<td>171</td>
<td>7.6</td>
</tr>
<tr>
<td>Honduras</td>
<td>64.0</td>
<td>463</td>
<td>26.3</td>
</tr>
<tr>
<td>Jamaica</td>
<td>49.7</td>
<td>1461</td>
<td>26.6</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>100.8</td>
<td>722</td>
<td>54.0</td>
</tr>
<tr>
<td>Panama</td>
<td>143.1</td>
<td>1215</td>
<td>99.8</td>
</tr>
<tr>
<td>Trinidad</td>
<td>57.6</td>
<td>1247</td>
<td>56.1</td>
</tr>
<tr>
<td><strong>Total Caribbean</strong></td>
<td><strong>1126.2</strong></td>
<td><strong>585.7</strong></td>
<td><strong>40.0</strong></td>
</tr>
</tbody>
</table>

**Total Latin America** | 6460.6 | 859.2 | 24.4

Figures do not include Bahamas, Belize, Surinam, Other West Indies or ROCAP.

<table>
<thead>
<tr>
<th>Country</th>
<th>Inter-American Devlpt. Bank&lt;sup&gt;1&lt;/sup&gt;</th>
<th>World Bank Group&lt;sup&gt;2&lt;/sup&gt;</th>
<th>United Nations&lt;sup&gt;4&lt;/sup&gt;</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORD</td>
<td>FSO</td>
<td>SPITF</td>
<td>TOTAL</td>
</tr>
<tr>
<td>Bahamas</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Barbados</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Belize</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>10.5</td>
<td>11.5</td>
<td>9.1</td>
<td>31.1</td>
</tr>
<tr>
<td>Cuba</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
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<td>6.0</td>
<td>33.4</td>
<td>8.6</td>
<td>48.0</td>
</tr>
<tr>
<td>El Salv.</td>
<td>3.0</td>
<td>3.0</td>
<td>16.4</td>
<td>28.4&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
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<td>19.3</td>
<td>14.3</td>
<td>40.0</td>
</tr>
<tr>
<td>Guyana</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Haiti</td>
<td>-</td>
<td>3.7</td>
<td>-</td>
<td>3.7</td>
</tr>
<tr>
<td>Honduras</td>
<td>-</td>
<td>36.2</td>
<td>7.6</td>
<td>43.8</td>
</tr>
<tr>
<td>Jamaica</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>48.2</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>13.8</td>
<td>26.7</td>
<td>13.0</td>
<td>53.5</td>
</tr>
<tr>
<td>Panama</td>
<td>1.5</td>
<td>19.7</td>
<td>5.3</td>
<td>26.5</td>
</tr>
<tr>
<td>Surinam</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trin &amp; Tob.</td>
<td>-</td>
<td>5.3</td>
<td>-</td>
<td>5.3</td>
</tr>
<tr>
<td>Other WI</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>41.2</td>
<td>158.8</td>
<td>74.2</td>
<td>277.3</td>
</tr>
<tr>
<td><strong>Total Latin America</strong></td>
<td>951.7</td>
<td>1121.7</td>
<td>383.1</td>
<td>2504.2&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>a.</sup> includes $3 million from other sources.
<sup>b.</sup> includes $47.7 million from other sources.

**Sources:**
4. As Table 11.
### TABLE 14 SECTORAL DISTRIBUTION OF DEVELOPMENT ASSISTANCE TO LATIN AMERICA, 1961-67 (US$m)

<table>
<thead>
<tr>
<th>Sector</th>
<th>US AID Loans</th>
<th>IDB Loans</th>
<th>World Bank Group</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
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<tr>
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<td>483.0</td>
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<td>727.5</td>
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<td>564.0</td>
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<td>224.9</td>
<td>1018.0</td>
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</tr>
<tr>
<td>Water &amp; Sew'age</td>
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<td>394.1</td>
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<td>Housing</td>
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<td>285.8</td>
<td></td>
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</tr>
<tr>
<td>Education</td>
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<td>Health</td>
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<td>-</td>
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<td>16.6</td>
</tr>
<tr>
<td>Public Admin.</td>
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<td>-</td>
<td></td>
<td>5.0</td>
</tr>
<tr>
<td>Multisectoral</td>
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<td>-</td>
<td></td>
<td>359.5</td>
</tr>
<tr>
<td>Program Credits</td>
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<td>-</td>
<td></td>
<td>1277.0</td>
</tr>
<tr>
<td>Preinvestment</td>
<td>-</td>
<td>51.2</td>
<td></td>
<td>51.2</td>
</tr>
<tr>
<td>Export Financing</td>
<td>-</td>
<td>17.5</td>
<td></td>
<td>17.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2744.7</strong></td>
<td><strong>2367.1</strong></td>
<td><strong>1937.5</strong></td>
<td><strong>7049.3</strong></td>
</tr>
</tbody>
</table>

Regional Integration

The early 1960s saw an important change in emphasis with respect to US support for regional integration in Latin America. During the early years of the Eisenhower Administration, the United States was uncommitted to the principle of economic integration, being reluctant to move away from the traditionally bilateral nature of US-hemispheric relations. However, following the creation of two intra-regional movements in 1960 - the Latin American Free Trade Association (LAFTA) and the Central American Common Market (CACM) - the United States began to follow a policy of firm support for economic integration movements.

In the Caribbean, this support was evidenced at both the bilateral and multilateral levels, and towards two separate regional groupings: the English Caribbean nations and dependencies and the Central American countries.

The United States consistently supported both political and economic integration efforts in the English Caribbean. The West Indies Federation was viewed as an economically viable unit and received US assistance on a regional basis - some $4.4 billion between 1960-61. Following the collapse of the Federation, the United States began to support economic integration efforts among the smaller states, which combined to form the East Caribbean Common Market (EECM) in July 1968. In particular, the United States participated in the Tripartite Survey of the Eastern Caribbean between January and April 1966, which led to the creation of the Regional Development Agency in 1968. The Agency was designed to coordinate the development plans of the smaller territories and to administer technical and financial assistance from the US, the UK and Canada, and as such was the primary integration organ of the EECM. The United States also participated in the discussions leading up to the formation of a Caribbean Development Bank during 1967.
and 1968, and agreed to provide $6 billion to the Bank's Special Development Fund. 58

In assessing the importance of these activities to economic integration in the English-speaking Caribbean, it should be noted that the main purpose of US assistance was to avoid the establishment of additional bilateral aid missions in the region. Bilateral assistance continued to be the main channel for US funds to the larger Caribbean nations, and this tended to weaken the contribution of US aid for integration purposes.

However, US bilateral assistance appears to have been financially more important to English Caribbean integration efforts than the multilateral assistance provided during the 1960s. The United Nations was the only multilateral agency to fund regional projects in this period - notably in education, meteorology and in Caribbean Fishery Development. But the United Nations' technical assistance was especially important in providing the basis for regional integration movements - the UNDP undertook a feasibility study completed in July 1967 which formed the basis of the Caribbean Development Bank, whilst ECLA was asked to conduct two studies on regional industrial development for the Caribbean Free Trade Association (CARIFTA). 59

With regard to the Central American Common Market it should be noted that from the start the United States sought to promote a free trade market system which might create new opportunities for US trade and investment, rather than an integrated market with restrictive mechanisms and regional planning to protect the less developed economies. 60

Furthermore, progress towards US financing of integration projects was slow. An AID Regional Office for Central America and Panama (ROCAP) was established in 1962 to make AID funds available on a regional basis, but by the end of FY 1963 only $13.2 million in loans and grants had
been authorized through this channel. The US Government supported only limited integration projects, notably in infrastructure, and refused to lend money for "integration industries".

Under the Johnson Administration, the emphasis on regional integration within US economic policy did increase. Greater assistance was allocated to Central America through ROCAP - some $99 million between 1964-68. In addition, the United States provided over $62 million to the Central American Bank for Economic Integration (CABEI), and $35 million to the Bank's Central Integration Fund.

Overall, however, the importance of US regional funding appears to have been limited. Throughout the period 1962-68, nearly $108 million, mostly in loans, was channelled through ROCAP, accounting for 27 per cent of AID assistance to the Central American countries. Whilst this compares favourably with the assistance allocated to South America through regional programmes, it nevertheless indicates that bilateral relations with the individual Caribbean countries continued to be the main focus of US policy and assistance.

Furthermore, the multilateral agencies appear to have played a more crucial role in providing technical expertise to CAOM. Thus ECLA was instrumental to the establishment of the Central American market, whilst the IDB provided research, training and technical assistance in integration matters through its Institute for the Integration of Latin America (INTAL). In addition, the IDB provided CABEI with some $45 million in the 1960s for projects in industrial credit, transportation and communication.

In conclusion, whilst the United States undoubtedly was an important source of finance for Caribbean integration movements in this period, its contributions appear to have been motivated more by its own economic interests than by a desire to assist the region's development.
multilateral agencies provided much less assistance on a financial basis, but were undoubtedly of greater importance to the establishment and operation of CARIFTA and CACM.

US Policy Toward Private Investment

Introduction

In its policy towards private investment the US Government has traditionally followed two related objectives: first, to promote US and domestic investment in Latin America, as a means of increasing those countries' financial resources, and second, to protect the interests of US corporations operating abroad. The United States has always maintained that these two objectives are interrelated - that Latin America will only receive substantial private resources where a "good climate for private investment" is provided, including guarantees against expropriation, or the provision of "prompt, adequate and effective compensation" for expropriations or tax increases. However, the emphasis placed on these objectives has varied.

Promotion of US investment

Under the Eisenhower Administration, US development strategy toward Latin America was based on the belief that "Public lending can never substitute for private initiative and capital ..." and that the best way to achieve Latin American economic development was to encourage the promotion of a "favourable climate for private investment".67

In contrast, a prominent feature of US economic policy under the Kennedy Administration was the initial lack of emphasis placed on private resources in hemispheric development. In his speech on 13 March 1961, the President made no reference to the role that private investment should play within the Alliance for Progress, whilst the
Charter of Punta del Este contained only one such reference.\textsuperscript{68} The expansion of public finance for Latin American development in effect meant that only limited importance was attached to private sector financing.\textsuperscript{69}

However, the Kennedy Administration soon found that it could not ignore the flow of private funds to Latin America. The early 1960s saw a dramatic decline in new foreign investments in the hemisphere - from $1,163 million in 1957 to minus $32 million in 1962 - coupled with a massive flight of domestic capital. It has been estimated that this drain on private capital may well have exceeded the inflow of US public funds in the first year of the Alliance.\textsuperscript{70}

This interrelationship of aid and investment appeared to necessitate US Government involvement in the latter sphere if the Alliance were to be successful - a fact which US officials increasingly recognised after Kennedy's first year in office. Thus the Alliance coordinator emphasized the importance of private funds in the hemispheric development process, claiming that "private enterprise - local and foreign - must respond if the Alliance is to succeed".\textsuperscript{71}

However, many of the policies and programmes utilized by the US Government in the promotion of private enterprise in Latin America appear to have operated more to the benefit of US investors than to hemispheric development. Perhaps the most important programme from a development perspective was AID's assistance to local financial institutions, such as agricultural credit banks, industrial development banks and cooperatives. As of 31 December 1966, AID had authorized loans of approximately $425 million to 54 credit institutions in nineteen Latin American countries.\textsuperscript{72} The availability of US loans for investment purposes was, however, made dependent on their contribution to the US economy. Thus aid could not be furnished to any foreign enterprise
that competed with an American company, unless it agreed to limit exports of the product to the United States.\textsuperscript{73}

The two US Government investment insurance programmes also operated primarily to the benefit of US business. The Latin American Housing Guarantee Programme provided insurance for US investors in selected housing projects worth some $162 million in April 1966, but led to the creation of only 28,500 houses, an insignificant figure given the acute housing shortage in the hemisphere.\textsuperscript{74}

The Investment Guarantee Programme provided US firms investing in Latin America with coverage against the "political" risks of expropriation, inconvertibility of earnings, and war, revolution and insurrection. The programme was the main vehicle of US Government activity in promoting private investment, with over $1,433 million guaranties being issued to Latin America between 1960-65, of which $273.7 million were in the Caribbean.\textsuperscript{75} Its importance to US investors cannot be doubted: by 1968, only 7 percent of US direct investments in all the LDCs were not covered by AID insurance.\textsuperscript{76} However, the programme did not encourage the even distribution of investments among the LDCs. During the 1960s, insurance was issued to 21 countries in the Western Hemisphere, but nearly $5,145 million, or 37 per cent, of world insurance was concentrated in five of these countries - Chile, Jamaica, Brazil, Argentina and the Dominican Republic.\textsuperscript{77} Moreover, this insurance was concentrated in a few, mainly capital intensive industries - copper and alumina production, molasses and sugar industries, and banking.

Furthermore, during the 1960s, the US Government attempted to use the investment guarantee programme as a means of increasing the protection available to US investors. In particular, the Government required a treaty between itself and the host country to be in force as a condition of granting insurance. The treaty gave the US Govern-
ment "subrogation" rights - the substitution of government for investor in the case of investment disputes - and provided for compulsory arbitration. These conditions were opposed by several Latin American countries who attempted to resist signing such treaties. But in 1963 Congress stipulated that any country which had not concluded an investment guarantee treaty by 31 December 1966 would no longer be eligible for economic aid. As a result, eight countries, including Guyana and Honduras in the Caribbean, were forced to sign treaties as a condition of obtaining bilateral assistance.78

In addition, the United States attempted to persuade the Latin American countries to undertake international investment insurance, and to submit to international arbitration of investment disputes under the International Convention for the Settlement of Investment Disputes (ICSID), established in November 1965. However, the Spanish Caribbean countries objected to the Convention on the grounds that it violated the Calvo Doctrine that investment disputes should be settled at the national level, and the only countries to become signatories were Jamaica, Trinidad and Guyana.79

US policy towards nationalizations

Finally, special attention should be given to the US policy concerning the nationalization of American companies by Latin American countries. During the 1960s, the whole foreign aid programme was made conditional upon the provision of "prompt, adequate and effective compensation" for expropriations or discriminatory taxation. Although the US Government always recognized the right of governments to nationalize foreign properties, it maintained that such action would be detrimental to Latin American development in that private investors would be reluctant to risk their capital in similar projects unless full compensation were paid, and that such compensation would direct scarce capital
However, in operating this policy, US officials consistently backed the interests of US business at the expense of Latin American development. Thus, following Castro's land reform programme and nationalization of several US oil companies in June 1960, Eisenhower eliminated the US sugar quota for Cuba. And following the nationalization of US sugar mills, banks and other enterprises between July and October 1960, the US imposed an embargo on all US exports to Cuba except for medicines and food. In effect, US economic relations with Cuba were made dependent on the provision of compensation to US corporations, and the nationalization of US business was a major factor in the deterioration of US-Cuban diplomatic relations.

The initial policy of the Kennedy Administration appeared to be less concerned with protecting US foreign investments. Indeed, both the White House and State Department were opposed to the Hickenlooper Amendment to the 1962 Foreign Assistance Act, introduced as a direct result of Brazil's expropriation of ITT in February 1962. The Amendment required the automatic suspension of economic assistance to any country that took "hostile" measures - including expropriation, discriminating taxation or repudiation of a contract - against US corporations, without providing "speedy compensation". In an attempt to prevent the Amendment's passage through Congress, the State Department urged the Brazilian Government to provide the US utility companies with "adequate" compensation in return for extra Alliance funds. This proposal caused loud criticisms on the grounds that the Alliance was being used to help finance expropriations.

In the final solution to the dispute the US companies agreed to reinvest their compensation in other sectors "important to Brazilian economic development", an arrangement which seemed beneficial to both
the investor and the developing country. It should be noted, however, that the US companies actually preferred to sell out their utility holdings and reinvest in industries that had access to a "free market situation". Rather than supporting the Brazilian government's programme of nationalization, therefore, the Kennedy Administration was assisting US enterprise to reinvest in the manufacturing sectors which were more profitable than the public utilities, and which would help consolidate the new "Alliance" between the United States and the Latin American middle classes. This support for US business was even more pronounced under the Johnson Administration: indeed the new Assistant Secretary Mann gave especial priority to the promotion and protection of US business interests in US policy. When, in 1964, the new Brazilian government attempted to withdraw from an agreement involving the nationalization of another public utility company and the reinvestment of compensation in other sectors of the economy, the Johnson Administration offered economic aid only on condition that the contract be fulfilled. Similarly, economic assistance to both Chile and Peru was slowed down or withheld as a means of influencing the settlement of investment disputes. Furthermore, this policy was also pursued in the multilateral agencies. The World Bank consistently refused to make loans to countries which nationalized foreign assets or failed to honour tax agreements and both Brazil, between 1960-64, and Peru, in 1968, were unable to obtain IBRD loans as a result.

Conclusion

The attitude of the Kennedy and Johnson Administrations to investment disputes appears to indicate that the promotion and protection of US investments was the Government's primary concern during the 1960s, even where this conflicted with the economic development of Latin America. It is therefore not surprising that despite all the government's
activities in promoting hemispheric development through the private sector, the main beneficiaries appear to have been US investors.

Indeed, it can be argued that the US Government programmes were singularly unsuccessful in promoting investment in the hemisphere with regard to both the relative position of Latin America in the distribution of US assets abroad and the contribution of those assets to the Alliance for Progress. The 1960s saw an actual decline in the importance of Latin America as a market for US foreign investment. Whereas the hemisphere had accounted for 28.2 per cent of US foreign investments in 1960, by 1968 this figure had fallen to only 20.2 per cent. More important, the value of direct US investments in the region increased by only $3.8 billion during this period, from $9,249 million to $13,101 million (see Table 15). Given that $20 billion was thought to be the amount needed to achieve a decade of Latin American development, and US officials estimated that at least 80 per cent should come from the private sector the contribution of US investment to the Alliance for Progress does not appear great. The contribution is even less when it is noted that reinvestment by US private firms accounted for 51 per cent of net total direct investment in the hemisphere between 1961-70.

Furthermore, the remitted profit of US companies operating in Latin America exceeded the flow of new private investment into the area. Between 1960 and 1967, new US funds in the hemisphere totalled $985 million as against $6.7 billion in dividends sent abroad. Whilst these two figures are not strictly comparable, since income is based on the sum of all previous investments, nevertheless it does suggest that US private investment has not had a particularly beneficial effect on Latin American growth - and may even have had an adverse effect on their balance of payments. This particularly appears to be the case in the manufacturing sector, where it has been estimated that for
each dollar of profit earned between 1960 and 1968, 52 cents left the
country, even though 78 per cent of the investment funds used to
generate that profit came from local sources. Thus there was a
net outflow of capital from Latin America to the United States, so that
US economic interests were furthered at the expense of hemispheric
economic development.

With regard to the importance of US investments to the Caribbean,
although exact figures are not available, two factors are clear. First,
the Caribbean constituted an important source of investments during the
1960s, despite the wholesale nationalization of US assets by Cuba.
Between 1960 and 1968, US investments increased from $2,709 million to $3,652
million, or $6,092 million including Puerto Rico. However, these
investments were concentrated in only a few politically "stable"
countries - Puerto Rico, Panama, the Bahamas, Jamaica and Trinidad
together accounted for over 86 per cent of US-Caribbean investments in
1968 - and, as we have seen, in a few capital intensive industries.
For most Caribbean countries, therefore, US investment provided only
limited additional resources and its beneficial impact on their economic
development may be severely questioned.

US Trade Policies 1960-68

Introduction

During the period 1960-68, the United States followed several
contradictory objectives in its trade policy towards Latin America.
Both the Kennedy and Johnson Administrations supported the extension of
a global liberalized system of trade, which they claimed would increase
the opportunities for the Latin American countries to expand their
exports. At the same time, however, domestic pressures from Congress
and the business sectors caused US trade policy to include measures
<table>
<thead>
<tr>
<th>Country</th>
<th>Total (US$ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahamas</td>
<td>900</td>
</tr>
<tr>
<td>Barbados</td>
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<td>Belize</td>
<td>5</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>70</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>150</td>
</tr>
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<td>El Salvador</td>
<td>30</td>
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<td>Guatemala</td>
<td>127</td>
</tr>
<tr>
<td>Guyana</td>
<td>50</td>
</tr>
<tr>
<td>Haiti</td>
<td>51</td>
</tr>
<tr>
<td>Honduras</td>
<td>130</td>
</tr>
<tr>
<td>Jamaica</td>
<td>500</td>
</tr>
<tr>
<td>Neth. Ant.</td>
<td>150</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>25</td>
</tr>
<tr>
<td>Panama</td>
<td>919</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>2,440</td>
</tr>
<tr>
<td>Surinam</td>
<td>30</td>
</tr>
<tr>
<td>Trinidad &amp; Tobago</td>
<td>500</td>
</tr>
<tr>
<td>Other WI</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total Caribbean</strong></td>
<td><strong>6,092</strong></td>
</tr>
<tr>
<td><strong>Total Latin America</strong></td>
<td><strong>13,101</strong></td>
</tr>
</tbody>
</table>

offering protection to American industry and agriculture, or providing a stable source of commodities for US consumers. Finally, in response to the demands of the LDCs for improved access to export markets, the United States gave active consideration for the first time both to establishing a system of trade preferences and to the possibility of international commodity agreements.

In examining the complex interplay of these trade policies it should be noted that throughout the 1960s, US trade was perceived largely in worldwide terms, and thus the majority of contacts between the United States and Latin America occurred at the multilateral level, notably within the GATT and UN.

**Liberal trade policies**

During the early 1960s, the main concern of the Kennedy Administration was the continuation of the liberalized trade programme through both the Trade Expansion Act of 1962 and, at a multilateral level, under the auspices of the General Agreement on Tariff and Trade (GATT).\(^9\) The United States was concerned to increase the benefits accruing to the less developed countries in the global liberal trading arrangements through both "the progressive reduction and elimination of barriers to the exports of less developed countries", and accepting the principle of non-reciprocity for LDCs in tariff agreement.\(^9\)

The Trade Expansion Act of 1962 authorized the President to make substantial unilinear tariff reductions over a period of five years, and to participate in new multilateral trade negotiations - known as the Kennedy Round - which ended on 30 June 1967. It is worth noting that of the thirteen Latin American countries which were signatories to the GATT, only seven participated in the Kennedy Round of negotiations and negotiated directly with the United States.\(^9\)
Under the Kennedy Round, the average US tariff on dutiable imports from Latin America fell from 7 per cent to 5 per cent, whilst the proportion of US imports which entered duty free rose from 46 per cent to over 60 per cent. Tariff reductions were made on a number of raw materials and agricultural products of interest to the Caribbean. Duties on bauxite, cocoa paste and cashew nuts were abolished; large reductions (50 per cent or over) were made on preserved bananas, chocolate, cocoa powder and guavas; whilst small reductions (under one cent a pound) were made on grapefruit and sugar. In general, however, duties on agricultural produce remained high, and most tariff reductions in this group were smaller than the average reduction. With regard to manufactured goods, some reductions were made on woven jute, leather goods, footwear and some textile and clothing articles - but tariff peaks were still high for the latter three products. Furthermore, a large number of products of interest to the hemisphere - including petroleum, zinc, iron, lead and some textile and footwear articles - were excluded from the agreement by the United States.

Overall, therefore, the Kennedy Round brought only limited benefits to Latin America and the Caribbean, due largely to the fact that the deepest concessions were concentrated in the areas of least interest to the developing countries and were aimed primarily at the industrialized countries.

Generalized system of preferences

The general failure of the GATT to provide significant trade concessions for Latin America led the Johnson Administration to be more receptive to the possibility of reforming hemispheric trading relations. During the mid-1960s, some US officials were apparently attracted to the idea of establishing a preferential system of trade with the hemisphere,
as existed between many European countries and their colonies. However, the main attention was focussed on the possibility of establishing a generalized system of non-reciprocal preferences (GSP), designed to provide the developing countries with favoured access to the US market, as proposed by Raul Prebisch at the first UN Conference on Trade and Development (UNCTAD) in 1964.

Initially, the United States opposed such a system, arguing that the average rate of tariffs under GATT was already low - at about 10 per cent - and that the gain from trade preferences to LDCs would thus be marginal. In April 1967, however, Johnson announced at the Punta del Este summit meeting that the United States was ready to explore "the possibility of temporary preferential tariff advantages for all developing countries in the markets of all the industrialized countries".

This pronouncement signalled a "fundamental departure" from the traditional most-favoured nation (MFN) principle as the basis of American trade policy and may thus be regarded as the most important policy change in US-Latin American trade relations during this period.

**Quota restrictions on Latin American trade**

In addition to the limited reductions in US tariffs on Latin American imports, the 1960s also saw the continuation of, and extension of a variety of US quotas and "voluntary restraints" on a number of commodities - including sugar, fresh and frozen meats, dairy produce, petroleum and certain strategic minerals. It has been estimated that these non-tariff measures affect nearly 53 per cent of US imports from Latin America.

The effect of US quotas on Latin American exports has varied considerably. Where the United States has primarily sought to ensure a stable supply for American industry and consumers or reasonable prices
### TABLE 16  US TRADE WITH THE CARIBBEAN 1960 and 1968 (US$ m)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
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<td>Bahamas</td>
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<td>49</td>
<td>165</td>
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<tr>
<td>Costa Rica</td>
<td>35</td>
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<td>44</td>
<td>74</td>
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<td>Dominican Rep.</td>
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<td>156</td>
<td>41</td>
<td>115</td>
</tr>
<tr>
<td>El Salvador</td>
<td>32</td>
<td>45</td>
<td>42</td>
<td>61</td>
</tr>
<tr>
<td>Guatemala</td>
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<td>71</td>
<td>63</td>
<td>93</td>
</tr>
<tr>
<td>Guyana</td>
<td>11</td>
<td>34</td>
<td>12</td>
<td>34</td>
</tr>
<tr>
<td>Haiti</td>
<td>18</td>
<td>26</td>
<td>25</td>
<td>24</td>
</tr>
<tr>
<td>Honduras</td>
<td>34</td>
<td>89</td>
<td>34</td>
<td>75</td>
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<tr>
<td>Jamaica</td>
<td>54</td>
<td>138</td>
<td>48</td>
<td>147</td>
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<tr>
<td>Neth. Ant.</td>
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<td>331</td>
<td>63</td>
<td>88</td>
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<tr>
<td>Nicaragua</td>
<td>21</td>
<td>50</td>
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<td>Panama</td>
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<td>78</td>
<td>89</td>
<td>136</td>
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<td>Surinam</td>
<td>30</td>
<td>63</td>
<td>17</td>
<td>32</td>
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<tr>
<td>Trinidad &amp; Tobago</td>
<td>55</td>
<td>216</td>
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<td>62</td>
</tr>
<tr>
<td>Other WI</td>
<td>370</td>
<td>37</td>
<td>293</td>
<td>112</td>
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<tr>
<td><strong>Total Caribbean</strong></td>
<td><strong>1,127</strong></td>
<td><strong>1,458</strong></td>
<td><strong>885</strong></td>
<td><strong>1,280</strong></td>
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<tr>
<td><strong>Total Latin America</strong></td>
<td><strong>3,964</strong></td>
<td><strong>5,143</strong></td>
<td><strong>3,771</strong></td>
<td><strong>5,509</strong></td>
</tr>
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</table>

**Sources:** "United States Foreign Trade", Overseas Business Reports (May 1964), OBR, pp. 64-43; "United States Foreign Trade Annual 1964-1970", Overseas Business Reports (February 1971), OBR 71-09.

<table>
<thead>
<tr>
<th>SITC Section</th>
<th>Commodity Class</th>
<th>Total US Imports</th>
<th>Imports from LA</th>
<th>LA as % of US Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>0,1</td>
<td>Food, beverages, tobacco</td>
<td>3,400 4,960 10,120</td>
<td>1,510 1,950 3,960</td>
<td>44.4 39.3 39.1</td>
</tr>
<tr>
<td>2,4</td>
<td>Crude materials (except fuels), oils and fats</td>
<td>2,870 3,310 6,450</td>
<td>550 460 1,200</td>
<td>19.2 13.9 18.6</td>
</tr>
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<td>Mineral fuels</td>
<td>1,710 2,490 26,450</td>
<td>870 910 10,560</td>
<td>50.9 36.5 39.9</td>
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<tr>
<td>5</td>
<td>Chemicals</td>
<td>445 1,030 4,110</td>
<td>48 62 440</td>
<td>10.8 6.0 10.7</td>
</tr>
<tr>
<td>7</td>
<td>Machinery and transport equipment</td>
<td>1,600 8,380 25,380</td>
<td>11 50 750</td>
<td>0.7 0.6 2.9</td>
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<tr>
<td>6,8</td>
<td>Other manufactured goods</td>
<td>4,450 11,520 26,650</td>
<td>250 530 2,050</td>
<td>5.6 4.6 7.7</td>
</tr>
<tr>
<td>TOTAL¹</td>
<td></td>
<td>14,580 31,950 100,000</td>
<td>3,270 3,970 19,010</td>
<td>22.4 12.4 19.0</td>
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<table>
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<tr>
<th>SITC Section</th>
<th>Commodity Class</th>
<th>Total US Exports</th>
<th>Exports to LA</th>
<th>LA as % of US Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>0,1</td>
<td>Food, beverages, tobacco</td>
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<td>390 445 2,060</td>
<td>11.4 9.7 13.5</td>
</tr>
<tr>
<td>2,4</td>
<td>Crude materials (except fuels), oils and fats</td>
<td>3,050 3,770 12,360</td>
<td>155 235 1,130</td>
<td>5.1 6.2 9.1</td>
</tr>
<tr>
<td>3</td>
<td>Mineral fuels</td>
<td>760 1,060 3,440</td>
<td>91 150 450</td>
<td>12.0 14.2 11.8</td>
</tr>
<tr>
<td>5</td>
<td>Chemicals</td>
<td>1,820 3,290 8,820</td>
<td>390 620 2,370</td>
<td>21.4 18.8 68.9</td>
</tr>
<tr>
<td>7</td>
<td>Machinery and transport equipment</td>
<td>7,330 14,460 38,190</td>
<td>1,620 2,210 6,010</td>
<td>22.1 15.3 15.7</td>
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<tr>
<td>6,8</td>
<td>Other manufactured goods</td>
<td>3,930 5,900 16,530</td>
<td>670 860 3,120</td>
<td>17.0 14.6 18.9</td>
</tr>
<tr>
<td>TOTAL¹</td>
<td></td>
<td>20,790 34,230 97,140</td>
<td>3,490 4,660 15,660</td>
<td>16.8 13.6 16.1</td>
</tr>
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</table>


1. Includes SITC items not classed by kind.
for domestic producers, US quotas have often operated to the benefit of Latin American exporters. This was certainly the case with bauxite and sugar, the two major Caribbean exports. The US concern to establish a large strategic stockpile of bauxite, in case of shortages in the event of another war, directly resulted in the expansion of Caribbean bauxite exports in the 1950s and early 1960s. Similarly, the US Sugar Act provided Caribbean countries with annual quotas which enabled them to sell sugar in US markets at prices substantially higher than world prices. As such, the sugar quotas qualify as "aid" to Latin America, since they entail "a transfer of resources from the United States on concessional terms". 109

During the 1960s, however, the distribution of sugar quotas was determined more by political than economic factors - with sugar quotas serving as rewards for countries that were "friendly" to the United States. Thus, following Castro's rise to power, the Cuban sugar quota, which had provided about 70 per cent of foreign imports in the 1950s, was withheld and prorated amongst foreign and domestic producers. Although the main beneficiaries from the 1962 Sugar Act were domestic producers, Latin America's total share (excluding Cuba) also increased dramatically from 286 thousand metric tons in 1959 to 2,514 thousand metric tons in 1962, over 59 per cent of the foreign quota for that year. 110 The Caribbean share of US sugar imports alone increased tenfold - from 117.6 to 1176 thousand metric tons, with the Commonwealth countries receiving a permanent quota for the first time and the Dominican Republic receiving the largest quota of 200,000 tons. 111 It should be noted, however, that the overall quota apportional to the Western Hemisphere including Cuba did not increase greatly between 1959 and 1968 - in effect the Cuban quota was redistributed within the hemisphere, mainly to the Dominican Republic, Brazil and Mexico. 112
However, the majority of US quotas in operation during the 1960s tended to protect US industry and agriculture. Thus, the agreements for fresh and frozen meat products, cotton textiles and steel involved the producing country placing "voluntary restraints" on exports to the United States, in order to safeguard US production, whilst the statutory restrictions on oil and dairy products were part of a strategy to maintain reasonable domestic prices.\textsuperscript{113}

**International commodity agreements**

The adverse impact of most US bilateral quota restrictions on Latin American imports led to increased pressure during the late 1950s and early 1960s for the creation of international commodity agreements, involving both producers and consumers. The Eisenhower Administration had initially opposed the establishment of such international arrangements, arguing that "maximum reliance upon competitive forces in free markets" would best promote stable commodity prices.\textsuperscript{114} However, in 1958, the Eisenhower Administration began a series of discussions with the Latin American governments which culminated in a short-term coffee agreement in September 1960.\textsuperscript{115} The Kennedy Administration from the start indicated its willingness to be a party to a more wide-ranging agreement, and was a major force in the United Nations' negotiations for the International Coffee Agreement (ICA) of 1962.\textsuperscript{116} The ICA stabilized coffee prices at a higher figure than might exist on the open market and thus operated as a form of economic assistance during the 1960s. It has been estimated that the benefits accruing to Latin America from coffee sales to the US under the ICA totalled $196 million in 1967, over 65 per cent of US coffee assistance.\textsuperscript{117}

However, the limits of US support for such assistance became apparent when, in 1966, the United States became a net importer of soluble coffee, largely as a result of the more favourable terms offered
by Brazil. This development threatened the position of domestic suppliers of soluble coffee in the United States who pressurised the Government to refuse to renew the ICA in 1968 unless Brazil agreed to curb such "unfair" competition. In February 1968, Brazil agreed to impose a tax on its soluble coffee exports to end favourable treatment, but this only went part way to solving the controversy.\textsuperscript{118}

Furthermore, although the Kennedy Administration viewed international commodity agreements in general as a possible solution to price fluctuations in basic commodities, similar attempts were unsuccessful.\textsuperscript{119} Negotiations for a cacao agreement broke down in 1963, whilst the international tin agreement operated more to stabilize than increase prices during the 1960s, because trade was more favourable to consumers than producers.\textsuperscript{120} Finally, the Long Term Agreement regarding International Trade in Cotton Textiles (LTA) reached under the auspices of GATT in October 1962, was merely an extension of US bilateral quota restrictions, enabling the United States to impose quantitative controls on cotton textile imports from 24 countries - including Jamaica, Mexico and Colombia - where such imports "should cause or threaten disruption" in the US market.\textsuperscript{121}

In general, therefore, international commodity agreements did not prove to be a viable method of increasing the size and value of most Latin American commodity exports to the United States in this period.

Conclusion

During the 1960s, the reliance on aid as the main instrument of economic development in Latin America meant that little importance was attached to trade issues. The Kennedy Administration did give limited consideration to international commodity agreements, whilst its successor placed more emphasis on the possibility of establishing a GSP. However,
the low priority given to trade in US development objectives, together with the protectionist sentiments of Congress and US business sectors, meant that the US was generally more concerned to protect its own national interests.

This certainly appears to be the case from a general examination of US-Latin American trade. Indeed, perhaps the most significant feature of that trade during the period 1960-1968 was the overall financial contribution to the US economy. Between 1960 and 1968 US imports increased from $4 billion to $5.1 billion, whilst US exports to Latin America rose from $3.8 billion to $5.5 billion. Thus, whilst the balance of trade has traditionally been favourable to Latin America and averaged $186 million per annum between 1960 and 1964, between 1965 and 1968 it turned unfavourable to the hemisphere, with the United States registering a surplus of $224 million per annum. As a result, Latin America provided "substantial support" to the United States in its balance of payments crisis in the late 1960s, helping to supply earnings to make up the US trade deficit with the industrialized countries.

It is worth noting here that the US surplus came mainly from the larger South American countries - indeed the United States consistently registered a small deficit in its Caribbean trade, ranging from $242 million in 1960 to $17 million in 1964. For most Caribbean countries, therefore, US trade was an important source of foreign exchange earnings during the 1960s.

However, it should be noted that for all the Latin American countries, the sectoral contribution of their trade with the United States in this period continued to reflect the domination of US economic interests. Throughout the 1960s, Latin America provided an important market for US chemicals, machinery, transport equipment, and other manufactured goods, comparing favourably with the industrialized countries. In 1968,
for example, US sales of chemicals to Latin America totalled $620 million, far exceeding the purchases of Canada, Japan and EFTA, whilst US machinery and equipment exports were over $2.2 billion, and second only to Canada. ¹²⁵

US imports, on the other hand, were largely composed of unprocessed agricultural products, crude materials and mineral fuels. In 1968, these raw materials accounted for nearly 84 per cent of US imports from Latin America, suggesting that US trade policies had not encouraged the expansion of manufactured exports from the hemisphere. ¹²⁶ Rather, throughout the 1960s, Latin America continued to be an important source of agricultural products and minerals. In 1962, for example, the hemisphere provided 84 per cent of US coffee imports, 58 per cent of sugar imports, 11 per cent of cocoa, and 39 per cent of all imports of fruit and vegetables. ¹²⁷ The Caribbean's share of this trade was quite considerable. Between 1965-68, the Caribbean provided 34 per cent of US sugar imports, 12 per cent of coffee and nearly 71 per cent of banana imports. ¹²⁸

Whilst the strategic importance of these products is obviously limited, nevertheless their contribution to the US economy should not be totally discounted. The high levels of consumption in the United States, together with the limited ability of domestic producers to supply tropical agricultural products, means that these US imports are "nonetheless very important". ¹²⁹

Of greater significance, however, is the fact that the United States was dependent on hemispheric exports for a number of strategic minerals. The Caribbean region was an important source of two strategic minerals - oil and bauxite. In 1962, the Caribbean basin (including Venezuela and Mexico) supplied over 68 per cent of all US petroleum imports, including 97 per cent of fuel imports. ¹³⁰ With regard to bauxite, five Caribbean
countries - Jamaica, Surinam, Guyana, the Dominican Republic and Haiti - provided most of the world's supply of the mineral, and accounted for 98.6 per cent of US bauxite imports in 1968. The first three countries also supplied some 48 per cent of US alumina imports in 1968. Finally, the Caribbean provided small amounts of ferro-nickel, diamonds, silver, gold, gypsum, lead and zinc.

Furthermore, the Caribbean must be seen as strategically important to the US supply of many raw materials which transit the Caribbean sea lanes or the Panama Canal from South America. In 1961, these included 67 per cent of copper imports, 36 per cent of lead imports, 34 per cent of zinc, 54 per cent of iron, 44 per cent of manganese and 65 per cent of fluorspar.

In summary, whilst the 1960s saw the "relative marginalization" of Latin American trade in the US market in general terms with regard to a considerable number of products, the hemisphere was of "unquestionable importance" to the US economy.

Caribbean Migration 1960-68

Emigration to the United States has traditionally been regarded as an important form of assistance to Caribbean countries. It helps reduce the population growth rate and unemployment, lessens the strains on social services and public facilities, and provides additional revenue for the Caribbean in the form of remittances from the United States. At the same time Caribbean emigration benefits the United States, since it provides additional sources of labour and skills.

Two types of migration can be distinguished: emigration to take up permanent residence in the United States and temporary migration as contract workers.
1. Permanent migration

During the early 1960s, immigration from Western Hemisphere countries was regulated only by qualitative restrictions with Latin Americans being admitted into the United States on a non-quota basis by virtue of the "special relationship" between the United States and Latin America. This arrangement did not include any of the European colonies in the Caribbean which were subject to an annual quota system based on national origins. Due to an anomaly in US immigration laws, this quota system also applied to any newly independent island countries in the Caribbean, although colonies situated in Central and South America would, on becoming independent, be accorded non-quota status in line with the other American Republics.137

In 1965, however, a new Immigration Act was passed which conferred non-quota status on all the independent English Caribbean countries. As a result, migration from Jamaica, Trinidad and Tobago, Guyana and Barbados rose dramatically from 2,961 in 1965 to 14,527 in 1967 and to 25,908 a year later.138

The new Act also repealed the traditional non-quota arrangement for the Spanish American countries, introducing a preference system based on family ties and technical skills. An overall ceiling of 120,000 persons per annum (excluding close relatives of US citizens) from all Western Hemisphere countries became effective on 1 July 1968. This quota was opposed by the Johnson Administration on the grounds that it would injure the special relationship between the United States and Latin America, whilst not reducing hemispheric migration, since the annual average for the ten years up to 1965 was only 110,000. Thus, the overall limits on Western Hemisphere immigration "would not eliminate any problem since none exists ....".139 However, Congressional fears that a notable increase in hemispheric immigration was developing, and that the existing
law discriminated against other less developed areas, led the Administration to accept the new ceiling.

Overall, between 1958-67 some 233,996 persons migrated to the United States from Caribbean countries (excluding Cuba), mainly from the Dominican Republic, Jamaica, Haiti and Panama. The Commonwealth Caribbean accounted for 58,947, or over 25 per cent, of this total, whilst the Dominican Republic alone accounted for 66,186, or 28.3 per cent. Given that immigrants from Mexico in the same period totalled 393,103, it can be argued that the Caribbean region was only a minor source of legal immigrants during the 1960s.140

In addition to this legal immigration, the 1960s saw a massive influx of "political" refugees or parolees from Cuba - 154,257 persons between 1958-1967, or over 10,000 per year. Initially only those Cuban parolees meeting strict eligibility requirements were given assistance under federal aid programmes and then on a contingency basis, but in 1961 refugees became entitled to the same benefits as US citizens. It should, however, be noted that the majority of Cuban immigrants were wealthy, middle-class persons and thus the US economy may have benefitted from their influx on a long-term basis.141

Temporary migration

In addition to the permanent migration, a large number of Caribbean citizens entered the United States on a temporary basis under contract as farm workers.142 Most of these temporary workers came from the West Indies and were employed in the sugar and citrus harvests in Florida and the fruit harvests of the Eastern states. Between 1960-68 some 123,000 West Indians were temporarily employed as agricultural workers in the United States, reaching a peak of 16,481 in 1964. Over 126,500 Puerto Ricans also entered the United States as contract workers between 1960 and 1967, with 21,648 entering in 1967 alone.143
This huge influx of temporary workers was due partly to the sharp decline in unemployment rates in the United States which left a wide range of unskilled jobs unfilled, especially in agriculture. More important, under the provisions of the labour contract between the US farmer and Caribbean worker, the basic wage rate was very low, thereby reducing labour costs for the farmer whilst the threat of immediate repatriation effectively eliminated any "disruptive activity" or attempt to become involved in union activity. Critics of the programme have argued that the advantages of contract work to the US farmer meant that little attempt was made to employ domestic workers, and that local labour was even rejected in favour of the contract workers.  

The continuation of the contract labour programme during the 1960s meant that, in effect, the West Indians were no longer "the emergency supplemented workforce that the US Government first imported during World War II" but had rather become "a regular part of the farmer labour force of the United States". However, it should be recognized that their importance to the US economy was minimal in comparison to the half million Mexican farm workers who entered the United States annually.

Conclusion: 1960-68 Economic Policy

During the 1960s, US economic policy towards the Caribbean was differentiated from US policy towards Latin America as a whole only in terms of degree. Throughout this period, the major part of US development assistance went to the larger South American countries, and US private investment and trade policies were directed mainly towards the Southern Cone. However, US economic assistance was of greater significance to the Caribbean region when measured in per capita terms, and the Caribbean was an important market for US investments and a source of sugar, bauxite and bananas.
Within the Caribbean, the major distinction between the Spanish and Commonwealth countries appears to have been in the amount of development assistance provided from both bilateral and multilateral sources, with assistance being concentrated primarily in the former group of countries. Much greater attention was paid to regional integration in the Spanish Caribbean as a means of promoting development. Indeed, it may be argued that US development objectives were directed primarily towards this group of countries during the 1960s.

In the Commonwealth Caribbean, on the other hand, the major area of US activity appears to have been in the promotion of private investments as the major source of development finance, given the relatively high economic growth rates experienced there. However, the 1960s did see a major expansion in US economic relations with this group of countries, especially in the areas of trade and migration.

With regard to the development impact of US policies, by the end of the 1960s it had become apparent that the aims and objectives of the Alliance for Progress had not been achieved and that only limited economic and political development had occurred in Latin America. As one US official admitted in 1969:

Any realistic appraisal of our relationship with Latin America must recognize that the hopes and expectations of the past decade have not been realized. Although important economic gains have been registered in many places, only a few of the Latin American nations have achieved self-sustaining progress within a democratic framework.146

The Alliance failed to contribute substantially to Latin American resources for development. Although the 1960s saw the expansion of development assistance to Latin America, only limited private capital was attracted to the hemisphere and Latin America's share of world trade did not greatly improve. Furthermore, a large amount of the new capital brought into Latin America was offset by the outflow of funds to service
and repay past loans, to remit profits to foreign investors and to finance Latin America's growing import requirements.  

Although economic growth averaged 5 per cent during the 1960s, rapid increases in population of around 3 per cent had eroded per capita economic growth to only 1.5 per cent per annum. The Caribbean region did register a slightly higher rate of per capita economic growth - averaging 2 per cent between 1960-67 - but most Caribbean countries continued to be at the lower end of the scale of Latin American economic growth. And whilst the Alliance undoubtedly provided significant social gains for Latin America in the form of schools, roads and houses built, the provision of sanitation and power and needed technical assistance, it failed to provide the radical social revolution promised. In effect, the pursuit of economic growth proved incompatible with social revolution - where countries attempted to pursue social reform measures, these inevitably conflicted with the orthodox monetarist policies of the IMF and the basic investment criteria of the Rostow model.

Finally, it may be argued that the development of objectives of the US Government proved to be incompatible with its national interests in the implementation of its economic policy. Thus, the provision of development assistance came to depend primarily on US economic considerations: as one US official noted, "due to US domestic pressures we may have directed a pure development concept to a balance of payments objective". Similarly, the pursuit of economic and social reform proved to be an inherently unstabilizing process, and as such ultimately incompatible with US national interests. As Senator Church commented:

"However much we may have wanted reform and development, we wanted 'stability', anticommunism and a favorable climate for investment more".
General Objectives: 1969-1976

Under the Nixon Administration there was a significant change in emphasis in US economic policy objectives towards Latin America. With regard to hemispheric development, the United States asserted that it would "continue to support the goals and aspirations of the Alliance for Progress" since "The goals of the Alliance for Progress remain the best expression of our common objectives". However, whereas the United States had previously sought to promote economic growth in Latin America through the provision of bilateral assistance,

Major resource transfers in the future will come, not through AID, but through private investment and the international financial institutions. Foreign trade will also continue to serve as an important source to generate financial resources for development.

Moreover, the United States no longer sought to fund radical social revolution in the hemisphere. Rather, the emphasis was placed on humanitarian assistance, in particular, helping the rural poor majority. In addition, the pursuit of economic development was now viewed as being largely separate from democratic government.

Throughout the 1970s, however, much greater emphasis was placed on US national interests, especially economic interests. The 1973 oil crisis and the mounting US dependence on other mineral imports led the Nixon and Ford Administrations to focus on their access to strategic materials in US trade and investment policies toward Latin America. Similarly, the worsening US balance of payments meant that economic policies were increasingly perceived in terms of their contribution to the US economy, in particular their ability to encourage the expansion of exports of high technology goods, to enlarge the returns on investments abroad, and to safeguard US production and employment.

Above all, during this period, the US Government sought to promote
and protect US investments abroad in its economic policy: as Secretary Rogers was reported to have said:

the Nixon Administration was a business administration, in favor of business, and its mission was to protect business.155

This concentration on US economic interests, often at the expense of hemispheric development, can be seen more clearly from an examination of US assistance, investment and trade policies.

**Development Assistance, 1969-76**

**Introduction**

During the 1970s, Latin America received substantial assistance from both bilateral and multilateral sources in line with Nixon's "firm commitment to continued US assistance for hemispheric development".156 Between 1969 and 1976, the hemisphere received some $25,990 million in development finance, with approximately one-fifth, or $5,199 million, going to the Caribbean. The most noticeable feature of this assistance was the decline in importance of bilateral aid, as the flow of resources became increasingly "multilateralized". Whereas AID had provided some 59 per cent of total IDB, World Bank and AID lending to Latin America in 1964, its share had fallen to only 11 per cent in 1973.157 Overall, bilateral assistance accounted for only 36 per cent of development aid to the Caribbean between 1969 and 1976.

Furthermore, the 1970s also saw a significant decline in the importance of US contributions to the multilateral agencies. By 1976, although US subscriptions to the Inter American Bank had risen to $5.7 billion, they represented less than half of the Bank's total capital, following the expansion of Bank membership to include many OECD countries.158 Similarly, the US contributions to the World Bank fell to only 25.3 per cent of IBRD total subscriptions and to only 23.7 per cent of the IDA's
In effect, therefore, the importance of US development assistance to Latin America declined significantly during this period. This decline reflected the low priority attached to development aid under the "Nixon Doctrine", which gave greater emphasis to the increased participation of US allies, especially Europe and Japan, in financing development, and to greater self-help measures by the LDCs, called by the President "US support for Latin American initiatives". In addition, the decline reflected the difficulties experienced by the Nixon and Ford Administrations in obtaining foreign assistance appropriations from Congress - not only for the bilateral aid programme but also for the replenishment of FSO and IDA resources. In effect, the worsening US economic situation in the 1970s led the United States to reduce its commitments to development assistance, in order to safeguard its balance of payments.

Financial distribution of bilateral assistance

The 1970s saw an overall expansion in US bilateral assistance for Latin America, from $690 million in 1969 to $830 million in 1976. The Caribbean region received an increasing share of this assistance, partly because bilateral aid was gradually phased out for the larger South American countries, and partly because, especially after 1973, US aid was channelled mainly to the poorer countries. Between 1969 and 1976, the Caribbean's share of US assistance to Latin America increased from 23.9 per cent to 34.6 per cent, with over half of AID funds going to the Caribbean in 1976. However, US assistance continued to be unevenly distributed within the Caribbean.

The main beneficiaries of the programme in the 1970s were the Spanish Caribbean countries, particularly Panama and the Dominican Republic. Of
the Commonwealth Caribbean countries, only Jamaica received substantial assistance and, whilst Guyana and Trinidad both received less bilateral aid than in the earlier period, assistance to the Bahamas and other West Indian countries increased significantly. Overall, it should be noted that the AID programme continued to be concentrated in the Spanish Caribbean, whilst the major source of funds for the Commonwealth countries was the Exim Bank. (See Table 18.)

On a per capita basis, Panama again received by far the greatest bilateral assistance, but Jamaica, Nicaragua and Guyana also registered notably high levels. Indeed, apart from Barbados, per capita assistance to the Commonwealth Caribbean compared very favourably with that allocated to the Spanish Caribbean countries. The average level of US bilateral aid to the Caribbean in per capita terms was twice as high as for Latin America as a whole, suggesting that US assistance was of greater importance to the Caribbean economies. However, as in the earlier period, there was little correlation between the level of assistance and per capita GDP - Panama, with the third highest GDP, received the most financing, whilst Guyana, the third poorest country, received the least assistance. And although Haiti did receive more assistance during the 1970s, this did not so much reflect the concern for her position as the poorest country in the hemisphere, but rather the improved relations between the US and Haiti under Jean-Claude Duvalier. (See Table 19.)

Moreover, in assessing the importance of this assistance to Caribbean development, it should be noted that the "grant" element in bilateral aid fell substantially during the 1970s. Interest rates on AID and Exim Bank loans to Latin America had averaged 1.5 per cent and 5.6 per cent respectively between 1961-65, but by 1976 they had risen to 2.8 per cent and 8.3 per cent. As a result, the portion of gross disbursements lost in repaying debts increased from $262 million or 31
per cent between 1961-65, to $432 million or 52 per cent in 1976.\textsuperscript{164} The bilateral aid programme thus appeared to contribute more to the increasingly high debt burdens of Caribbean countries during the 1970s than to their foreign exchange holdings.\textsuperscript{165}

An interesting development under the Nixon Administration was the attempt to remove the more stringent restrictions imposed on US economic aid to Latin America.\textsuperscript{166} In June 1969, the AID "additionality" requirements were cancelled, so that aid recipients needed to buy only those US goods which were competitive in price with foreign goods.\textsuperscript{167} On 31 October 1969, the President announced that Latin American countries would be able to compete with US suppliers to provide goods and services financed by AID loans. After 15 September 1970, US loans were open to procurement from all LDCs.\textsuperscript{168} In February 1970, the US agreed to remove all restrictions on dollar loans provided to cover local currency costs of AID project loans.\textsuperscript{169} And finally, the 1973 Foreign Assistance Act provided funds to aid recipients to pay the freight differential between US and foreign vessel shipping rates.\textsuperscript{170}

Whilst these concessions removed the more obvious restrictions on economic aid, it is worth noting that their adverse impact on US business and the balance of payments was expected to be minimal. AID grants, PL 480 funds and Exim Bank loans continued to be tied to US procurement and it was estimated that the cost of untying AID loans to Latin America would be only $30-50 million annually.\textsuperscript{171} Indeed, "no substantial change" occurred in the US supply of aid purchases after procurement from all the LDCs was authorized.\textsuperscript{172}

Finally, the contribution of US assistance should be measured in terms of the Caribbean's growing requirement for external financing, especially after 1973, when the huge increase in energy costs for the non-oil producing countries, rapid inflation and world recession hit
the region especially hard. In this light, as one US official admitted in 1976, US assistance was "modest, in terms of a country's overall development requirements".173
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<th>PL 480 Title II</th>
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**TOTAL** 743.2 211.5 954.7 62.2 173.8 236.0 57.7 550.0 71.9 1,870.3

**LA TOTAL** 1,821.4 694.5 2,515.9 324.2 543.4 867.6 162.1 3,560.4 215.7 7,321.7

1. Includes transitional quarter.

### TABLE 19  US ASSISTANCE 1969-76, PER CAPITA GDP AND AID PER CAPITA, 1976

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<td>1,307</td>
<td>45.9</td>
</tr>
<tr>
<td><strong>Caribbean Total</strong></td>
<td><strong>1,437.6</strong></td>
<td><strong>762</strong></td>
<td><strong>45.5</strong></td>
</tr>
<tr>
<td><strong>Latin American Total</strong></td>
<td><strong>6,941.3</strong></td>
<td><strong>1,049</strong></td>
<td><strong>22.3</strong></td>
</tr>
</tbody>
</table>

Excludes Bahamas, Bermuda, Surinam, Other West Indies and ROCAP.

Sectoral distribution of assistance

Under the Nixon Administration, the sectoral distribution of US assistance altered, with aid being devoted less to infrastructure projects and more to the social and productive sectors. In particular the Administration focussed on the need for industrial development: in February 1970, under the "Presidential initiatives", the US agreed to provide $100 million for export promotion, capital market development, tourism promotion and scientific and technological exchange in Latin America. During the early 1970s a large portion of AID funds were spent in these areas: indeed, industry, transportation and power received the most assistance in the Caribbean in FYs 1971 through 1973.

Throughout the 1970s, however, US assistance was largely concentrated in three development sectors - agriculture, health and education. The importance of these sectors particularly increased after AID introduced major programme changes in January 1972, which were incorporated into the 1973 Foreign Assistance Act. Thus, whereas agriculture and education accounted for 43 per cent of US aid to Latin America in 1969, nearly 95 per cent was being allocated to food production and nutrition, population planning and health, and human resource development in 1976. Similarly, in the Caribbean, these three sectors accounted for $417 million, or over 64 per cent, of AID funds between 1971-76. The most important Caribbean sector, particularly under the Ford Administration, was food production, which received $245 million during the 1970s. (See Table 20)

The new emphasis in development assistance was based on the recognition that "critical problems" in the food production, education and health sectors "affect the lives of the majority of people in the developing countries". US assistance was thus aimed at helping
the poor majority, particularly in the rural areas; to help small farmer production, to provide low-cost education to reduce illiteracy and increase the level of skill of the rural and urban poor, and to provide maternal and childcare facilities, especially rural health centres and clinics. 179

This concentration on grassroots development appears to have had a beneficial effect on economic and social development in several Latin American countries: one Congressional committee which visited Colombia, Guatemala, Bolivia and the Dominican Republic concluded that "A substantial amount of United States assistance to the four countries we visited is visibly reaching the poor". 180

However, in concentrating on limited projects within specific sectors, US assistance in effect returned to the philosophy of the old Point IV Programme. 181 AID was no longer concerned with broad development and profound structural changes, such as land reform. As a result, whilst US programmes undoubtedly had an immediate impact on the poor in Latin America, their contribution to long-term development was bound to be limited.

Multilateral assistance

The 1970s saw a major expansion in multilateral assistance for Latin America. Between 1969 and 1976, the hemisphere was allocated $18,669 million by the IDB, the World Bank Group and the UN, with some $3,328 million going to the Caribbean. The World Bank Group was the largest source of development finance, providing the Caribbean countries with $1,148 million in loans. The IBRD lent the Caribbean $962 million, mainly to the Spanish countries and especially Costa Rica and Panama. However, Jamaica and, to a lesser extent, Trinidad, also
<table>
<thead>
<tr>
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<tr>
<td></td>
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<td>LA</td>
<td>Car</td>
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<tr>
<td>Food Prod. &amp; Nutrition</td>
<td>25.0</td>
<td>107.6</td>
<td>15.5</td>
<td>75.7</td>
<td>10.9</td>
<td>57.8</td>
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<tr>
<td>Population &amp; Health</td>
<td>14.6</td>
<td>26.6</td>
<td>12.1</td>
<td>19.1</td>
<td>9.7</td>
<td>46.5</td>
<td>5.2</td>
</tr>
<tr>
<td>Human Res. Dev.</td>
<td>20.3</td>
<td>72.2</td>
<td>11.6</td>
<td>52.8</td>
<td>11.6</td>
<td>53.6</td>
<td>12.1</td>
</tr>
<tr>
<td>Selected Dev.Problems</td>
<td>26.4</td>
<td>94.1</td>
<td>43.5</td>
<td>124.6</td>
<td>77.2</td>
<td>106.0</td>
<td>16.9</td>
</tr>
<tr>
<td>Other</td>
<td>7.0</td>
<td>20.6</td>
<td>6.3</td>
<td>63.8</td>
<td>15.0</td>
<td>27.6</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>93.4</td>
<td>331.1</td>
<td>89.1</td>
<td>335.9</td>
<td>118.8</td>
<td>291.6</td>
<td>99.6</td>
</tr>
</tbody>
</table>

Figures may not add due to rounding.

1. Proposed.

**Sources:** HCA, For.Ass. Approps. for 1973 Hearings, Part II (1972), op.cit., 1049;
<table>
<thead>
<tr>
<th>Country</th>
<th>Inter American Devlp Bank</th>
<th>World Bank Group</th>
<th>United Nations</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Total IMF</td>
<td>IBRD</td>
<td>IDA</td>
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<tr>
<td>Bahamas</td>
<td>29.1</td>
<td>185</td>
<td>-</td>
</tr>
<tr>
<td>Barbados</td>
<td>20.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Belize</td>
<td>15.3</td>
<td>180.7</td>
<td>48.1</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>151.8</td>
<td>64.6</td>
<td>22.0</td>
</tr>
<tr>
<td>Dom.Rep.</td>
<td>19.1</td>
<td>191.6</td>
<td>64.6</td>
</tr>
<tr>
<td>El Salv.</td>
<td>39.2</td>
<td>39.2</td>
<td>52.5</td>
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<tr>
<td>Guatemala</td>
<td>69.3</td>
<td>278.8</td>
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<td>10.1</td>
<td>8.51</td>
<td>22.1</td>
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<tr>
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<td>150.5</td>
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<td>Jamaica</td>
<td>137.3</td>
<td>118.1</td>
<td>88.2</td>
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<tr>
<td>Nicaragua</td>
<td>137.3</td>
<td>118.1</td>
<td>112.7</td>
</tr>
<tr>
<td>Panama</td>
<td>145.2</td>
<td>58.5</td>
<td>66.6</td>
</tr>
<tr>
<td>Surinam</td>
<td>12.9</td>
<td>35.1</td>
<td>150.5</td>
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<td>Trin &amp; Tob.</td>
<td>28.5</td>
<td>11.4</td>
<td>67.7</td>
</tr>
<tr>
<td>OWI</td>
<td>-</td>
<td>1.7</td>
<td>20.0</td>
</tr>
<tr>
<td>ROCAP</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1534.1</td>
<td>507.3</td>
<td>962.1</td>
</tr>
<tr>
<td>LA Total</td>
<td>3807.2</td>
<td>3051.8</td>
<td>965.0</td>
</tr>
</tbody>
</table>

1. Includes Cuba - UNDP $13.5 million; $2.2 million other.

received substantial assistance from the World Bank. The Caribbean received over 62 per cent of IDA assistance to the hemisphere during the 1970s. The main recipient of this aid was Haiti, the least developed country in the region, although the poorer Spanish countries also received some funds from the Association. The Caribbean was again only a minor borrower from the IFC, especially in comparison to the Corporation's total lending to Latin America.

More important, the Caribbean continued to depend on the IMF for compensatory financing - worth $507 million between 1969-76. By far the largest recipient of IMF assistance was Jamaica, but the Dominican Republic, Panama and Nicaragua also received substantial balance of payments finance. The 1970s also saw Guyana and Grenada utilizing IMF resources for the first time.

IDB loans to Latin America also expanded considerably, reaching $7.4 billion between 1969-76, more than double the amount provided in the 1960s. The Caribbean accounted for over one-fifth of this total, a significant increase over its share in the earlier period. The majority of IDB loans to the Caribbean (79 per cent) came from the soft loan window, the FSG. During this period, IDB membership was expanded to include Barbados and Jamaica (who joined in 1969), Guyana (November 1976), and moves towards membership were made by Surinam and the Bahamas. However, the greatest part of the Bank's assistance continued to go to the Spanish Caribbean, especially Guatemala and Honduras, reflecting the Bank's policy of concentrating lending in the least developed Latin American countries.

The Caribbean received over $139 million from the United Nations during the 1970s, over one-third of UN loans to the hemisphere. The main beneficiaries of this assistance were Cuba and Haiti, reflecting the relative independence of the UN from US foreign policy, as well as
The basically humanitarian nature of this aid. The UN Development Programme continued to be an important source of funds for the smaller Caribbean territories, especially Surinam and the Leeward and Windward Islands, although the Spanish Caribbean countries received the largest share of this aid.

Overall, during the 1970s, multilateral assistance continued to be concentrated in the Spanish countries, notably Costa Rica and Guatemala. Jamaica was the only Commonwealth country to receive a comparable level of assistance, with Trinidad's and Guyana's totals falling below that of Haiti. However, for all the Caribbean countries (with the minor exception of Belize), the multilateral agencies were the main source of development finance in this period, and provided crucial foreign exchange resources. (See Table 21.)

Throughout the 1970s, the US economy continued to benefit from purchases made with multilateral funds, despite the relative decline in US contributions to the multilateral agencies. Indeed, procurement in the United States was actually expanded during the Nixon Presidency as not only the FSO but also the US contribution to the IDA was tied to US purchases, thus reducing the development content of all soft loans.

**Sectoral distribution of Multilateral Assistance**

The 1970s saw the continued expansion of multilateral assistance into the social development sectors, as both the World Bank and the Inter American Bank became increasingly concerned about providing a broad approach to development. Whilst the World Bank continued to devote a major part of its assistance to infrastructure projects, it also saw "suitable 'socially oriented' projects ... as necessary complements to infrastructure projects" on the grounds that "without the former, the long-range impact of the latter will be diminished". Thus, the World Bank began to finance projects in population planning,
urbanization and tourism and to place special emphasis on agriculture, education and population.  

Between 1972-76, for the first time, agriculture received more World Bank assistance than any other sector in Latin America, and the productive sector (agriculture, industry and the development finance corporations together) received over 44 per cent of Bank loans. And, whilst the social sector accounted for only 12 per cent of IBRD/IDA assistance, this amounted to $514.5 million for education, population planning, urbanization, water and sewerage, comparing favourably with the $27.1 million granted between 1961-67 for education, water and sewerage.

With regard to World Bank loans to the Caribbean, a slightly different picture emerges. Between 1972 and 1976, infrastructure projects, especially power and transportation, received the major portion of IBRD/IDA assistance - nearly 62 per cent. However, the Caribbean also received substantially more social sector assistance, with 12.7 per cent of loans to the region going to education alone, and a further 10.9 per cent going to the other social sectors, comparing favourably with loans for agricultural development.

During the 1970s, the IDB continued to allocate the majority of its assistance to the productive sectors, especially agriculture. Indeed, the 1970s saw increasing emphasis being placed on loans for rural and agricultural development, particularly on programmes affecting the low income sectors in rural areas. The Bank not only sought to increase agricultural productivity but also to improve the quality of life for rural dwellers through the provision of infrastructure, health facilities and education. In 1976, the Bank estimated that nearly half of its lending could be said to benefit, directly or indirectly, the rural sector in Latin America. The proportion of
IDB lending for social sector development declined considerably, however, from 30 per cent between 1961-68 to only 14 per cent between 1969-76, although the amounts spent by the IDB on water and sewerage, education and housing was more than double that spent by the World Bank between 1972 and 1976. (See Table 22.)

In the Caribbean region, the IDB concentrated particularly on rural development - in 1976, over 40 per cent of the Bank's loans went to agriculture alone, and most of the loans for infrastructure and sanitation went to projects in the rural areas.

Overall, the 1970s saw multilateral assistance being increasingly directed towards the social sectors and towards rural development, with more emphasis being placed on assistance reaching the lower income sectors.

**Regional integration assistance**

The United States continued to support regional integration movements in Latin America throughout the 1970s, and to channel both bilateral and multilateral assistance through regional organizations.

With regard to the English Caribbean countries, the US provided considerable bilateral assistance on a regional basis - some $58 million between 1969-76. Most of this assistance (over $47 million), was provided on a loan basis to the Caribbean Development Bank, mainly to its Special Development Fund, to finance low cost housing, help establish a secondary mortgage market, and to support the Bank's integrated agricultural development programme. The United States also provided technical and financial assistance to the University of the West Indies, and the Regional Research Centre, and to the two integration markets - CARIPTA and CARICOM.

As in the earlier period, although this assistance was expected to
<table>
<thead>
<tr>
<th>Sector</th>
<th>1969-76</th>
<th>1976</th>
<th>Latin America</th>
<th>Caribbean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>%</td>
<td>$m</td>
<td>%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1765</td>
<td>23.8</td>
<td>427.9</td>
<td>28.0</td>
</tr>
<tr>
<td>Industry &amp; Mining</td>
<td>1021</td>
<td>13.7</td>
<td>304.9</td>
<td>20.0</td>
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<tr>
<td>Electric Power</td>
<td>1719</td>
<td>23.1</td>
<td>214.4</td>
<td>14.0</td>
</tr>
<tr>
<td>Transport &amp; Comms.</td>
<td>1508</td>
<td>20.3</td>
<td>239.6</td>
<td>15.7</td>
</tr>
<tr>
<td>Sanitation</td>
<td>541</td>
<td>7.3</td>
<td>124.4</td>
<td>8.1</td>
</tr>
<tr>
<td>Education</td>
<td>344</td>
<td>4.6</td>
<td>79.4</td>
<td>5.2</td>
</tr>
<tr>
<td>Urban Devlpt.</td>
<td>183</td>
<td>2.5</td>
<td>41.5</td>
<td>2.7</td>
</tr>
<tr>
<td>Export Financing</td>
<td>142</td>
<td>1.9</td>
<td>44.5</td>
<td>2.9</td>
</tr>
<tr>
<td>Preinvestment</td>
<td>108</td>
<td>1.4</td>
<td>31.2</td>
<td>2.0</td>
</tr>
<tr>
<td>Tourism</td>
<td>93</td>
<td>1.2</td>
<td>20.0</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7424</td>
<td>100.0</td>
<td>1527.8</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source:** IDB, Annual Report 1976, (1977), op.cit.
provide "an impetus and incentive to get more regional integration", the primary concern was "to avoid the establishment of additional bilateral missions" and thus its significance can be questioned.

The 1970s also saw the expansion of multilateral assistance to the regional institutions in the English Caribbean. The United Nations continued to provide valuable technical and financial assistance mainly through the UNDP, ECLA and the UN Caribbean Regional Advisory Team, in the areas of integrated agricultural and industrial development, and regional economic planning. In 1973, the World Bank Caribbean Mission visited the region to analyze the problems and possibilities of CARICOM and to formulate a basis for a regional development strategy. Moreover, both the IDB and IBRD agreed to help finance the Caribbean Bank's programmes, and in 1976, the World Bank made its first loan of $20 million. During this period, therefore, the multilateral agencies became important sources of expertise and finance to the Commonwealth Caribbean regional integration movement.

With regard to the Central American countries, the 1970s saw the expansion of US bilateral assistance going to regional projects there - the US supplied nearly $168 million through ROCAP, accounting for 28 percent of total loans and grants from AID, marginally higher than the 1962-68 level. US assistance to CABEI reached $183 million by 1973, and the United States also contributed $10 million to the Central American Monetary Stabilization Fund.

The IDB continued to be the principal source of multilateral funds for Central American integration. Between 1969-76 it provided nearly $64 million to CABEI for projects in transportation and communication ($45 million), and in agriculture and preinvestment studies. However, in June 1973, the World Bank agreed to loan CABEI $100 million mainly for
industrial development, thus providing a new source of finance for Central American integration. In addition, the United Nations continued to provide minor technical assistance to CACM. By the mid-1970s, therefore, the multilateral agencies were rivalling the US Government as the key supporters of integration in Central America.

US Policy Toward Private Investment

Promoting US investment

Under the Nixon Administration, the promotion of private enterprise became one of the four main principles of US economic policy towards the developing countries in general. The Western Hemisphere received particular attention, largely because it was felt that the failure of the private sectors to provide sufficient investment, together with the Latin American government's failure to attract such investments, had been a major cause of the Alliance's failure.

Consequently, the Rockefeller Report recommended that the United States should provide "maximum encouragement" for private investment in the hemisphere. Similarly, Nixon in his first policy statement on Latin America stressed that "properly motivated private enterprise has a vital role to play in social as well as economic development".

As a result, the US Government expanded the variety of activities which helped develop locally owned private enterprise as well as encouraging US investments in the hemisphere. AID continued to provide funds for intermediate credit institutions, cooperatives and credit union movements - worth $500 million by 1972. The Nixon Administration also expanded the Housing Guarantee Programme: between 1969 and 1973 a further $183 million guarantees were issued to Latin America, including $74 million in the Caribbean region.
The main institution involved in promoting private investment in Latin America during the 1970s was the Overseas Private Investment Corporation (OPIC). OPIC's tasks included the provision of direct loans to private enterprise in the LDCs; the management of pre-investment survey and investment promotion activities; and the provision of guarantees on private loans and on pilot community development projects. Most important, OPIC undertook the management of the investment guarantee programme. As of 31 March 1973, nearly $3,103 million of guarantees had been issued for 634 projects in Latin America, accounting for 57.5 per cent of all OPIC's coverage. Of this total, $1,830 million of guarantees had been issued for 210 projects in the Caribbean - that is, 59 per cent of guarantees for Latin America and approximately one-third of all OPIC's guarantees to LDCs had gone to Caribbean countries - notably Jamaica ($996 million) and the Dominican Republic ($598 million). (See Table 23)

However, the importance of the OPIC guarantee programme to hemispheric development appears to have been limited. First, the programme was only operative in a few Latin American countries during the 1970s and most of the new insurance was concentrated in Brazil and the Dominican Republic. Second, the Senate Subcommittee on Multinational Corporations and the GAO both concluded that in terms of providing foreign exchange benefits, employment opportunities, new opportunities for local suppliers and industries, mobilizing local capital and even tax revenues, "The investment guarantee program administered by OPIC is, at best, only a marginal contributor to the development of the poorer countries of the world....". Third, the programme was not successful in attracting new small US business to invest in Latin America: rather, 79 per cent of insurance issued went to the large "Fortune 500" corporations. Finally, on a political
level, the programme led to a "deepening involvement" on the part of the United States in the internal affairs of the developing countries. In Chile, for example, OPIC insurance became an argument for American intervention against Allende "to protect the taxpayer", and prevent the US Treasury from reimbursing expropriated companies. Similarly, the high concentration of OPIC guarantees in Jamaica led to considerable US Government involvement in the internal affairs of that country.

Rather than promoting hemispheric development through private investment, therefore, US programmes and policies in the 1970s were primarily supporting US economic interests, and particularly the interests of US corporations. This can be further illustrated by an examination of US policy towards nationalizations.

**US policy toward nationalization**

During the 1970s, the Nixon Administration's perception of itself as "a business administration" led it to take a strong role in the protection of US investments against expropriations by Latin American countries. The Administration's policy stopped just short of the automatic suspension of assistance in response to expropriations without compensation, required by the Hickenlooper Amendment. As the President explained on 19 January 1972,

"the United States will not extend new bilateral economic benefits to the expropriating country unless and until it is determined that the country is taking reasonable steps to provide adequate compensation or that there are major factors affecting United States' interests which require continuance of all or part of these benefits".

In the early 1970s, therefore, new authorizations of bilateral aid were denied to several Latin American countries, notably Peru, Bolivia, Chile, Ecuador and Guyana, which had expropriated US property and had yet to "settle" compensation claims. In addition, some Exim Bank loans were
"postponed" or withheld from Peru or Chile. The Hickenlooper Amendment was not applied, however, and aid already "in the pipeline" was not suspended.212

With regard to Chile, the most controversial case, concern for the interests of the American companies was a major factor in US Government involvement in the country between 1970-73.213 When Allende refused to provide compensation for the copper companies and went on to nationalize other US companies, relations between the United States and Chile deteriorated, and all economic assistance was suspended. The US Government was closely involved with ITT in several plots to prevent the election of, and then overthrow Allende, indicating the identity of interest between the Administration and the Corporation. It is worth noting, however, that the State Department and especially Assistant Secretary Meyer opposed the hard line in Chile - a fact which did not escape the criticism of ITT and its supporters.214

In addition to these unilateral measures, the Nixon Administration also pursued a deliberate policy of opposing multilateral loans to countries expropriating US property without making "satisfactory progress" towards settling investors' claims.215 This policy was outlined in the President's speech of January 1972 and mandated in the Gonzalez Amendment to the 1973 Foreign Assistance Act.216 Thus, in 1971, the US representative to the World Bank abstained on a vote concerning a loan to Guyana, although the loan was "technically sound", following an announcement of the Guyanese Government's intention to nationalize its US bauxite companies.217 Similar action was taken by the US against Bolivia, Chile and Peru, and in the latter two cases no World Bank Group assistance was approved until the investment disputes were solved. The United States also extended this policy to the Inter-American Bank, where it effectively blocked loans to Chile between 1970-73 and to Peru between
Following the collapse of the Allende regime, however, the US Government appeared to soften its line towards expropriation. In the 1973 Foreign Assistance Act, the Hickenlooper Amendment was modified by granting the President authority to waive automatic sanctions if it was in the national interest of the United States. And in February 1974, Kissinger noted that "Some of our most troublesome problems have arisen over differences concerning the respective rights and obligations of private US firms operating in foreign countries ..." and declared that

"The United States is prepared to work with the other nations of this hemisphere on methods to eliminate new disputes or to mitigate their effect".

At the Washington Foreign Ministers' Conference in 1974, the United States agreed to join with Latin America in a study commission which would prepare guidelines "applicable to the conduct of transnational corporations". However, the operation of the working group studying investment disputes was disrupted by the postponement of the Buenos Aires conference in early 1975. Thus, although the Ford Administration continued to press for further "intergovernmental mechanisms" to help resolve investment conflicts, no concrete agreement had been reached by the end of 1976.

It is important to note that in so modifying its policy, the US Government was acting in accordance with the business sector which not only supported the transference of investment disputes to multilateral institutions, such as the World Bank's International Centre for the Settlement of Investment Disputes (ICSID), but also opposed the mandatory character of the Hickenlooper Amendment. Moreover, the United States continued to utilize unilateral measures against expropriations: in the last days of the Nixon Administration the US suspended all new
assistance to Jamaica and put a stop to one AID loan which had already been appropriated, following the collapse of negotiations between the US bauxite companies and the Jamaican government over nationalization plans. This aid embargo remained in place until the last few months of the Ford Presidency.223

In effect, therefore, throughout the 1970s, US economic policy was dominated by the concern to protect US investments in Latin America, and the US Government utilized much more stringent sanctions against countries which nationalized US properties than it had during the earlier period.

Conclusion

Between 1969 and 1976, US investments in Latin America expanded from a total of $13.8 billion to $23.5 billion. The Caribbean's share of US investments increased significantly, reaching $9,632 million or 41 per cent in 1976. It is interesting to note that the country with the highest amount of US investments in the region (and excepting only Brazil) was Bermuda, with over $3.5 billion concentrated there. Major investments were also located in Panama, the Bahamas, and, to a lesser extent, Jamaica. Indeed these four countries represented over 30 per cent ($7 billion) of total US investments in Latin America (see Table 24). As in the earlier period, therefore, US business preferred to concentrate investments in a selected few countries, notably the Commonwealth Caribbean and Panama.

With regard to the sectoral distribution of investments, during the 1970s, the most noticeable feature was the growth of the manufacturing sector. Whereas industry and manufacturing had accounted for only $1,631 million, or 17 per cent of US investments in Latin America in 1960, by 1976 this share had risen to $9,242 million, or nearly 40 per cent. Conversely, the importance of mining and smelting and petroleum,
declined in both dollar and percentage terms, from $4,595 million, or 50 per cent, in 1960 to $4,540, or only 19 per cent, in 1976. In addition, the 1970s saw the expansion of US investors into the new sectors of trade, finance and insurance, which accounted for some $7,882 million, or 33 per cent, of investments in 1976. Indeed, in the Caribbean region, finance and insurance was the largest growing sector in this period, accounting for $4,211 million of investments in Bermuda, the Bahamas and Panama alone. Given the limited contribution of such investments to productive capacity or even to a country's financial resources (when tax concessions and other incentives are taken into account), the importance of US investments to the Caribbean may be questioned. Certainly, US manufacturing interests concentrated primarily on the larger South American countries - the Caribbean (excluding the Dominican Republic and Haiti) attracted only one-tenth of US investments in that sector. Thus, whilst the amount of US investments in the region increased considerably, their contribution to Caribbean development was only limited. (See Table 25.)

US Trade Policies 1969-76

Introduction

During the period 1969-76, trade relations became the most important feature of US economic policy toward Latin America. By the end of the 1960s it had become apparent that hemispheric development could not be accomplished without major changes in Latin American trading patterns and both the Special Commission for Latin American Coordination (CECLA) and the Rockefeller Report called for better terms of trade "not aid". As a result, the US Government began to attach greater priority to hemispheric trading arrangements especially in the negotiations for the GSP
**TABLE 23** OPIC INVESTMENT INSURANCE IN LATIN AMERICA, AS OF 31 MARCH 1973 (US$ m)

<table>
<thead>
<tr>
<th>Country</th>
<th>Convert-ability</th>
<th>Expropriation</th>
<th>War</th>
<th>Total</th>
<th>No. of Active Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
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<td>16.8</td>
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<td>1,131.6</td>
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<td>634</td>
</tr>
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</table>

(A) Not covered.

**Source:** United States Congress, Senate Committee on Foreign Relations, Multinational Corporations and United States Foreign Policy. Part III. Overseas Private Investment Corporation Hearings before the Subcommittee on Multinational Corporations of the Committee on Foreign Relations, 93rd Cong. 1st Sess. 1973, p. 145.
### TABLE 24  US INVESTMENTS IN THE CARIBBEAN

<table>
<thead>
<tr>
<th>Country</th>
<th>$m</th>
<th>Year</th>
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<td>Bermuda</td>
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<td>1976</td>
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<tr>
<td>Barbados</td>
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</tr>
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<td>N/A</td>
</tr>
<tr>
<td>Guatemala</td>
<td>193</td>
<td>1974</td>
</tr>
<tr>
<td>Guyana</td>
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</tr>
<tr>
<td>Honduras</td>
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<table>
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<th>Country</th>
<th>Total</th>
<th>Mining</th>
<th>Petroleum</th>
<th>Manufacturing</th>
<th>Transport</th>
<th>Trade</th>
<th>Finance &amp; Insurance</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panama</td>
<td>1,957</td>
<td>1</td>
<td>94</td>
<td>139</td>
<td>45</td>
<td>512</td>
<td>785</td>
<td>381</td>
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<tr>
<td>Central America</td>
<td>677</td>
<td>23</td>
<td>65</td>
<td>226</td>
<td>65</td>
<td>60</td>
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<td>185</td>
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<tr>
<td>Bahamas</td>
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<td>(d)</td>
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<td>94</td>
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<td>89</td>
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<td>226</td>
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<td>4</td>
<td>26</td>
</tr>
<tr>
<td>Other Caribbean</td>
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<td>(d)</td>
<td>901</td>
<td>56</td>
<td>(d)</td>
<td>32</td>
<td>121</td>
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<tr>
<td><strong>Total Caribbean</strong></td>
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<td><strong>1,446</strong></td>
<td><strong>966</strong></td>
<td><strong>125</strong></td>
<td><strong>850</strong></td>
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<td><strong>Total Latin Am.</strong></td>
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<td><strong>1,600</strong></td>
<td><strong>2,940</strong></td>
<td><strong>9,242</strong></td>
<td><strong>285</strong></td>
<td><strong>2,404</strong></td>
<td><strong>5,478</strong></td>
<td><strong>1,587</strong></td>
</tr>
</tbody>
</table>

1. Does not include Haiti or the Dominican Republic.
(d) Suppressed to avoid disclosure of individual companies.

and for international commodity agreements. President Nixon pledged to consult Latin America in advance on US measures that could adversely affect their exports, and to facilitate such negotiations, the United States sponsored the creation of the OAS Special Committee for Consultation and Negotiation, through which a variety of trade issues were discussed. The Ford Administration placed similar emphasis on hemispheric trade relations. In March 1976, Kissinger affirmed that the United States was prepared to have "prior consultations with the nations of Latin America" in the multilateral trade negotiations, and in June of that year proposed a new mechanism for consultation within the OAS, an inter American commission for trade cooperation.

However, particularly under the Ford Administration, US commercial policy became increasingly global in perspective as trade issues began to dominate the North-South dialogue. The Latin American countries began to collaborate with the other less developed areas in their demands for a reduction in tariff barriers, improved preference schemes and integrated commodity programmes, so that the main trade negotiations took place within the international trade agencies, particularly UNCTAD.

Liberal trade policies

During the late 1960s the rise in protectionist sentiments in Congress and in some business and labour sectors threatened to undermine the liberal nature of US-Latin American trade relations. The President's authority to negotiate further tariff reductions had expired along with the Trade Expansion Act in 1967, and both Johnson and Nixon failed to push new liberal trade bills through Congress. Indeed, it was only with the passage of the 1974 Trade Act under the Ford Administration that the US was able to continue liberalizing its trade with the LDCs.
The new Act was "in itself and of itself, a commitment to trade expansion and liberalization", and had as one of its central objectives the improvement of US-Latin American trade relations. The Act provided the President with extensive authority both to cut tariffs and to participate in further multilateral trade negotiations under the GATT.

The United States had been a signatory in September 1973 to the Tokyo Declaration, which paid special attention to the need for substantial tariff cuts and reductions in non-tariff barriers for the LDCs, and which was expected to be of "lasting importance" to US-Latin American trade relations. However, the Tokyo Round of negotiations only became fully operative following the implementation of the US Trade Act in February 1975. Negotiations involving the US and the nineteen Latin American members of the Trade Negotiations Committee were begun in a variety of working groups - on tariffs, tropical products, non-tariff barriers, agriculture, a safeguards code, and sectoral approaches to tariffs - but had reached no conclusion by the end of 1976.

The major policy concern of the United States in this period was the establishment of a Generalized System of Preferences. Both the Rockefeller Report and President Nixon supported the expansion of US tariff preferences for imports from all developing countries, and in November 1969 the US submitted its first draft proposal for the implementation of the GSP to the UNCTAD Special Committee on Preferences. The US list of preferences included, after consultations through the OAS, some 500 products requested by the Latin American countries.

A generalized system of preferences was finally incorporated into US trade policy in the Trade Act of 1974 and took effect in January 1976.
It allowed over 2,700 products duty free entry into the US market from 140 developing countries and worth more than $2.5 billion of US trade in 1974. However, the initial impact of the GSP on Caribbean trade was "relatively negligible". Of the $4,992 million of dutiable imports from the Caribbean in 1974, only $416.1 million, or 8.3 per cent, proved eligible for GSP treatment. Within the Caribbean the importance of the GSP varied greatly - covering 96 percent of Guyana's exports to the US, but only 0.1 per cent of the Netherland Antilles, and covering $51 million of Guatemala's exports but only $100,000 of Surinam's. Latin America as a whole fared slightly better with $1,557 million of imports eligible for GSP treatment out of a total of $9,645 million, i.e. over 16 per cent of its dutiable imports.

The limited importance of the GSP to Latin American trade is not surprising, given the various restrictions placed on both countries and products in determining eligibility for preferential treatment. The Trade Act listed certain conditions which determined whether countries could be designated "beneficiaries" of the GSP, three of which were of especial concern to Latin America. One provision excluded those countries who granted reverse preferences which had "a significant adverse effect on US commerce". This provision caused great concern among the British Caribbean states, but following the Lomé Convention in February 1975, it was adjudged that Commonwealth Caribbean countries could be included in the list of beneficiaries.

The Act also excluded those countries which nationalized, expropriated or imposed taxes on US companies without providing compensation, unless the dispute had been submitted to arbitration. This provision appeared to affect several Latin American countries which had investment disputes with US companies, including Jamaica in the Caribbean, until the Ford Administration approved their inclusion within the GSP.
The most controversial clause excluded GSP treatment from any member of OPEC or any other cartel that fixed raw materials at "unreasonable prices". Whilst this provision was primarily aimed at excluding the Arab nations from the GSP, it also clearly excluded Venezuela and Ecuador (who had not partaken in the 1973 oil embargo) and possibly the Caribbean members of the International Bauxite Association (IBA). The proviso was vigorously opposed by Caribbean nations and led to a deterioration in hemispheric relations during 1974 and early 1975. As a result, the Ford Administration began to stress its opposition to the provision and supported moves in Congress to exempt Venezuela and Ecuador from coverage. The Administration also determined that the provision did not apply to "legitimate economic action by raw material producing countries", thus making the Caribbean bauxite producers eligible for the GSP.

A variety of products of interest to the hemisphere were also excluded from preferential treatment. These included textiles and some clothing, footwear, watches, "import sensitive" glass, steel and electronic items, leather goods and certain agricultural products, notably beef, vegetables and fruit.

Finally, the "competitive need formula" provided for the withdrawal of preferential treatment for a product from any country where US imports exceeded $25 million or comprised 50 per cent of total US imports of that article. As of 26 February 1976, some 109 different TSUS items were excluded from eighteen Latin American countries and worth $1,143 million. Twelve Caribbean countries were affected, at a cost of $367 million. The competitive need formula thus effectively halved the amount of Latin American and Caribbean trade eligible for GSP treatment. Although only eight items were excluded under the $25 million limit, they accounted for 84 per cent of the total. By far the most
important product excluded under the dollar limit was sugar, which accounted for $641 million of the Latin American trade and $343 million (95 per cent) of Caribbean trade excluded under the formula. Other US imports excluded under the 50 per cent criterion included vegetables and fruit, oils, wood products and a variety of manufactured goods.

All these restrictions impaired the value of US tariff preferences to Latin American exports, and meant that the adoption of the GSP represented more of an apparent than real alteration in hemispheric trading relations. This fact was recognized by the US Government which anticipated that the share of Latin American exports that would enter the United States duty free would rise by only 10 per cent, and that few Latin American countries, notably Brazil and Mexico, would manufacture enough products to benefit greatly from the GSP.245 Thus, the importance of the GSP to Caribbean development, in terms of the expansion of its exporting opportunities, was bound to be limited.

Restrictions on Latin American trade

Under the Nixon Administration, increasing restrictions were placed on US imports from the LDCs, in order to safeguard US economic interests. Thus, in response to the dollar crisis, Nixon imposed a ten per cent surcharge on imported manufactured goods in August 1971, which affected most Latin American countries.246 Similarly, the quota restrictions on a variety of imports were operated increasingly to the benefit of US producers and consumers.

During the 1970s, the US Government began to cut back its strategic mineral stockpile quotas and even to sell surplus supplies of lead, zinc, copper and tin, thereby limiting the ability of the Latin countries to maintain production.247 New import quotas were introduced on steel products, whilst the voluntary quotas on imports of dairy products became...
mandatory in 1976. In addition, the various quotas on agricultural imports, textiles, petroleum products were continued throughout this period.248

More important, the sugar quota, which had provided vital financial resources to Latin America and the Caribbean during the 1960s, became more concerned with protecting domestic production. In 1971, the Sugar Act was amended to increase the quota of domestic producers by 25 per cent, whilst reducing the Puerto Rican quota by 285,000 tons. This shift in allocation effectively reduced Latin American sugar exports to the United States, since the hemisphere traditionally supplied most of the shortfall in Puerto Rican deliveries. As a result, the overall quota for Latin America declined by 250,000 tons between 1968-73. This reduction affected only a few Caribbean countries, notably El Salvador and, to a lesser extent, Costa Rica, whilst the Dominican Republic again received the largest quota of 685,773 tons. Overall, the Caribbean quota fell by some 24,000 tons to 1,310,468 tons in 1973 (see Table 26.).249

However, in 1974, the Sugar Act expired and US sugar imports, although still operating on a quota basis were priced at the world market level, thus effectively eliminating the "grant" element in the US sugar quotas. And, in September 1976, the United States tripled its duties on sugar imports, reducing the benefits of Caribbean sales of sugar in the US market still further.250 By the end of the Ford Administration, therefore, US import restrictions were operating largely to the benefit of US economic interests, and the economic advantages accruing to the Caribbean from exports to the United States had declined considerably.
### Table 26: US Sugar Quotas for 1973

<table>
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<tr>
<th>Area</th>
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</tr>
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<tbody>
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<td>685,773</td>
</tr>
<tr>
<td>West Indies</td>
<td>220,732</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>73,935</td>
</tr>
<tr>
<td>Panama</td>
<td>69,113</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>69,113</td>
</tr>
<tr>
<td>Guatemala</td>
<td>63,220</td>
</tr>
<tr>
<td>El Salvador</td>
<td>46,075</td>
</tr>
<tr>
<td>Belize</td>
<td>36,433</td>
</tr>
<tr>
<td>Haiti</td>
<td>33,216</td>
</tr>
<tr>
<td>Honduras</td>
<td>12,858</td>
</tr>
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<td><strong>Total Caribbean</strong></td>
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</tr>
<tr>
<td><strong>Total Latin America</strong></td>
<td><strong>3,253,669</strong></td>
</tr>
</tbody>
</table>

International Commodity Agreements

Under the Nixon Presidency, the United States gave only limited support to international commodity arrangements. With regard to the ICA, the dispute with Brazil over soluble coffee was not finally resolved until April 1971, and this delayed enacting the implementation legislation of the 1968 Coffee Agreement. Furthermore, US disagreement with the producing countries over prices led to the breakdown of the ICA in 1973, when price control mechanisms were dropped in favour of a new agreement providing for little more than study and data collection. The United States did participate in the new International Textiles Arrangement, covering both cotton and synthetic fibres, which, in 1974, replaced the essentially bilateral agreements under the LTA.

However, the Nixon Administration was opposed to international commodity agreements on a general basis. Thus, the United States initially refused to consider the less developed countries' call for an integrated programme for commodities (IPC), which involved a "multi-commodity" approach to agreements between producers and consumers, and the establishment of a common fund of $6 billion to support the prices of eighteen commodities, including sugar, coffee, cocoa, bauxite, bananas and iron ore.

The intransigence of the LDCs over the IPC led the Ford Administration to gradually alter its position. In May 1975, Kissinger declared that the United States was prepared to discuss new arrangements in individual commodities, but on a "case-by-case basis". At the Seventh Special Session of the UN General Assembly in September 1975, he proposed the creation of a producer-consumer forum for every key commodity, and declared the United States to be willing to participate in a variety of commodity agreements.
Thus, the United States participated in the negotiations for a new coffee agreement, signed in April 1975, which extended the 1968 ICA to September 1976, but contained no economic provisions. The United States was also a party to the International Wheat Agreement and to the fifth International Tin Agreement, although in the latter case the US Government retained its right to continue stockpile sales. However, US Government support for commodity agreements was limited, largely by the opposition of Treasury and Agriculture Departments which both favoured a free market system. Thus, despite Kissinger's support for the International Cocoa Agreement reached in September 1975, the United States was not a signatory because of Treasury Department opposition to such agreements.258

In effect, US support for international commodity agreements was influenced more by concern to protect domestic economic interests than to help establish stable prices and markets for Caribbean exports.

Conclusion

During the period 1969-76, the dominance of trade issues within US economic policy to Latin America reflected the increasing importance of Latin America as a market for US exports and as a source of US imports. By 1975, Latin America accounted for 27 per cent of turnaround trade, a figure close to that of the EEC.259 Although both imports and exports from the region more than tripled over this period, the increase was not gradual but rather fluctuated dramatically.260 The proportion of US exports going to Latin America declined to an all-time low of 13.9 per cent in 1973, but registered an increase of over two per cent in the following two years. Moreover, US imports from Latin America increased from a low of 12.3 per cent of total imports in 1971, to 18.3 per cent in 1974, the first increase since before the war. And whilst the US balance of trade declined from a surplus of $320 million in 1973 to
<table>
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<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td>Barbados</td>
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<td>Bermuda</td>
<td>2</td>
<td>3</td>
<td>71</td>
<td>63</td>
</tr>
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<td>Costa Rica</td>
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<td>255</td>
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<td>89</td>
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<tr>
<td>Haiti</td>
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<td>106</td>
<td>24</td>
<td>144</td>
</tr>
<tr>
<td>Honduras</td>
<td>95</td>
<td>145</td>
<td>75</td>
<td>151</td>
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<tr>
<td>Jamaica</td>
<td>151</td>
<td>308</td>
<td>175</td>
<td>381</td>
</tr>
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<td>Nicaragua</td>
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<td>131</td>
<td>59</td>
<td>156</td>
</tr>
<tr>
<td>Panama</td>
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<td>194</td>
<td>164</td>
<td>317</td>
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<tr>
<td>Surinam</td>
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<td>106</td>
<td>36</td>
<td>79</td>
</tr>
<tr>
<td>Trinidad &amp; Tobago</td>
<td>232</td>
<td>1,170</td>
<td>61</td>
<td>256</td>
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<tr>
<td>Other WI</td>
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<td>56</td>
<td>45</td>
<td>96</td>
</tr>
<tr>
<td><strong>Total Caribbean</strong></td>
<td>1,585</td>
<td>5,958</td>
<td>1,372</td>
<td>3,318</td>
</tr>
<tr>
<td><strong>Total Latin America</strong></td>
<td>5,161</td>
<td>16,042</td>
<td>5,576</td>
<td>17,106</td>
</tr>
</tbody>
</table>

minus $2,595 million in 1974, the US registered a surplus of $1,064 million in 1975.

In the Caribbean, whereas US exports increased by nearly $2 billion during the 1970s, this still did not offset the huge increase in imports from $1,585 million in 1969 to $5,958 million in 1975. Moreover, the adverse balance of trade which the United States normally registered with the region declined from only minus $80 million in 1973 to nearly $3 billion in 1974, over $1.2 billion more than the total US trade deficit for that year.

These figures reveal an increase in US dependence on hemispheric trade, caused largely by the OPEC oil price increases in 1973. The total cost of US imports from the petroleum exporting LDCs increased from $6.3 billion to $20.5 billion between 1973-74, and this affected US imports from Venezuela, Ecuador, Trinidad and the Netherlands Antilles. Indeed, if these oil exporting countries are excluded from the US-hemispheric trade balance, a different picture emerges: instead of a $2.6 billion deficit in 1974, the US registered a surplus of $3.3 billion, rising to $4.7 billion in 1975. In other words, with the exception of these four countries, Latin America remained an important source of funds to the United States, supplying over 38 per cent of the US trade deficit with the petroleum exporting countries in 1974.

With regard to the sectoral distribution of this trade, Latin America provided a valuable market for US exports of manufactured goods and agricultural produce during the 1970s, and thus helped to pay for US deficits elsewhere. Latin America continued to be the most important market outside of Canada for US automobiles, trucks, automotive parts and tractors, and was also a major importer of other US manufactured goods, notably machinery, plastics, fertilizers and steel products.261 Indeed Latin America's share of these two SITC categories rose from 15.1
per cent in 1968 to 16.7 per cent in 1974 (see Table 17). Latin America's purchases of US agricultural goods also increased dramatically from $445 million in 1968 to over $2 billion in 1974. Finally, it should be noted that Latin America became the main market for US chemical products, accounting for 68.9 per cent of these US exports in 1974. Overall, therefore, Latin America registered a significant increase in its purchases of US exports and continued to compete with the developed countries as a market for many US products.

With regard to US imports, the early 1970s saw the United States becoming dependent on more diverse suppliers of raw materials as its need for certain commodities increased, and this led some critics to argue that Latin America was no longer of crucial importance to US trade. However, the 1973 oil embargo by the Middle Eastern countries had major ramifications on US perception of the hemisphere as a safe source of raw materials. The two main Latin oil producers - Ecuador and Venezuela - did not take part in the embargo and this, together with the discovery of vast deposits of oil in Mexico, meant that the United States began to view Latin America as an important future supplier of fuel minerals.

Moreover, the formation of a variety of other commodity cartels after 1973 - notably in bauxite, copper and bananas - and the resulting increases in raw material prices, led to grave concern in Congress over the accessibility of US supplies. In an attempt to cope with this problem, the government studied a variety of counter measures, including the provision of economic assistance "in return" for access to raw materials supplies and the possibility of economic sanctions against countries partaking in commodity cartels.

Thus, Latin America supplied 40 per cent of US mineral fuel imports, 34 per cent of iron ore and 83 per cent of US bauxite imports in 1974.
In addition, the US imported 52 per cent of its coffee requirements, 47 per cent of bananas and 38 per cent of cocoa from the hemisphere, together with 62 per cent of its sugar imports, of which the Caribbean supplied 27 per cent.\textsuperscript{265} As one US official noted in 1976, our dependence on the Latin American and Caribbean exports of petroleum, iron ore and bauxite is growing as sources elsewhere become less certain. The region is our primary supplier of coffee, cocoa and bananas; a major supplier of sugar and copper.\textsuperscript{266}

\textbf{Caribbean Migration 1969-76}

\textbf{Permanent migration}

Throughout the period 1969-76, Caribbean citizens continued to migrate to the United States under the provisions of the 1965 Immigration Act.\textsuperscript{267} Migration from the Caribbean islands reached a peak of 65,521 persons in 1970, accounting for 18 per cent of all US immigrants, but thereafter declined to 61,284 persons in 1974 (16 per cent of all US immigrants). This decline was especially noticeable among the four Commonwealth Caribbean countries from whom migration fell from 15,033 persons in 1970 to 12,408 persons in 1974, and to only 9,026 in 1976. As in the earlier period, the main sources of permanent migration to the United States were Cuba, Jamaica and the Dominican Republic - all with over 10,000 migrants per annum. Overall, migration from the Western Hemisphere increased from 1,315,181 between 1955-65 to 1,873,195, between 1965 and 1975, mainly from Mexico and the West Indies (the latter registered a 208 per cent rise in migration between the two periods).

During the 1970s, the immigration process required labour certification for all immigrants entering the US labour market, except for parents, spouses and minors of US citizens. This labour certific-
ation has been regarded as a failure since most immigrants arrived as relatives exempt from the certification requirements. Thus, out of the 228,717 immigrants arriving from the four Commonwealth countries between 1967-76, 107,775, or 47 per cent, were housewives, children and other immigrants of no occupation. Whilst this policy undoubtedly benefitted family reunification, it has been suggested that the long-term result would be to reduce the sending of remittances to dependent relatives in the Caribbean - an important source of income for many Caribbean countries. 268

Furthermore, the general effect of the 1965 Immigration Act appears to have been to increase the level of skill among migrants. Although the largest occupational group of Commonwealth Caribbean migrants between 1967-76 was private household workers, professional and technical workers, craftsmen and foreman, operatives and clerical workers together constituted 56 per cent of all employed immigrants to the United States. Moreover, in October 1976, an amendment was passed which imposed a preference system on the process of granting visas to Western Hemisphere immigrants, as applied to immigrants from other areas. It may therefore be concluded that the United States has not only been able to draw on Caribbean labour to fill positions in the United States "as the need arises", but that immigration has resulted in a net outflow of skills from the Caribbean. 269 Given the need to increase the technical proficiency of Caribbean citizens, it can be argued that migration to the United States may have had an adverse impact on the region's development prospects.

A further effect of the 1965 Act was to increase the level of illegal immigration to the US. The 1970s saw a market expansion in non-immigrants entering the United States from the Caribbean - from 403,299 in 1971 to 563,432 in 1974 - in contrast to the decline in permanent
migration. Although the total number of illegal immigrants is not known, the White House Domestic Council's Report revealed that the top five sources in the world were Caribbean basin countries - Mexico, Dominican Republic, Haiti, Jamaica and Colombia - whilst Guatemala, Ecuador and Peru figured in the top fourteen. A further statistic indicating the high level of illegal Caribbean migration is that 6,285 persons were forced to depart from the United States between 1965 and 1974, mainly from Jamaica, the Dominican Republic, Trinidad and Belize. 270

Illegal immigration has been criticized on the grounds that it takes away jobs from US citizens, contributes to the retention of poor salaries and working conditions, strains public institutions and the welfare system, and inflates the US population. However, it may also be argued that illegal immigrants provide a cheap labour force for unscrupulous businessmen, and that they have been unable to obtain basic social welfare protection or make demands for higher wages and better jobs. 271

The 1970s saw the continued migration of refugees or parolees from the Caribbean, principally from Cuba and Haiti. By the mid-1970s, Cuban refugees numbered 750,000 and constituted the largest long-term refugee movement in US history. Beginning in December 1972, a large number of Haitian refugees also began to arrive in the United States - estimated at 20,000 in the Miami area alone. However, unlike the Cuban parolees, few of the Haitians were given permanent residential status because they were "economic" not political refugees. Indeed, many were imprisoned and those released were denied work authorization. 272

Temporary migration

Finally, the 1970s saw the continuation of the temporary employment schemes for Caribbean workers in the United States, mainly in agriculture. 273
The number of West Indian agricultural workers entering the United States between 1969-76 remained relatively steady, at around 12,000 per annum. The number of Puerto Ricans working under contract declined dramatically, however, from 21,862 in 1969 to 5,271 in 1976. This decline stemmed largely from the "politico-legal" status of Puerto Ricans as US citizens, enabling Puerto Rican workers to break their contract without facing deportation, and thus limiting the growers' control over their labour force. As a result, US farmers preferred, where possible, to utilize West Indian contract workers rather than employ Puerto Ricans. Thus, in 1975, US apple growers contracted some 4,800 Jamaicans to work in the eastern states, although Puerto Rico was willing to supply some 2,600 "domestic" workers. Similarly, in 1976, the apple growers hired only 613 Puerto Ricans but 3,400 Jamaicans. It can therefore be argued that during the 1970s US farmers employed contract workers from the Commonwealth Caribbean not only to gain a cheaper and more docile workforce than domestic US workers but also to bargain within the Caribbean for the least expensive workforce.

Conclusion

Throughout the period 1960-76, the Caribbean was an important source of immigrants, both legal and illegal, temporary and refugee, to the United States. In assessing the impact of this migration on Caribbean development, it should be noted that it has been viewed ambivalently as both problem and solution. No clear conclusions have been arrived at as yet as to whether it constitutes a safety valve or brain drain, a desired investment or necessary loss, potential legacy or perpetual linkages. In part this has been due to the "invisible" nature of Caribbean migration, and to the lack of systematic analysis
or monitoring of population movements from the hemisphere to the US. However, two points are apparent from the above study: first, Caribbean migration has resulted in the addition of at least 3 million extra residents in the United States, which has undoubtedly placed great strain on US economic and welfare resources, especially in Florida and New York. Second, the availability of both cheap labour and professional, skilled workers in the United States has represented a net loss of economic and human resources in Caribbean countries. As such, the consequences of Caribbean migration have been "disproportionately one-sided in favor of the United States." 

Conclusion

During the 1970s the Caribbean received greater attention within US economic policy towards Latin America than it had done during the earlier period. The Caribbean was allocated a much larger share of US development assistance to Latin America, especially from bilateral sources, and the importance of the Caribbean as a market for US investments increased substantially. In addition, the Caribbean continued to be an important source of many US imports, especially sugar, oil, bauxite and bananas, and was a major source of emigration to the United States.

Within the Caribbean, although the United States continued to allocate the major part of its development assistance to the Spanish Caribbean countries, the Commonwealth countries did receive increased funds from both bilateral and multilateral agencies, indicating greater US concern with development problems in this area during the 1970s. The English-speaking countries along with Panama were again the primary investment centres for the United States, despite the rising economic nationalism in Guyana and Jamaica. However, in terms of US support
for regional integration in CACM and CARICOM, and for expanding
Caribbean export and emigration opportunities in the United States,
little distinction can be made between US policy towards the Spanish
and English speaking countries. Overall, therefore, it may be argued
that during the 1970s, US economic policies towards the Caribbean
became increasingly uniform in terms of their implementation in the
Spanish and Commonwealth Caribbean countries.

With regard to the development impact of US policies, the greater
emphasis attached to US economic interests during this period meant that
the Caribbean received only limited benefits from US aid, investment and
trade. The "aid" content of development assistance declined consider-
ably as Latin American debt repayments grew, whilst the many restrictions
on US imports, even those operating under the GSP, meant that the United
States failed to contribute significantly to Latin American foreign
exchange earnings. As a result, the 1970s saw not the expansion of
financial resources available for hemispheric development, but rather
mounting external debt and service obligations, which rose from $7,205
million in 1960 to $68,333 million in 1976. The Caribbean's debt
burden increased dramatically from only $377 million to $7,567 million
between 1960-76.277

Furthermore, the mid-1970s saw Latin America and the Caribbean
facing acute problems in terms of its economic growth rate. The
average annual growth rate for the hemisphere fell from 6.5 per cent
between 1971-75 to only 3.1 per cent in 1975. In the Caribbean, the
growth rate varied substantially from an impressive 9.5 per cent for
the Dominican Republic, to only 0.7 per cent for Jamaica between 1971-75.
Indeed, in 1976, Jamaica registered an adverse growth rate of 6.9 per
cent.278 Rather than achieving "self-sustaining growth", therefore,
the Latin American countries were barely keeping up with population growth rates in their economic progress. Moreover, this economic growth was not evenly distributed amongst all the social sectors. As one US official admitted:

Much of Latin America's population has not shared in the benefits of growth. The problem of the "little man", compounded by explosive population growth and urban expansion, is camouflaged by country per capita income figures which do not reflect the abject poverty of the poor majority.279

Whilst US economic policies may have helped to alleviate some of the worst social conditions, through the food for peace programme and emphasis on rural development, and whilst US immigration policies may have lessened the effects of population growth in the Caribbean countries, they failed to encourage dynamic economic and social change and as such, their impact on Caribbean development was only limited.
FOOTNOTES TO CHAPTER 4


3. It is important to note that the Alliance and US officials consistently emphasized the importance of "self-help measures" and the need for domestic contributions to the development effort. This chapter will, however, be primarily concerned with the US contribution.


5. Ibid.

6. Ibid., p. 419.


9. Thus the Alliance involved reform "from above" to prevent revolution "from below", for in Kennedy's words: "Those who make peaceful revolution impossible will make violent revolution inevitable". Quoted in J Pearce, Under the Eagle (1980), op.cit., p. 41.


12. For the reasons behind the change in policy - the poor economic performance of Latin America in the late 1950s, Vice-President Nixon's ill-fated tour of the region in 1958, the Cuban crisis and Milton Eisenhower's report to the President - see especially M Eisenhower, The Wine is Bitter: The United States and Latin America, New York (1963); and RH Wagner, United States Policy Toward Latin America (1970), op.cit.

13. M Eisenhower, ibid., p. 249. Eisenhower also committed the United States to providing $500 million for social and economic development under the Act of Bogota, September 1960, but this was not ratified by Congress until after Kennedy's inauguration.

14. Although the United States did not actually agree to a specific amount, the US commitment was generally expected to be around $1 billion per annum. See JB Martin, US Policy in the Caribbean (1978),


19. Although Kennedy initially left the suggestion of Cuban participation in the Alliance open, Cuba was formally excluded at Punta del Este in August 1961.

20. Calculated from IDB, Economic and Social Progress in Latin America: 1971 Report, Washington DC (1972), p. 88. See also S Hanson, "The Alliance for Progress: The Fourth Year", IAEA, 20 (Autumn 1966), p. 63. As one US official admitted: "When you look at net capital flows and their economic effect, and after all due credit is given to the US effort to step up support to Latin America, one sees that not very much money has been put into Latin America at all". WT Dentzer Jr, former US Ambassador to the OAS before United States Congress, House Committee on Foreign Affairs, New Directions for the 1970s: Towards a Strategy of Inter American Development Hearings before the Subcommittee on Inter American Affairs of the Committee on Foreign Affairs. 91st Cong. 1st Sess. (1969), p. 45.

22. It has been estimated that 95 per cent of AID expenditures for machinery and vehicles and 90 per cent of all AID commodity expenditures went to US corporations. J Petras, "In Latin America: US Business and Foreign Policy", New Politics, 6 (Fall 1967), p. 77.


24. For a similar conclusion on the low correlation between the amount of aid and per capita GDP see General Secretariat of the Organization of American States, Inter American Economic and Social Committee, Latin America's Development and the Alliance for Progress, Washington DC (1973), pp. 112-13.


30. For a critique of the Alliance on these grounds see ibid, p. 219; also D Horowitz in Imperialism and Underdevelopment (1970), op.cit., p. 58.

31. Although both the Charter of Punta del Este and the 1962 Foreign Assistance Act supported programmes of land reform, AID funds could not be used to finance the expropriation of land but were instead limited to the "administrative" costs of the programme. J Petras, Politics and Social Structure in Latin America, New York (1970), p. 257; J Pearce, Under the Eagle (1982), op.cit., pp. 41-43.


34. J Levinson and J de Onis, ibid., p. 281; S Hanson, Five Years of the Alliance for Progress (1967), op.cit., p. 20.


38. Given that the Caribbean supplied 8.7 per cent of IDB subscriptions but received 11.3 per cent of total disbursements, it would appear that there was a slight tendency to favour the smaller countries in the Bank's lending policies. J White, Regional Development Banks (1972), op.cit., p. 169.


41. As a result, FSO dollars disbursed for local currency expenses could be used only for purchases in the United States, whilst at least 50 per cent of goods financed by the US's FSO contribution had to be transported in US ships. S Dell, The Inter American Bank (1972), op.cit., pp. 113-14.

42. See the Senate Committee Report in J White, Regional Development Banks (1972), op.cit., pp. 180-81.


46. B Nissen, ibid.


53. Ibid., pp. 252, 286-87.


68. The Charter stated that national development programmes should take into account "the promotion through appropriate measures ... of conditions that will encourage the flow of foreign investments". Quoted in J Levinson and J de Onis, *The Alliance That Lost Its Way* (1970), *op.cit.*, p. 72.

70. ES Mason, Foreign Aid and Foreign Policy, New York (1964), p. 89.


77. Ibid., p. 20.


80. See, for example, Secretary Rusk: "We don't challenge in the strictest constitutional sense the right of a sovereign government to dispose of properties and peoples within its sovereign territory. But we do think as a matter of policy it would be wise and prudent on their side to create conditions which will be attractive to the international investor, the private investor"; SCFR, FAA of 1962 Hearings (1962), op. cit., p. 27.

81. See PE Sigmund, Multinationals in Latin America (1980), op. cit., pp. 84-130.


The State Department argued that an automatic cutoff would "at best advance the interests of the American citizen whose property is
expropriated only marginally and, on the other hand, it can seriously injure the vital US national interests which the foreign assistance program is designed to further". SCFR, FAA of 1962 Hearings (1962), op.cit., pp. 557-58.


90. It was estimated that US investment averaged only between 2 and 3 per cent of total Latin American domestic investment during the 1960s. J Grunwald et al, Latin American Economic Integration (1972), op.cit., p. 114.

91. OAS, Latin America's Development and the Alliance for Progress (1973), op.cit., p. 124.


95. See J Pearce, Under the Eagle (1982) op.cit., pp.75-78.


98. See, United States Congress, Joint Economic Committee, Latin American Development and Western Hemisphere Trade Hearings, op.cit., p.362.


101. Approximately 12 per cent of US imports were excluded by Congress from the scope of the President's negotiating authority. See KW Dam, The GATT (1970), op.cit., p. 68; JW Evans, The Kennedy Round (1971), op.cit., p. 248.


104. R Prebisch, Nueva Policía comercial para el desarrollo, Mexico (1964).

105. JEC, Western Hemisphere Trade Hearings (1965), op.cit., p. 157.

106. Quoted in I Walter in IAEA (Spring 1970), loc.cit., p. 25.

107. Ibid.


112. The total quota for Latin America, including Cuba, increased from 3,291 thousand metric tons in 1959 to 3,469 thousand metric tons in 1968. See RD Crassweller, The Caribbean Community (1972), op.cit., p. 385.


116. The Latin American Task Force, established in 1961 to consider new policy options favoured "continued efforts for market stabilization... accompanied by strenuous measures to reduce overproduction". United States Department of State Memorandum from I Gordon to RJ Goodwin, White House, March 6 1961, in AM Schlesinger Jr, in Latin America, ed. RG Hellman and HJ Rosenbaum (1975), op.cit. At Punta del Este in August 1961, Secretary Dillon declared that the US was "prepared to join a workable coffee agreement", DSB (28 August 1961), p. 360.


119. Kennedy claimed that the US was prepared to cooperate in "serious case-by-case examinations of commodity market problems", Public Papers of the President, 13 March 1961 (1962), op.cit., p. 172. The Latin American Task Force also recommended the stabilization of key commodities using "buffer" stocks where feasible. AB Berle, Navigating the Rapids (1973), op.cit., p. 726.

120. WD Rogers, The Twilight Struggle (1967), op.cit.; also "Foreign Aid Provided Through ... the International Coffee Agreement", IAEA, 1969, p. 83.


124. A Pinto, ibid.


126. Ibid.
127. Calculated from "Leading Imports by Principal Sources", OBR, 64-69 (1964).


129. Ibid.

130. OBR, 64-69.


140. Ibid., pp. 371-72.


142. This section is derived largely from "The New Braceros", NACLA Report, XI, No. 8, November/December 1977, pp. 4-37.


144. The New Braceros, NACLA, loc.cit., pp. 6-8; also R Palmer, Caribbean Dependence (1978), op.cit., p. 89.


158. In July 1976, nine OECD countries joined the bank whilst five more were considering membership by the end of the year. In addition, Canada joined the Bank in 1976. The nine non-regional countries, together with Canada, Venezuela and the United States, established an Inter-Regional Capital separate from the ordinary resources of the Bank. As of December 31, 1976, some $360 million had been paid into the new fund, with future commitments of $1,020 million. Inter American Development Bank, *Annual Report 1976*, Washington DC (1977), pp. 23-25.


161. Congress failed to appropriate all of the US contribution to the FSO agreed to in 1970 until 1975 with the result that the IDB was obliged to slow down "the processing and preparation of loan applications mainly from the least developed countries in Latin America". See SCA, For.Ass.Approps. for 1976 Hearings (1975), op.cit., p. 492. Similarly, because US funds to the IDA were not appropriated immediately, the Association's lending activities were reduced on more than one occasion. See World Bank, Annual Report 1976, op.cit., p. 37.


163. As one US official remarked in 1976: "The countries of the region which will receive our assistance are, for the most part, the smaller and poorer countries.... We no longer provide bilateral development assistance to Argentina, Mexico and Venezuela. We are phasing out such assistance to Brazil, Ecuador and Colombia". HCA, For.Ass.Approps. for 1977 Hearings (1976), op.cit., p. 32.


165. Although the United States promised to assume a leadership role in negotiating the rescheduling of debts at UNCTAD III, only Chile received preferential US treatment. See Y Ferguson in Latin America, eds. R Hellman and HJ Rosenbaum (1975), op.cit., p. 18.


174. See United States Congress, House Committee on Foreign Affairs, New Directions for the 1970s. Part II, Development Assistance
Options for Latin America, Hearings before the Subcommittee on Inter American Affairs of the House Committee on Foreign Affairs, 92nd Cong. 1st Sess. (1971), p. 51 (hereafter referred to as HCFA, New Directions for the 1970s, Part II, Hearings).


181. This was admitted by AID Administrator Dr Hannah before HCFA, Mutual Development Act of 1973 Hearings (1973), p. 72.


183. Ibid.


201. Public Papers of the President 1969, op.cit., p. 898.


Expropriation problems led to the suspension of OPIC insurance in the early 1970s to Chile, Peru, Guyana and Bolivia, and to Jamaica in 1974. The resistance of many Latin American countries to the US requirement for OPIC's succession to the claims of the insured investor meant that OPIC programmes were semi-inoperative in Colombia, Ecuador and Guatemala whilst Mexico and Venezuela did not even instigate programmes. See R Hurwitch, Deputy Assistant Secretary for Inter American Affairs, before the SCFR, OPIC Hearings (1973), op.cit., pp. 144-45; SCFR, OPIC Authorization Hearings (1977), op.cit., p. 150.

The Senate Report on OPIC concluded that the availability of investment insurance was "at best, a marginal consideration in corporate decisions to invest in LDCs". SCFR, OPIC Report (1973), op.cit., p. 8.


Although Congress introduced an amendment in 1974 designed to give preferential treatment to small businesses in OPIC guarantees, the programme continued to be dominated by large corporations, with 68 per cent of insurance in 1976 going to businesses on Fortunes Lists. See SFRC, OPIC Authorization Hearings (1977), op.cit., p. 128.


It should be noted here that a sharp division existed within the Nixon Administration between the State Department, which opposed mandatory sanctions, and the Treasury and Exim Bank which favoured a hard line policy. See the opposing statements of Assistant Secretary of State Meyer and Under Secretary of the Treasury J Petty before the HCFA, New Directions for the 1970s, Part II, Hearings (1971), op.cit., pp. 254-55 and 118. Also Y Ferguson Jr in Latin America, ed. R Hellman and HJ Rosenbaum (1975), op.cit., p. 10.

United States, President, Public Papers of the President of the United States, Washington DC, Office of the Federal Register, National Archives and Records Service 1953-. Richard M Nixon, 1972, p. 33.

Y Ferguson in Latin America (1975), op.cit., p. 11.


Y Ferguson, Latin America (1975), op.cit., p. 12.


230. GATT Declaration of Ministers Approved at Tokyo on 14 September 1973 in BISD Twentieth Supplement, January 1974, p. 20; also DSB,
237 (17 February 1975), pp. 216-17.

231. The Caribbean countries involved in the new round of negotiations were Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua and Trinidad-Tobago. The most important discussions for Latin America concerned the international codes on subsidies and safeguards, agriculture, and countervailing duties.


236. UNCTAD in Operations and Effects of the GSP (1976), op.cit., p. 32.

237. Ibid.; also M Glitman, Deputy Assistant Secretary for International Trade Policy before Committee I of the IAECOSOC, 11 March 1975, in DSB, 72 (21 April 1975), pp. 497-98.


240. Both President Ford and Secretary Kissinger expressed their opposition to this provision and supported bills introduced to Congress by Senators Bentsen and Kennedy and Representative
Harrington which would permit Venezuela and Ecuador to benefit from the GSP.


244. The countries were Barbados, Bermuda, Costa Rica, Dominican Republic, El Salvador, Guyana, Haiti, Honduras, Jamaica, Netherlands Antilles and Trinidad-Tobago.


251. HCFA, New Directions for the 1970s, Part II, Hearings (1971), op.cit., p. 60.


255. The US was at first prepared to discuss only oil and energy issues with the LDCs who insisted on broader consumer-producer negotiations, and this led to a breakdown in relations in April 1975. See CW Robinson, "Department Discusses Preparatory Meeting of Oil Producing and Consuming Nations", DSB, 72 (26 May 1975), pp. 688-89.

256. New York Times, 14 May 1975, p. 1. It is worth noting that Kissinger's speech was viewed by the State Department as representing "not so much a major shift in US policy as a new view of things". Ibid., p. 4.

257. Secretary Kissinger, DSB, 73 (22 September 1975), loc.cit.


263. Thus, Assistant Secretary Hurwitch stated in 1973 that whilst Latin American sources of petroleum played "a minor role in the past economic development of the US ... we are going to see this playing a more important role as far as energy is concerned". SCFR, OPIC Hearings (1975), op.cit., p. 138.


270. RS Bryce Laporte in The Caribbean Yearbook: 1976 (1977), op.cit.; and
before House Select Committee on Population, Immigration to the
United States Hearings (1978), op.cit., pp. 364-68; also US
Congress, HCR, Subcommittee on IAA, Undocumented Workers:
Implications for US Policy in the Western Hemisphere, Hearings, 95th
Cong. 2nd Sess. May-Aug. 1978, pp. 70-84.

271. Ibid.; MD Ramesar, An Overview of Trends in Caribbean Migration in
the Light of Integration, Trinidad, 23 July 1979, pp. 26-29.

272. See C Wright, "The Development of Refugee Policy" in GS McClellan,

273. On this section see "The San Juan Shuttle: Puerto Ricans on Contract",
NACLA Report, XI (November/December 1977) p. 19; "Race to the
Orchards", loc.cit., pp. 31-32.

274. RS Bryce Laporte before US House, Select Committee on Population,

275. Lowenthal has estimated that as of 1972 there were 1.8 million Puerto
Ricans, 621,403 Cubans, over 200,000 Haiti ans, close to 200,000
Dominicans and 225,000 Jamaicans in the United States. "Towards a

276. US House, Select Committee on Population, Immigration to the United
States, Hearings (1978), op.cit., p. 373.

277. IDB, Economic and Social Progress in Latin America: Annual Report

278. Ibid., p. 7.

279. Mr Kleine before HCA, For.Ass.Approps. for 1977 Hearings (1976),
op.cit., p. 32.
INTRODUCTION

The United States had traditionally followed two separate and often conflicting diplomatic policies in the hemisphere: first to maintain or extend US political influence over the region by territorial acquisition or through establishing friendly relations with Latin American governments; and second to encourage the growth of liberal democratic governments in the hemisphere. ¹

In the early nineteenth century the United States was quick to recognise the newly independent states of Latin America, and thus limit the influence of European powers in the hemisphere. The "republican" status of the new nations was viewed as a common heritage of the Americas, and thus the concept of the Western Hemisphere as a distinct region, separate from Europe, and involving a "special relationship" between the United States and Latin America, was thereby established. ²

At the same time, the United States also played an aggressive imperialistic role in Latin America and particularly the Caribbean; the US acquired large territorial gains from Mexico (1846-8); narrowly missed annexing the Dominican Republic as a state of the union (1869-70); annexed Puerto Rico and established a protectorate in Cuba (1898-1901); and purchased the Danish West Indies, renamed the US Virgin Islands, in 1916. In addition the US encouraged the independence of Panama from Columbia and then acquired the right to build a canal on land leased to it "in perpetuity".

During the early twentieth century the concern to prevent instability in the hemisphere led the US to intervene to impose "strong" ie military governments in the Caribbean in Nicaragua, Haiti, the Dominican Republic, Cuba and Panama. It should be noted that both Wilson and Hoover hoped to
promote democratic constitutional government in the Caribbean but when elected governments were overthrown by military coups d'etat preferred to maintain friendly relations with these "friendly" regimes.

Under President Roosevelt's Good Neighbour Policy, the US adopted a policy of "non-intervention" in hemisphere affairs. The US no longer actively sought to promote democracy but rather treated Latin American governments as mature equals.

In the early postwar period this policy prevailed. The principle of "non-intervention" was incorporated into the OAS Charter and emphasis was placed on the special relationship within the hemisphere. The Truman and Eisenhower Administrations maintained friendly relations with all governments whether civilian or military, in the attempt to exclude communism from the hemisphere.

The Kennedy Administration thus introduced a major change in US policy when it chose to promote actively democratic political development in the hemisphere. This chapter outlines US diplomatic policy under the Kennedy and Johnson Administrations and the later change in emphasis during the Nixon and Ford Presidencies. It examines US policy in five separate areas: political independence; political parties; trade unions; human rights and finally, Latin American governments.
I. 1960-1968

GENERAL OBJECTIVES

During the 1960s a dominant concern of the US diplomatic policy was to promote democratic political development. According to President Kennedy the Alliance for Progress was to be "a massive co-operative effort to strengthen democratic institutions". Throughout the period 1960-8 US officials argued that

our policy in Latin America is not one of sterile anti-communism or preservation of the status quo. We are actively supporting the expansion of democracy in Latin America .... This is not only one of the major aims of the Alliance for Progress, it is one of the fundamental objectives of our entire Latin American policy.

US policy thus involved a "much more intimate political contact with the course of events in Latin America than heretofore". US officials sought to "support and work with groups who cherish democratic values and constitutional government" - especially the political parties and trade unions, as well as actively supporting democratic government and opposing military regimes and dictatorships in its diplomatic relations.

In supporting democratic government, US officials recognised that economic and social development could not succeed unless there also existed "responsible" Latin American governments dedicated to, and capable of, achieving far-reaching reforms. The democratic left "alone seemed to have effective party organisations draining support from a supposedly dynamic 'middle sector' in Latin American society, and ideologies stressing evolutionary reform..." As such, democratic government was viewed as essential to economic development objectives.

The promotion of democratic government was also seen as compatible with security objectives, since it involved containing the growth of Communist regimes, parties and organisations in the hemisphere. As the
House Foreign Affairs Committee observed in 1961,

Our policy should be based on the knowledge that any weakening of democratic institutions, or their failure to fulfil the legitimate aspirations of their people, can create a climate favourable to Communist infiltration and result in governments unfriendly to the United States.8

Democratic government was also perceived to be compatible with US economic interests - since liberal democracy involved limited government and favoured a capitalist or mixed economy.

Finally, democratic rule was thought to provide the surest chance of long-term political stability in Latin America, replacing the traditionally unstable military dictatorships with political systems close to that of the US and thus ensuring a long-term compatibility of interest. Political democracy and stability were, therefore, perceived to go hand-in-hand.9
US POLICY TOWARD DEPENDENT COUNTRIES

The United States has traditionally supported the move from colonialism to national independence in Latin America, both as part of the process of political development and as a means of excluding other foreign powers from the region. At the same time, the United States has itself played an imperial role in the Caribbean through the control of the Panama Canal Zone, Puerto Rico and the US Virgin Islands.

During the 1960s these contradictory elements continued to form part of US diplomatic policy towards Caribbean countries.

1. West Indies

With regard to the existing European dependencies in the Caribbean, the United States largely supported their moves towards independence. Thus the Eisenhower Administration articulated its support for the West Indies Federation and its transition to independence:

The union of the West Indies islands in the federation is acknowledged as an important step in (the) progression from a status of dependence to one of independence within the Commonwealth. We desire to associate ourselves within this process and to work closely with our British allies in helping The West Indies to achieve statehood under the most favourable conditions possible.

As a sign of US support, Vice President Nixon attended the inauguration of the Federal Parliament in April 1958. Similarly, the Kennedy Administration established diplomatic relations with the Federation in July 1961, with the expectation that the West Indies would attain complete independence in 1962.

Three major factors were involved in US support for West Indian independence. First, as one reporter noted in 1961, US officials were "politely pushing for at least some kind of union" since they "prefer to deal with and protect a political whole and believe it will grow
into a stronger union in the future". Second, it was felt that

the British political tradition in which the present generation of West Indian leaders has been schooled tends to ensure that The West Indies will remain an area of relative political stability in the Caribbean in the next few years. 14

In particular, the US Government believed that "the West Indians value freedom and democracy much the same as we do. They have no illusions about communism and the bondage it imposes". 15

Following the breakdown of the Federation in 1962, therefore, the US welcomed the independence of the larger islands of Jamaica and Trinidad in 1962, and Barbados and Guyana in 1966, which were perceived as viable democracies and strong supporters of the US. 16 The US attended the independence celebrations and established diplomatic relations with the Commonwealth Caribbean countries. 17 In addition, the US welcomed their entry into the US, and supported their moves toward membership of the OAS. 18

It should be noted, however, that in British Guiana where the Marxist Cheddi Jagan was in power, the United States initially showed greater reluctance to approve its independence. 19 Indeed, the US Government not only pressured the British on a diplomatic level into delaying British Guiana's independence whilst Jagan was in power, but was also directly involved in fomenting the civil unrest which led the British to delay independence. It was only when an alternative government was elected in 1964 that the United States considered British Guiana "to have passed safely out of the Communist orbit" and welcomed its independence two years later. 20

With regard to Belize, the United States held a more ambivalent position. According to the Guatemalan President, Ydigoras Fuentes, the US promised to exert pressure on Britain to settle the territorial
dispute between Guatemala and Belize, in return for training Cuban insurgents for the Bay of Pigs intervention on Guatemalan soil. 21 Certainly, throughout its mediation attempts in the dispute, the US Government appeared to favour the Guatemalan claims to British Honduras. 22

In particular, the US Government supported the proposals of American lawyer Bethuel Webster who acted as sole mediator in the dispute between 1965-8. 23 The proposals, in the form of a draft treaty, envisaged giving Belize nominal independence, whilst allowing Guatemala control over Belize's defence and foreign affairs, as well as preferential access to the economy. "In sum, the proposals exclusively committed Belize to a hemispheric destiny as a satellite or department of Guatemala", and thus directly contradicted Belize's claim to independence. 24

In taking such a position, the US Government appears to have been motivated by strategic factors, in particular that an independent Belize would be too small and weak to protect its borders from the Communist and pro-Castro rebels in north-east Guatemala, and might thus become a sanctuary for such insurgents. 25

Overall, therefore, the US commitment to independence in the Commonwealth Caribbean countries appears to have been judged against "an ideological yardstick" 26 namely, on whether independence would lead to democratic or communist rule, and threaten US security interests.

2. US DEPENDENCIES

With regard to the US "colonies" in the Caribbean—Puerto Rico and the US Virgin Islands—the United States followed the general trend in allowing greater self-government in the postwar period. Thus, Puerto
Rico was granted full self-government as a Commonwealth of the United States (or Estado Libre Asociado de Puerto Rico) in 1952.

Similarly, the US Virgin Islands was granted greater autonomy under the Revised Organic Act of 1954.

During the 1960s, however, only limited change was made in the political status of these dependencies.

(a) Puerto Rico

In Puerto Rico, the status question was the main issue in local elections and dominated relations with the US Government. The Commonwealth status was seen to have many advantages for Puerto Rico: it provided for local autonomy with a popularly elected governor and legislature and a separate Puerto Rican Constitution; it also provided exemption from federal income tax and the reimbursement of excise taxes and import duties, and gave Puerto Ricans US citizenship.

But the Commonwealth status also enabled the US Congress to amend or annul the Puerto Rican Constitution at will. And, although granted US citizenship, Puerto Ricans could not vote for the US Presidency, whilst the Puerto Rican Resident Commissioner in Washington had no vote in Congress. 27

These anomalies in Puerto Rico's political status gave rise to two alternatives and opposing factions: "statehooders" who favoured incorporation within the United States as the fifty-first state, and "independentistas" who favoured total independence from the US.

Throughout the 1960s, US officials consistently maintained that Puerto Rico could change its political status as it desired, and that "Puerto Rico is a commonwealth within the United States system -
by its own choice". Thus, in 1962, on the tenth anniversary of the Commonwealth, a joint US-Puerto Rican Commission was established to re-examine the status of Puerto Rico and to explore the possibilities for the future.

The Commission's report in August 1966 concluded that all three forms of political status available - Commonwealth, Statehood and Independence - "are valid, and confer upon the people of Puerto Rico equal dignity". It recommended that any change in status should be made by the Puerto Rican people "acting through the constitutional processes". As a direct consequence of this report a plebiscite was held on July 23, 1967 to determine the status of the island. The vote was overwhelmingly for continued relations with the United States, with 60.5 percent voting for the Commonwealth, and 38.9 percent for statehood. Less than one percent favoured independence, but a much greater number boycotted the election - over 34 percent of the electorate failed to vote.

Despite the low electoral turnout, however, the Commonwealth supporters were able to argue that they had the majority's support - indeed, Munoz-Marin claimed that the referendum had ended "the century-long debate about political status". Certainly, the plebiscite indicated that the majority of Puerto-Ricans wanted some form of permanent association with the United States, and as such gave greater legitimacy to the formal ties between the two countries. However, the referendum did nothing to change those ties - but did delay action by the UN Committee on Decolonization. The United Nations General Assembly had supported a granting of independence to colonial countries and peoples since 1960 when
the Special Committee on Decolonization was created, later known as the Committee of 24. The Pro-Independence Movement (MPI) took advantage of the new situation to launch an intense international campaign for Puerto Rican independence and succeeded in obtaining a Resolution calling for a discussion of Puerto Rico's case by the Committee of 24 at the Second Conference of Non-Aligned Nations held in Cairo in 1964. However, the bilateral initiatives of the US, and particularly the plebiscite, successfully staved off international action during this period, as the Committee of 24 delayed action from 1964 to 1967.

(b) US Virgin Islands

With regard to the US Virgin Islands, during the 1960s further progress was made towards self-government. The revised Organic Act of 1954 had provided the US Virgin Islands with a new central government, replacing the three island municipal councils, and including a popularly elected unicameral legislative assembly, and a Federal District Court, as well as the US-appointed governor. Following the Report of the Constitutional Convention of the Virgin Islands of 1964-5, further political independence was offered to the island. In 1966, the first change was introduced when the voting power of electors was increased from the "two-out-of-six principle" to one man, one vote, whilst the size of legislature was increased from eleven to fifteen members.

Second, following hearings in both Senate and House, in 1966 and 1967, Congress approved the proposal for an elected governor for the Virgin Islands and the appropriate legislation was passed in August 1968. It was recognised that the time was "ripe for taking the progressive step toward a territorial government" which was
"fully responsible and responsive to local needs and to the local electorate". 35

(c) Panama

The period 1960-8 saw Panama increase the pressure on the US to relinquish sovereignty over the Canal Zone. In the early 1960s the main concern was the right of Panama to establish, in principle, her sovereignty over the zone through flying the flag there. This right was conceded in 1963 when Panama was allowed to raise her flag alongside that of the United States.

However, when American students raised the US flag in the grounds of their school in January 1964, this unauthorised act sparked off riots by Panamanian nationalists. 36 President Johnson ordered US troops to protect American lives and property, arguing that

Our obligation to safeguard the canal against riots and vandals and sabotage and other interference rests on the precepts of international law, the requirements of international commerce and the needs of free world security. 37

In response, the Panamanian government broke off relations with the United States, accusing it of "unjustifiable aggression". 38 Mediation attempts included two OAS negotiating teams, but failed when Panamanian government insisted on the "negotiation" of a new Canal treaty, while the Johnson Administration would only agree "to discuss differences". Agreement was only reached in March 1964 when Johnson offered to "review every issue" dividing the two nations. 39

On April 3, 1964 in a Joint Declaration, the US and Panama pledged their word to negotiate a new Canal treaty. 40 Agreement was reached on three draft treaties in June 1967. 41 They provided for joint operation of the Canal by a US-Panama Commission, for US
defence of the Canal, and outlined arrangements for a possible sea-level canal. The United States explicitly recognised Panama's right to exercise sovereignty over the Canal, to integrate the Zone into Panama and to receive a larger share of the Canal's revenues, and set 1999 as the date when the entire Zone would revert to Panama. However, the United States also insisted on full power to protect the Canal, including the retention of military bases until 2004. In addition, the US demanded a majority voice in the joint canal authority. Discussions founded on these two issues, and following the establishment of a nationalist military government in Panama in 1968, the treaties were formally rejected.

In conclusion, it may be argued that although the United States made some concession to Panama during the 1960s and accepted the ultimate right of Panama to exercise sovereignty over the Zone, the concern to protect US security and commercial interests meant that the US remained opposed to a substantial change in policy. 42
A major concern of the US Government during the 1960s was to encourage the establishment of democratic political parties in Latin America, whilst opposing Communist and Castroite groupings. Castro's creation of the 26th of July Movement and later his co-operation with the existing Cuban Communist party led US officials to place special emphasis on controlling and monitoring the activities of similar Communist organisations in Latin America. Throughout the 1960s the CIA, State Department and Congress maintained continuous surveillance of Communist parties and groups in the hemisphere, often concentrating on only small numbers of "activists". Detailed reports were made on the strength of Castro-Communist parties in each Latin American country, and the likelihood of Communist victory through elections, infiltration of other parties or insurgency was continually assessed. The CIA spent much time and effort in infiltrating political parties, tampering with local mail services and wire-tapping foreign embassies to discover Communist objectives and strengths and, where possible, to discredit or remove leftist "sub-versives" from the political scene.

In the Caribbean, particular attention was paid to Communist parties in Venezuela, the Dominican Republic, Guatemala and Nicaragua. In the Dominican Republic, the US was pre-occupied by the activities of Communists throughout the 1960s, and indeed this pre-occupation largely determined the decision to intervene in the crisis of April 1965 — although the actual role of Communists was later proved to have been minimal.

In the Commonwealth Caribbean on the other hand, Communist parties were not adjudged to constitute a special threat to hemisphere security. In Jamaica, for example, it was felt that
The Communist movement is small poorly organised, and lacks effective leadership and adequate resources. 49

The US Government also sought to encourage the growth of democratic political parties in the hemisphere, seen as the key method of increasing popular participation and of providing stable representative government. Thus, in the English-speaking Caribbean, political stability was seen to be dependent on "further development of the party system", with Jamaica and Trinidad making the most progress towards the favoured two-party system. 50

In the early 1960s, the Kennedy Administration paid special attention to the parties on the "democratic left" which were felt to offer a radical alternative to the Communist parties, and to be the most competent to undertake the economic and social reform envisaged in the Alliance. Thus, US officials publicised their support for the democratic left parties and their leaders, notably Betancourt of Venezuela, Lleras Camargo of Columbia and Figueres of Costa Rica. Indeed, for a time Kennedy even considered establishing a "club" of democratic presidents, to be based in Washington, in the hope that this might encourage other party leaders to commit themselves to the democratic process, but nothing came of the idea. 51

However, the commitment to the democratic left was limited by the concern to prevent Communist infiltration, which led the United States to adopt a negative attitude towards several left-wing parties in the hemisphere. Thus, US officials were suspicious of the Communist tendencies of Jagan and his Progressive People's Party in Guyana and as a result opposed that party's government, and supported the "stoutly anti-Communist" Forbes Burnham and his People's National Congress party. 52 Similarly, the US would have preferred the Union Civica Nacional to win the 1962 elections in the Dominican Republic, rather than the left-wing Partido Revolucionario Dominicano, because of fears of the latter's Communist domination. 53
Furthermore, the United States soon became disenchanted with the democratic left as a political force when those parties were toppled from government by military coups or proved ineffective in pushing social and economic reform. As a result, under the Johnson Administration, the US began to support the Christian Democratic parties in Latin America. The 1964 victory of Eduardo Frei in Chile was taken as heralding a new wave of Christian Democracy in Latin America. In the Caribbean region, US officials encouraged the Christian Democratic party in El Salvador during the 1960s in the hope that it might successfully engineer the transition from military to civilian rule, whilst the triumph of Rafael Caldera in Venezuela in 1968 was seen as further evidence of the potential of this movement. 54

In several Latin American countries, however, the US chose to support the parties of the right as forces of "stability". Thus in Nicaragua, in the 1967 election, the US was involved in arranging a pact between the Conservative party and Somoza to maintain the dictator in power and exclude the left-wing FSLN. 55 And in Guatemala, the 1966 electoral victory of the PR under Mendez Montenegro was hailed as a victory for democracy, despite the fact that the Army had restricted party activity, including the Social and Christian Democrats as well as the Communists. 56

In practice, therefore, US support for democratic parties in Latin America and the Caribbean was limited where those parties appeared to constitute a threat to political stability or to US security interests. As one US critic noted in 1967, "Washington is supporting the most socially conservative elements that could possibly win an honest election and doing that grudgingly". 57
TRADE UNION POLICY

The US Government has traditionally supported the establishment of free trade unionism in Latin America, both as a means of combating the growth of Communist Labour organisations and, of promoting organised labour management relations within the hemisphere. During the 1950s, the main focus of US Government attention was the International Confederation of Free Trades Unions (ICFTU) and its affiliate, the Inter-American Regional Organisation of Workers (ORIT), together with the various International Trades Secretariats (ITS) which operated in Latin America. By 1963, some 7,107,517 trade union members in Latin America were affiliated to the ICFTU including 619,000 in the Caribbean, mainly from Puerto Rico, Jamaica, the Dominican Republic and Guyana. ORIT worked closely with US labour attaches in Latin America and consistently followed a strong anti-communist line, supporting official US policy in Guatemala in 1954 and in Cuba in 1959-60. As a result, ORIT was identified as a tool of the US Government, which lost it much support amongst Latin American unions.

The early 1960s saw the expansion of US Government activity in fostering the Latin American union movement. Between 1960-8, AID spent some $24 million on Latin American labour programmes, with $5 million going direct to foreign labour ministries, and a further $3.6 million going to specific unions and ITS. The US also continued to support ORIT which trained 30,000 unionists between 1960-66. The US Government's main involvement, however, was through the American Institute for Free Labour Development (AIFLD), which was created in October 1961, through the joint operations of the AFL-CIO, US corporations and the Kennedy Administration. It was financed mainly by the US Government under the Alliance for Progress (at a cost of $15.4 million) and also, until 1967, through private organisations and foundations, which acted as CIA conduits. By 1967, the CIA was
According to its executive director, Serafino Romualdi, the aims of AIFLD were to strengthen the cause of freedom and representative democracy, to combat and defeat communist and other totalitarian movements, and above all, to assist in the development of a new type of Latin American labour leader who would reject the stale concept of class struggle in favour of constructive labour-management relations in a democratic pluralist society.

Such a union movement would not only protect US security interests but would also promote US business interests - it would operate along the lines of the AFL-CIO as a non-political labour movement, unaffiliated to any party, and working solely to further the economic interests of its members.

The Institute had two principal functions, to help Latin American trades unions organise social projects which would benefit their members; and to educate labour leaders in "free trades unionism". The Social Projects Division, funded entirely by AID on a budget of $5 million in FY 1968, helped unions to organise such activities as workers banks, low-cost housing and community action programmes. The main emphasis was on low-cost housing, with 16,269 units completed in twelve countries by 1972 at a cost of $69.8 million. However, a GAO Report revealed that many AIFLD projects were plagued by poor planning and had limited success. In the Caribbean AIFLD housing in Honduras suffered major construction difficulties, whilst in the Dominican Republic numerous difficulties led the Institute to build only 110 of the projected 700 units and then only after AID provided grant finance. Special criticism was attached to the AIFLD practice of restricting house purchases to union members and, as in Guyana, imposing minimum income requirements.

More important, the AIFLD conducted an intensive training programme for Latin American union members. By 1968, over 500 labour leaders had completed training at the main AIFLD school at Fort Royal, Maryland, and...
nearly 60,000 more unionists had received training through fourteen Latin American field offices or from travelling instructors. AIFLD offered graduates from the US school a nine-month salaried internship when they returned to their unions, whilst in-country officials helped to establish local training schools. Training included courses on the history of the AFL-CIO, collective bargaining procedures, organising methods, communism, dictatorship, Latin American militarism, co-operatives and the history of the international labour movement. But as one critic noted, "Strike tactics are notably absent from the AIFLD bill of fare." 68

The various inter-American union organisations undoubtedly helped to strengthen and educate certain Latin American unions in the 1960s and to bring benefit to their members. However, the low level of organised labour in the hemisphere has meant that both AIFLD and ORIT have tended "to serve the needs of the "worker aristocracy" with Latin American labour", rather than spread economic benefits throughout the working classes, 69 and the strong anti-communist stance of ORIT and the AIFLD, and their open backing by US business and government groups lost them much support in Latin America and tended to divide rather than unite the labour movement. Indeed, the AIFLD was critical not only of communist unions but also of other democratic labour unions - one spokesman in 1963 claimed that CLASC, the Latin American Confederation of Christian Trades Unions, had been infiltrated by communists, despite CLASC's consistently independent line. 70 Furthermore, ORIT, the AIFLD and even the ITS, often interfered in the internal affairs of Latin American unions and governments, and were used by the US Government, especially the CIA, as a means of opposing pro-Communist or left-wing governments in Latin America. Thus, AIFLD trained union leaders were involved in the overthrow of the Goulart regime in Brazil, whilst the ITSs were used as conduits for CIA funding of operations there. 71 The AIFLD and ORIT affiliate in the Dominican Republic, CONATRAL,
actively opposed the Bosch regime in 1963, but supported the US inter-
vention in 1965 and the Balaguer Administration. 72

More important, the inter-American union organisations joined with the
US Government to precipitate the downfall of the Jagan Government in
British Guiana. 73 Prominent US union officials, including the inter-
American representative of the AFL-CIO and a CIA agent posing as an official
of the Retail Clarks International Association, visited the colony in the
early 1960s. They established close contacts with the Trade Union Council,
an anti-Jagan union, whose leader had been trained by the AIFLD. The
Institute provided the Council with $2 million for a housing scheme and
trained several union leaders in Washington, who were then contracted under
the internship programme. In March 1963, when Jagan introduced a new labour
relations bill, the ORIT affiliate denounced it as "a blueprint for the end
of trades union freedom" and called for a general strike. 74 The AIFLD-
trained union leaders played a prominent role in the strike, whilst several
ITSSs provided cover for the US Government to channel around $1 million into
British Guiana to support CIA activities which included fomenting riot and
racial violence. The strike was successful: it ended with the withdrawal
of the labour bill and influenced the British decision to delay independence
and to support an alternative government.

In general, therefore, it may be concluded that the pre-occupation of
the AIFLD with Communist subversion in Latin America has tended to weaken
any contribution it might make to the growth of a viable hemispheric labour
movement. Indeed, it has been argued that US policy has had three adverse
effects:

(1) It has tended to give the AIFLD the appearance of
being little more than an instrument of the cold war;

(2) It has led to a polarised view of the political spectrum
in Latin American labor; and

(3) It has involved the AFL-CIO in some awkward contradic-
    tions of its principle that trades unions should
    not be tied to political parties. 75
HUMAN RIGHTS POLICY

The United States has traditionally favoured the promotion and protection of human rights in Latin America as part of its support for democratic government. As one US official commented. "The American concept of democracy insists upon a belief in the dignity of man and a recognition of fundamental human rights and freedoms." 76

In the early postwar period, this policy was evident mainly at the multi-lateral level, within the OAS. The US supported the adoption of both the American Declaration of the Rights and Duties of Man in 1948, and the Declaration of Santiago in 1959, which included many of the basic human rights - rule of law, free elections, freedom of association and of information, freedom of the individual - in its outline of "the principles and attributes of the democratic system." 77 However, the United States was reluctant to intervene actively in the affairs of other nations in support of human rights, preferring to follow a policy of non-intervention.

During the late 1950s, the apparent connection between human rights violations and political instability in the Caribbean led the United States to support a more active role for the OAS in the protection of human rights, through the establishment of an Inter American Commission on Human Rights (IACHR). 78 The Commission's functions included making recommendations to Governments for the adoption of measures in favour of human rights, preparing studies and reports and urging Governments to supply it with information. It is important to note that the United States took the lead in opposing greater authority being given to the IACHR - for although it was empowered to receive complaints from individuals, the Commission was not permitted to make individual accusations, and always had to work in co-operation with the accused government. 79

In practice, the ability of the Commission to promote human rights
in the hemisphere has varied considerably. During the 1960s, the Commission reported on human rights violations in eight countries, including Cuba, the Dominican Republic, Haiti, Honduras, Guatemala and Nicaragua in the Caribbean. Its most spectacular work was in the Dominican Republic, where the Commission played a major role in the transition to democratic government between 1961-3, and maintained a continuous presence in the 1965 crisis, when it not only observed the treatment of human rights but actively helped to bring an end to the excesses and violations. However, in the investigations of human rights in Honduras and Haiti, although the Commission's factual findings were accepted no further action was taken. Furthermore, the governments of Cuba, Haiti and Nicaragua refused to allow the Commission to visit, whilst Cuba and Guatemala even refused to provide information on human rights violations. In effect, the restriction placed upon the IACHR limited ability to actively promote human rights. Whilst the Commission undoubtedly succeeded in obtaining remedial action on several occasions, this largely depended on its willingness to exceed its authority.

On a bilateral level, the United States paid only limited attention to human rights in this period. US criticism of human rights violations were largely concerned with Cuba, and as such, mainly formed a part of its larger criticism of the Castro regime. In 1963, the Kennedy Administration decided against a major aid programme in Haiti as a protest against the repressive Duvalier regime. However, in Brazil in 1964, US aid was expanded at the same time as an increase in repression occurred. Moreover, when a group of liberals in AID and the State Department proposed cutting off all aid to Guatemala in mid-1967 in response to the high level of atrocities carried out under the counter insurgency programme, the hardliners, led by the US Ambassador, successfully argued that the main priority should be to keep the government in office, and that no pressure should be exerted other than a weak letter of criticism sent to the Mendez
government. The policy of successive US Administrations towards human rights was thus conditioned primarily by the need to maintain political stability.

The 1960s did, however, see the awakening of Congressional interest in human rights in Latin America. Particular attention was paid to human rights violations in Cuba, and, to a lesser extent, in Brazil. More important, in the 1966 Foreign Assistance Act, Congress introduced an amendment applying specifically to Latin America which directed aid officials to take into account "the degree to which the recipient country is making progress toward respect for the rule of law, freedom of expression and of the press, and recognition of the importance of individual freedom, initiative and private enterprise." In summary, the 1960s saw some moves being made towards the promotion of human rights in Latin America, especially in the Caribbean, but only where this did not threaten US national interests.
US RELATIONS WITH LATIN AMERICAN GOVERNMENTS

1. INTRODUCTION

As argued earlier, the United States has always followed a number of contradictory objectives in its relations with Latin American governments. First, the US Government has consistently affirmed its support for the principle of "non-intervention" in Latin American domestic affairs, and respect for Latin American sovereignty. At the same time, however, the US has actively sought both to prevent the establishment of "hostile", ie Communist, governments in the hemisphere, and to promote the growth of democratically elected governments. 

The balance between these objectives, and the US Government's ability to achieve them, has varied considerably. During the early 1950s, the Eisenhower Administration favoured a policy of non-interference in hemisphere affairs, except where there was a threat of Communist expansion. Consequently, the US maintained friendly relations with all staunchly anti-Communist countries, regardless of the democratic or authoritarian nature of their governments.

In Guatemala, however, the Eisenhower Administration opposed the democratically elected Arbenz government in 1954, because of its communist tendencies, and went so far as to organise the coup which deposed Arbenz. In addition the US successfully sponsored an OAS resolution which declared that the domination of any American state by "the international communist movement" constituted a threat to the inter-American system.

Whilst the United States was thus able to counteract the communist threat in Guatemala, its policy of unconditional support for all friendly governments led to strong criticism that the US was supporting military
dictatorships at the expense of democracy. Furthermore, the overthrow of Batista in Cuba in 1959, and his replacement by the highly nationalistic "anti-Yanqui" Castro, who soon embraced Marxism-Leninism and became firmly allied to the Soviet Union, appeared to indicate that military dictators could no longer be relied upon as bulwarks against Communism.  

The last years of the Eisenhower Administration, therefore, saw a major re-orientation of US policy, with much greater emphasis placed on supporting democratic governments and opposing military regimes and dictatorships in the hemisphere. As the President asserted in March 1960,

Another persistent misunderstanding ... is that we sometimes support dictators. Of course, we abhor all tyrannical forms of government, whether of the left or the right.  

Under Kennedy, this policy was continued and extended, in line with the recommendations of the Latin American Task Force. The new President stressed the democratic nature of the Alliance for Progress: it was to be "an alliance of free governments" which "must work to eliminate tyranny from a hemisphere in which it has no rightful place".  

The new US policy took three forms

i) opposition to 'tyrannical' or authoritarian governments

ii) opposition to military regimes, and

iii) support for democratic countries

In the following sections, these three policies will be examined in turn, looking at the development of US policy under the three Administrations of Eisenhower, Kennedy and Johnson, and assessing their contribution to Caribbean political development.
2. OPPOSITION TO 'TYRANNICAL' GOVERNMENTS

A. Eisenhower and Kennedy Administrations

During the early 1960s, the new strategy of opposing "tyrannical" governments was in practice limited solely to the Caribbean region, to the Dominican Republic, Cuba, and to a lesser extent, Haiti. The aims of the US Government varied in all three countries. In Cuba, the fundamental objective was to overthrow Castro and replace his government with one more friendly to the US. In the Dominican Republic and Haiti, on the other hand, the aim was to prevent the violent overthrow of their existing dictators - Trujillo and Duvalier - and thus prevent a possible "second Cuba".

On the multi-lateral level, the first evidence of a policy change occurred in August 1960 at the Sixth OAS Meeting of the Foreign Ministers. American officials actively supported Venezuela's call for diplomatic and economic sanctions against the Dominican Republic, following Trujillo's attempted assassination of the Venezuelan President. These sanctions were not only intended to condemn Trujillo's aggression against Venezuela, and his violation of the non-intervention principle, but also "to create a situation within the Dominican Republic whereby ... its citizens (can be) permitted to enjoy the benefits of representative democracy .." Further, the sanctions were also intended to pave the way for similar multi-lateral action against Cuba.

At the Seventh OAS Meeting of Consultation, the United States criticised the Castro regime for following "the path of totalitarian Communist development" and for having "departed from the principles of representative democracy.." However, the Latin American nations would only accept limited action against Castro, and the ensuing declaration merely affirmed that the inter-American system was
"incompatible with any form of totalitarianism", without mentioning Cuba by name. 98

The Kennedy Administration continued to use multi-lateral channels to induce change in existing dictatorial regimes. Thus, after Trujillo's assassination in May 1961, the US successfully pressed for the continuation of the OAS sanctions against the Dominican Republic, pending the creation of a provisional government to rule until elections could be held. 99 The US was also successful in obtaining further multi-lateral action against Cuba. In January 1962 an OAS resolution identified the Castro regime as Communist, declared Marxism-Leninism to be incompatible with the inter-American system; and claimed this "incompatibility" excluded the present government of Cuba from the inter-American system. 100 As a result, diplomatic relations between Cuba and the other hemisphere states were suspended, and Cuba was effectively isolated from the OAS.

However, the Kennedy Administration was less successful in obtaining hemisphere action against a third Caribbean country, Haiti. Following the Dominican-Haitian conflict of July 1963, the US attempted to use the OAS peace-keeping activities to force Duvalier to moderate his repressive regime, and even to get rid of the dictator altogether. But the other OAS members were not prepared to violate the principles of non-intervention to bring about Duvalier's downfall and, therefore, no multi-lateral action was taken. 101

Indeed, in all three countries, the Eisenhower and Kennedy Administrations both relied equally on unilateral measures to persuade their governments to adopt more democratic policies, or even to bring about their collapse. US officials constantly affirmed that "The United States Government adheres strictly to the policy of non-intervention in the domestic affairs of other countries, including Cuba". 102 In its initial bilateral
relations with Castro, the US certainly adopted a friendly, low profile policy in the hope that the new government would adopt "democratic patterns of behaviour." However, as relations worsened, the US not only imposed economic sanctions against Cuba and broke off diplomatic relations in January 1961, but also engaged in covert action to bring down Castro.

Between 1960 and 1965 the CIA was involved in at least eight plots to assassinate Castro. From 1959 onwards, the US also attempted to bring down the Castro regime through inspiring internal revolt in Cuba. CIA activities involved close co-operation with Cuban exiles who carried out acts of sabotage against Castro, and who were trained and armed to take part in the ill-fated Bay of Pigs intervention of April 1961, and subsequently involved in Operation MONGOOSE.

Rather than following a policy of non-intervention in Cuban affairs, therefore, "the basic objective towards Cuba was ... to develop opposition to Castro and to help bring about a regime acceptable to the US." In the Dominican Republic, the US followed a similar policy of active intervention aimed at replacing the Trujillo dictatorship with a more democratic regime. Both the Eisenhower and Kennedy Administrations utilised a variety of diplomatic and economic pressures - such as the suspension of the sugar quota, the termination of military aid, and the suspension of diplomatic relations - to this end. Further, the CIA provided covert assistance to dissident groups in the Dominican Republic, including the provision of weapons for assassination attempts against Trujillo. And following Trujillo's death in May 1961, the US actively participated
in the negotiations for an interim regime, even stationing the Marines offshore when the "Trujillistas" threatened to retake power. 112

In Haiti, US policy was more ambivalent. The Kennedy Administration threatened to cut off all aid and withdrew the US Ambassador in Haiti when Duvalier staged his "re-election" in May 1961. 113 But in January 1962, when Haiti held the swing vote in the OAS on the expulsion of Cuba, US aid was granted for an airport, and again, in October, during the missile crisis when the US needed access to Haiti's airfields and ports, relations again improved. 114 However, when Duvalier again resisted US pressure to step down in May 1963, the Kennedy Administration stepped up the pressure: economic and military aid was cut off and diplomatic relations suspended in protest. In addition, the CIA gave clandestine aid, including arms to rebel groups, but Duvalier proved "extraordinarily resistent". 115

Overall, the ability of the United States to influence the nature of Latin American "tyrannies" or dictatorships varied considerably. The Eisenhower and Kennedy Administrations were able, in the fluid political conditions in the Dominican Republic, to successfully engineer the creation of a Provisional Government to rule until democratic elections were held in December 1962. The US then played a major role in the transition from dictatorship to democracy.

In Cuba, however, although the US may have desired democratic government, the effect of its policies was to strengthen support for Castro, and even to push Cuba into the arms of the Soviet Union and towards the socialist path of development.
In Haiti, on the other hand, US policy had only a limited effect — only an outright military intervention could have brought about the collapse of Duvalier.

B. Johnson Administration

Under President Johnson, US policy towards the dictatorships in Cuba and Haiti underwent some modification. The US continued to oppose Castro's regime, and sought "to limit or reduce the ability of the Cuban cause in Latin America through propaganda, sabotage and subversion." 116

In April 1964, however, President Johnson decided to discontinue the use of CIA controlled sabotage raids against Cuba. In taking this decision, the President effectively abandoned the objectives of overthrowing Castro by subversive action. 117 It should be noted, however, that the CIA continued its efforts to assassinate Castro until 1965, apparently without Johnson's knowledge. 118

On the multilateral level, the US sought to further isolate Cuba within the hemisphere. At the Ninth Foreign Ministers meeting in July 1964, OAS sanctions against Cuba were expanded when all member states were called upon to end their diplomatic and consular relations with Castro, and to suspend trade and sea transportation with Cuba. The recommendation was implemented within a year by all states except for Mexico, thus isolating Cuba from the rest of Latin America. 119

By 1964, therefore, the United States had tacitly accepted the permanence of the Cuban regime. 120 Indeed, some consideration was even given to improving relations with Castro, but negotiations were seen as possible only after the elimination of two factors:
First, Castro's political, economic and military dependence upon the Soviets; and second, the continuance of Castro's subversive activities in Latin America. 121

With regard to Haiti, the Johnson Administration sought to restore "cool and correct" relations with Duvalier. The new Ambassador established friendly relations with key officials and broke many contact with the Haitian opposition - especially following the Dominican crisis of 1965 when Haiti's vote in the OAS was again crucial to US policy. 122

3. POLICY TOWARD MILITARY REGIMES

A. Kennedy Administration

The Kennedy Administration adopted a new policy towards military regimes in Latin America in January 1961: "non-recognition", or rather, the suspension of diplomatic relations and termination of economic and military assistance was to be employed against the military juntas which overthrew constitutional governments, with the aim of encouraging and protecting democratic government. 123

The first evidence of a policy change occurred in February 1961, when the US refused to recognise the new military government in El Salvador until it promised to hold elections for a new constitutional government. Similar pressures were exerted against the leaders of military coups in six other Latin American countries between 1961-3. In the Caribbean area, this involved Guatemala in March 1963, the Dominican Republic in September 1963 and Honduras in October 1963. 124
The last two coups provided a high level response against military intervention in the Caribbean. Not only were diplomatic relations suspended and economic and military aid discontinued, but Embassy personnel, both civil and military, were also withdrawn. Both the State Department and the President publicly condemned the military coups in the Dominican Republic and Honduras, and reaffirmed that "the United States will continue to support the efforts of those seeking to establish and maintain constitutional democracy." However, the democratic objective does not appear to have governed the response of all US policy makers to military takeovers. In El Salvador, US Embassy personnel were apparently opposed to the election of January 1961, and the military mission actively encouraged a conspiracy to overthrow the new government. Certainly, the US was not too displeased with the new military government – as Kennedy argued, "governments of the civil-military type of El Salvador are the most effective in containing communist penetration in Latin America." In Guatemala, the fear that the future President might be hostile to US interests caused officials to be less concerned when elections were disrupted by the military, and recognition was granted after only three weeks. Furthermore, it appears that the CIA was actively involved in sponsoring the coup. Indeed, an internal debate took place within the US Government as to whether the new president should be "allowed to take control in Guatemala." Similarly, in the Dominican Republic, the Kennedy Administration was divided in its support for the Bosch government – although the US Ambassador provided considerable aid and advice to the Dominican
government in its first few months, by the summer of 1963, "some officials in Washington were ready to write Bosch off as a failure." In particular, the CIA was concerned that Communists were penetrating the government, whilst the military attaches were largely critical of Bosch. Indeed, it has been argued that the Dominican military decided to oust Bosch "as soon as they got the wink from the US Pentagon" which "successfully undercut the State Department".

In all three cases, therefore, it would appear that the concern to prevent the establishment of further Communist regimes in the hemisphere over-rod the desire to foster democratic government, especially amongst the military and the Pentagon.

Furthermore, the viability of many civilian governments to effect far-reaching economic and political reforms, plus the limited impact of US sanctions against military coups, led some US officials to support a more "pragmatic" approach towards military regimes. Thus, Assistant Secretary Martin, argued in November 1963 that US leverage over Latin American governments was limited by circumstances, and that the military was no longer always a force of repression, but could follow reformist policies.

Certainly, the Kennedy Administration was on the verge of recognising the new military regimes in the Dominican Republic and Honduras when the President was assassinated. It may, therefore, be argued that the US policy of non-recognition of military governments underwent some modification during the final months of the Kennedy regime.

B. Johnson Administration

This modification of US policy became more apparent under the
Johnson Administration. Although the new President and his top officials continued officially to support democratic government in their policy statements, they also adopted a more lenient attitude towards military regimes. As the new Assistant Secretary, Thomas Mann, explained

We cannot put ourselves in the doctrinaire straight-jacket of automatic application of sanctions to every unconstitutional regime which arises in this hemisphere with the intention of dictating internal political developments in other countries.

Rather than imbuing the act of recognition with moral overtones of support for "good" regimes, it was argued that the US could most effectively encourage democracy by exercising subtle pressures in a "quiet unpublicised way", on a day-to-day basis, through the normal channels of diplomacy.

The new policy was soon evidenced by the prompt recognition of the military juntas in Honduras and the Dominican Republic, and by the resumption of economic and military assistance to those countries in early 1964. More significant, the US responded enthusiastically to the overthrow of the leftwing Goulart government by a military coup in Brazil in April 1964, even sending messages of congratulations to the new military leadership.

Above all, the new policy of support for military regimes was endorsed during the Dominican crisis of April 1965. When a popular uprising sought to overthrow the ruling military junta and return the constitutional President, Juan Bosch, to power, the US responded by intervening militarily, sending in some 20,000 troops to quell the "revolution". In making this response, the Johnson Administration was motivated partly by the
concern to safeguard American lives in the Republic, but "primarily" by the concern to prevent a Communist takeover. In particular, US officials were reluctant to support the constitutionalists, despite their avowed objective of restoring the democratic government, because of fears of their Communist domination. Rather, the US preferred to support the "loyalist" military faction, and when they collapsed, sent in their own troops to restore order.

Following the ceasefire, the US began a long and complex series of negotiations to establish a provisional government. During these negotiations, a primary US objective was to protect the right of the Dominican people to self-determination - to restore political democracy through elections. However, the US remained opposed to the provisional government established by the constitutionalists, still fearing Communist infiltration, and proposed several alternative governments. In the final solution, achieved by the OAS Ad Hoc Committee which included US representative Ellsworth Bunker, an interim government was set up under Garcia Godoy in September 1965. The new provisional government was both anti-communist and sufficiently broad to attract the support of moderate Dominican opinion. Under the provisional government, presidential elections were held in June 1966 and the PR candidate Balaguer was voted into power. The Republic had thus safely borne the transition from revolution to democracy.

Overall, the Johnson Administration was relatively successful in achieving its own objectives in the Dominican intervention - and at a relatively small cost. The US succeeded in averting
the perceived threat of a "second Communist state" in the hemisphere, and eventually helped to establish democratic government. But the cost was two-fold. On a purely monetary level, the US spent over $203 million in economic and military assistance to the Republic between April 1965 and December 1966, and proceeded to pour money and personnel into the country until the end of the Johnson Administration.

More important, the Dominican intervention heightened the awareness of, and hostility toward, US involvement in the Caribbean. The US was accused of promulgating a new amendment to the Monroe Doctrine, called the "Johnson Doctrine" - that the US has a right to intervene militarily in the hemisphere to prevent the growth of Communism. Furthermore, within the Dominican Republic, the considerable US presence was viewed as evidence of continued intervention.

In addition to the Dominican Republic, two further countries in the Caribbean deserve mention. First, in Guatemala, the US did use its influence to support the democratically elected Julio Cesar Mendez Montenegro, who defeated two military candidates in the 1966 election. The US embassy issued a public statement warning that it would not support any attempts to annul the election. However, the victory for civilian rule was illusory since as a precondition for taking office, Mendez was forced to accept certain conditions imposed by the military, including the exclusion of leftists from government and relinquishing control over the military. In effect, therefore, the US was supporting "limited democracy" in Guatemala - elected government subject to military control.

Second, in Panama, when the National Guard deposed the newly
elected President in October 1968, the US expressed its disapproval and Secretary Rusk cut diplomatic relations. However, after the new government of General Torrijos promised to restore constitutional rights and hold new elections, recognition was granted in November 1968. 149

4. CONCLUSION

In summary, therefore, it may be argued that there was only a limited distinction between the policy of the Kennedy and Johnson Administrations towards Latin American governments. Both Administrations were committed to the objective of democracy in Latin America, but the objective had a much higher priority for Kennedy. But for both Presidents, US national security interests always took precedence. Under Kennedy, the US "verbalised" its opposition to unconstitutional military regimes, but was willing, in practice, to recognise them where US security interests appeared threatened.

The Johnson Administration preferred a case-by-case approach - the fact that a government had seized power from an elected one "was not in itself cause for withholding recognition". 150
In assessing the impact of US diplomatic policy in Latin America and the Caribbean, two factors become apparent. First, the Kennedy and Johnson Administrations were relatively successful in containing the political expansion of Communism in the hemisphere - at least in preventing a "second Cuba". By 1968 Castro had been effectively isolated within the hemisphere, and "friendly" governments were in power in all Caribbean countries.

Second, the US was relatively unsuccessful in promoting democratic political development in the hemisphere - a process which proved to be far more complex than US officials anticipated. As Assistant Secretary Gordon admitted in 1967, "the political development of some of the countries of Latin America has a long way to go". The so-called democratic left who were to be the chief catalysts in the political development process proved to be the very groups that the US feared could be infiltrated or led by Communists, and thus rather than provide them with support, the US invariably acted against these governments, parties and unions. As such, the basic compatibility between security and political development objectives proved untenable.

With regard to the distinction between the Caribbean and the rest of Latin America, the diplomatic policy area shows the greatest division in policy implementation. The desire of the US to maintain its political influence was unquestionably strongest in the Caribbean region. In addition, with the exception of Brazil in 1964, US penetration of the parties, unions and governments of the hemisphere was concentrated almost exclusively in the Caribbean.

Within the Caribbean, a distinction can be made between the Spanish and English speaking Caribbean countries to the extent that the US was
concentrating on different policies in each area - on the successful transition to political independence in the Commonwealth Caribbean and on establishing stable political rule in the Hispanic Caribbean. In particular, given the relative degree of political stability in the Commonwealth countries, the US tended to concentrate on the Spanish sub-group, and to a lesser extent, on Haiti.

However, perhaps the most interesting feature of US policy is the similarity of US action towards the English and Spanish sub-groups - faced with the threat of Communist expansion in Guyana and the Dominican Republic, the US response was largely identical. The difference again lies largely in the degree of US activity - in the Dominican Republic the US response was ultimately a military one; in Guyana, covert CIA activity proved sufficient.
II. 1969-1976

GENERAL OBJECTIVES 1969-1976

Under the Nixon and Ford Administrations, US support for democratic political development in Latin America and the Caribbean noticeably diminished. US officials continued to note their "preference for democratic procedures," but the active promotion of democratic government was seen as patronising in the era of "mature partnership." Rather, the US chose to lower its diplomatic profile in the hemisphere and follow a policy of "benign neglect".

Throughout the early 1970s, the emphasis was instead placed on stable political government and on maintaining friendly relations with all types of regimes. As the Rockefeller Report noted, "The question is less one of democracy or lack of it than it is simply of orderly ways of getting along".

Indeed, the promotion of democratic government was now thought to have a detrimental effect on the maintenance of friendly hemisphere relations, and thus on US political interests. In the words of the Rockefeller Report,

\[\text{The US should recognise that political evolution takes time, and that realistically its long term interests will be served by maintaining at least minimal diplomatic relationships with other governments of the hemisphere, while trying to find ways to assist the people of those countries and to encourage governments to move towards democratic processes.}\]

Second, democratic development was no longer seen as a peaceful, evolutionary process - rather

\[\text{inherent in the process which is part of the whole Alliance concept there is inevitably some instability and stress and strains, and that the practical foundation of perpetual democratic forms is not as well founded in the nations to our south as it is in our own.}\]
Finally, it should be noted that the US no longer saw liberal democratic rule as essential to economic development process, since "many new military leaders are deeply motivated by the need for social and economic progress" and the military was "often becoming a major force for constructive social change in the American Republics". 157

Overall, therefore, the dominant objectives in this period were US security and political ones - to prevent "the consolidation of a Communist state ... hostile to the interests of the United States and other hemisphere nations" 158 and to maintain US political influence in Latin America. This can be seen from an examination of the various aspects of US policy.
US POLICY TOWARDS DEPENDENT COUNTRIES 1969-1976

1. Introduction

The 1970s saw a number of changes in US policy towards dependent countries and its territorial acquisitions in the Western Hemisphere. With regard to Panama, important moves were made towards the negotiation of a new treaty to govern the Canal Zone. Further powers of self-government were granted to the US Virgin Islands.

However, the US failed to resolve the question of Puerto Rico's status, and proved reluctant to support the independence of Belize in the Commonwealth Caribbean.

2. Commonwealth Caribbean

During the 1970s, the US largely supported the transition from colony to independent nation among the former British territories. Thus the Nixon Administration sent representatives to the independence celebrations in the Bahamas in 1973 and supported the admission of the Bahamas and Grenada to the OAS. The Ford Administration also supported the reform of the OAS to open membership

to the newly independent states and those which may become independent both on the continent and in the Caribbean ... (We) believe article 8 of the present charter, which automatically excludes certain states, is an achronism and should be removed.

With regard to the Belize - Guatemala dispute, however, the US again appeared to favour the latter's claim and thus hindered the colony's transition to independence. The United States hosted a series of conferences throughout the 1970s, where a variety of proposals to resolve the dispute were discussed, including the formation of a
collective defence pact from the US, Cuba, Mexico and Britain. But the US was "reluctant to prejudice its relationship with Latin America in general, and Guatemala in particular, for the sake of Belize's territorial integrity".

This was illustrated in 1972 when the build-up of Guatemalan troops on the borders of Belize led the British to increase its military presence in Belize. At the OAS General Assembly in April 1972, when Guatemala protested that the British forces "posed a threat to peace and security in the hemisphere", the United States voted with the other members in unanimously adopting a resolution which condemned this intervention. Further, the OAS agreed to send an observer to Belize to assess the situation, despite the fact that Belize was not a member state. However, the OAS observer soon concluded that British forces were fundamentally of a defensive nature, and Guatemala had to withdraw its claim.

Guatemala's continued aggression during the 1970s led the US to look more favourably towards Belize. Thus in 1975, Great Britain pressured President Ford to send a warning to Guatemala to drop invasion plans against Belize, and this was partly a factor in the decision to reduce military aid to Guatemala.

Moreover, Belize had greater success in obtaining support in the United Nations. In 1975, the first UN resolution affirming the "inalienable right of the people of Belize to self-determination and independence" was adopted by 110 votes to 9, with 16 abstentions. In 1976, a further UN resolution obtained 115 votes in favour and 8 against with 15 abstentions, thus increasing the support from other Latin American countries.

This "internationalisation" of the dispute, together with the heightened
tensions between Guatemala and Belize led the US to re-appraise its position and give greater support to a peaceful solution. By the mid-1970s, therefore, the US was "more concerned at the implications of a reduced and discontented Belize, and would prefer an agreement to be negotiated which was satisfactory to Belize." At the same time, however, "from the US point of view", the existing stalemate was "probably convenient", unless it were to goad Belize into action which might destabilise the area.

As in the earlier period, therefore, the primary US consideration was the strategic one, rather than furthering the independence claim of Belize.

3. US Dependencies and Territorial Disputes

During the 1970s, the US Government sought "to eliminate out-dated impediments to its bilateral relations by resolving old problems arising from territorial questions." Thus, the Nixon Administration ended its lease of the Swan Islands and returned them to Honduras. Similarly, in 1972, the US agreed to terminate the Bryan-Chamorro treaty of 1917 which assigned to the United States the right to build a canal across Nicaragua. The US also negotiated with Mexico a permanent solution to the dispute concerning the Colorado River, agreeing to desalinate and cleanse the river waters before they reached Mexico.

However, the US made little change in the status of the Virgin Islands and Puerto Rico.

A. Puerto Rico

With regard to Puerto Rico, the 1970s saw its "colonial" status
come under increasing scrutiny in the international arena, particularly among neighbouring Caribbean states, and in the United Nations. In 1973, after hearing representatives from Puerto Rican independence groups, the UN Committee of Twenty Four adopted a resolution re-affirming the Puerto Rican people's right to self-determination and independence, and asking the United States to refrain from any interference with the exercise of this right. The United States criticised the action of the committee as "blatant interference" in its internal affairs. Furthermore, when the Committee again considered the Puerto Rican case in the summer of 1975, the US pressured the committee's members, warning that another vote for an independence resolution would be considered an "unfriendly act". As a result, the committee voted to postpone consideration of the issue, and this vote was viewed as a "great success" by US diplomats. Cuba was particularly involved in the UN on behalf of Puerto Rican independence. When the General Assembly met in September 1975, the Cuban delegate recognised the Puerto Rican Independence Movement as the sole representative of the nation. However, Cuba's prominent stance resulted in a deterioration in its relations with the United States as the US warned that such activities were "a totally unwarranted interference in our domestic affairs." Whilst the United States was thus reluctant to give way to international pressures on Puerto Rican independence, it appeared to favour closer links with the country. At Governor Ferre's initiative, a joint Ad Hoc Advisory Group was appointed in April 1970 to explore the desirability of extending the Presidential vote to Puerto Rico. The Group concluded that the presidential vote was
perfectly compatible with "an improved Commonwealth", and proposed that this recommendation be submitted to Puerto Rico for approval in a referendum, but no action was taken. 174

In June 1971, Congressional rules were modified to allow the Puerto Rican Commissioner in Washington DC to vote in the House Committee, thus for the first time giving the island some direct control over domestic legislation. Moreover, in 1973, Nixon allocated Puerto Rico nearly $25 million in revenue sharing funds, on the basis that the island had the same status as states. 175

Indeed, by the mid-1970s, many US officials appeared to favour a closer union with Puerto Rico, even incorporating it as the fifty-first state. An aide to Senator Jackson, the chairman of the Senate Interior Committee noted in February 1973 that any more authority for Puerto Rico was "very unlikely", and that independence was "out of the question", whilst the Senator himself favoured statehood even if only 51 percent of Puerto Ricans voted in support of it. 176 Nearly all State Governors (95 percent) favoured statehood, and in both the 1968 and 1972 elections, the Republican Party pledged support for Puerto Rican statehood. Even President Nixon reportedly had "a preference for statehooders". 177

In 1975, therefore, a new Ad Hoc Advisory Group was established to review all aspects of the US - Puerto Rican relationships. The Group recommended a new compact of permanent union between Puerto Rico and the United States, under which Puerto Rico would be granted more island autonomy and self-determination in exchange for permanent union to the United States. 178

The new proposal received little support from the statehooders, however. President Ford concluded that such a compact "does not
advance as rapidly as it might freedom and opportunity for the American citizens of Puerto Rico", and agreed that "the appropriate status for Puerto Rico is statehood." He, therefore, submitted to Congress the Puerto Rico Statehood Act of 1977 on January 14 - just seven days before handing over the Presidency to Carter. The Act included proposals for a referendum in Puerto Rico; the establishment of a joint Commission to examine statehood; and ratification of the State Constitution by both the people of Puerto Rico and the US Congress. The new legislation was not enacted, however, and the status of Puerto Rico continued to be strongly debated during the Carter Presidency. The US thus failed to resolve the question of Puerto Rico's future as an independent nation or integral part of the United States.

B. US Virgin Islands

The 1970s saw further limited changes in the status of the US Virgin Islands. The Virgin Islands Elective Governor Act of August 1968 authorised the Islands to elect their first governor on November 3 1970. In addition, the legislative power of the Virgin Islands was expanded, removing the Presidential veto over local laws. And in 1973, a Congressional enactment authorised the election of a non-voting Virgin Islands representative to the House of Representatives. Whilst these reforms gave the Virgin Islands greater powers of self-determination, they still left room for further changes. In particular, the Congressional representative was not even granted the same authority as his Puerto Rican counterpart, being denied membership of committees, access to the floor of either chamber
or voting rights. Thus, the Virgin Islands continued to be governed by an instrumentality in which "they have no membership and over which they have no control, save that of moral suasion". The US role in the Virgin Islands was thus at best "benevolent paternalism" and at worst, "benign neglect". 182

The net effect of US policy towards the Virgin Islands was, therefore to retard development - whereas in the early postwar period the Virgin Islands were in the vanguard of movements toward self-government in the Caribbean, by 1976 they were at the very rear.

C. Panama

The 1970s saw important steps being made towards the resolution of the Panama Canal question. Negotiations for a new set of treaties were resumed in June 1971 and continued until early 1973, but little actual progress was made. 183

However, the negotiations were given a new impetus when the UN Security Council met in Panama in March 1973, and a resolution calling on the United States to negotiate a "just and equitable treaty" was passed by thirteen out of the fifteen members. The US cast its third veto ever, on the grounds that the Canal dispute was a bilateral matter which should not be subjected to "outside pressure." 184

The UN vote successfully mobilized both Latin American and world opinion against the United States. 185 As a result, the US was induced to renew the interest in the Canal negotiations, and the issue was transformed from "a modest regional matter which could safely be left in a state of stagnation, into a major priority". 186
In the autumn of 1973, Ellsworth Bunker was despatched to Panama as a special US envoy. Following intensive discussions, in February 1974 US Secretary of State, Kissinger, and Panama's Foreign Minister, Tack, signed a joint declaration of Eight Principles to govern future treaty negotiations. These included recognition of Panamanian sovereignty in the Canal Zone; the immediate expansion of Panama's share of Canal revenues; a fixed expiration date for US control of the Canal; and continued US participation in the defence of the Canal. Most important, the US undertook to abandon its claim to rights "in perpetuity". As such, the agreement "marked a major step towards a final settlement".

Negotiations towards a new treaty continued until March 1975, when deadlock was reached over the exact duration of the new treaty; the amount of compensation to be paid to Panama; and the extent of Zone lands and waters to be retained by the US for defence purposes during the treaty period.

Furthermore, the US negotiators faced considerable domestic problems in dealing with the Canal Zone. The Nixon and Ford Administrations were both divided over the new treaty, for whilst the State Department was the chief negotiator in Panama, the Pentagon was opposed to the US relinquishing control, and Congressional opposition was voiced in both the Senate and House during 1974-5.

The Canal dispute also became a major issue in the 1976 Presidential election campaign in the Republican primaries. Indeed, in an attempt to undercut Governor Reagan's position that the Canal was sovereign US territory which should not
be given away, President Ford went so far as to claim that the US would "never give up" its defence and operational rights to the Canal, thus contradicting key sections of the agreement already reached with Panama. As a result, little further progress was made in the negotiations under the Ford Administration.

However, the report of the Linowitz Commission in December 1976 presaged the future turn of US policy. The Commission saw Panama as "the most urgent issue ... in the Western Hemisphere", and argued that whilst the Canal was "useful", it was no longer "vital" to the United States. In early 1977, President Carter appointed Linowitz as the new negotiator with Panama, indicating that the resolution of the Canal dispute would be a top priority in future US policy.
POLITICAL PARTIES

During the 1970s, the US Government chose to reject the concept of covert support for democratic parties, and was largely pre-occupied with the activities of Communist and leftwing groupings in its policy towards Latin American political parties. In the early 1970s, the Nixon Administration was particularly alarmed by the success of the Chilean Communist party in forming the government as part of the leftwing Unidad Popular Coalition.

A major strategy of the Administration was to support the opposition parties in Chile, through the provision of funds for election campaigns, propaganda and economic activities to descredit the leftwing parties. According to Secretary Kissinger, "the activities of the CIA has as their object the prevention of the establishment of a one-party government by a minority President". However, following the coup in Chile, all political parties - of the left, right and centre - were banned by the Pinochet regime. Despite this fact, however, the US did not even consider a Christian Democratic "alternative" to Pinochet, but actively supported the military regime. As such, it may be argued that US policy served to prevent the very existence of democratic parties in Chile.

The United States followed a similar policy towards political parties in the Caribbean region. In Nicaragua, for example, the US sought to unite Somoza and the Conservative Party, thus splitting the Conservatives from the leftwing opposition. The US Ambassador helped to arrange an electoral pact to this effect in 1972, whereby the Conservatives were guaranteed forty percent of Congressional seats, in return for the assured continuity of the Somoza regime. This pact in effect led to "the final breakdown of the legitimacy of the two party system", since the rightwing party was now merely a satellite of the Somoza dictatorship.
Under the Ford Administration, US policy changed slightly, as the United States sought to split the leftwing opposition. In particular, the US Ambassador Theberge, attempted to prise the Moscow-line Socialist party away from the newly formed UDEL coalition, which in turn was given "room to breathe and a sympathetic ear." A "primary US objective" was thus to isolate the Nicaraguan Communist Party from the broad front of opposition parties.

In other Spanish Caribbean countries, the US also supported rightwing political parties in order to prevent Communist expansion. In Guatemala, the Nixon Administration provided considerable assistance to the extreme rightwing MLN in the 1970 elections, including the preparation of an economic development plan by AID technicians for the party prior to election. During the election campaign from November 1973 to March 1974 the US tolerated the wave of repression of the Arana government which sought to prevent the opposition led by the Guatemalan Christian Democratic Party from winning the elections. Similarly, in El Salvador in 1972, the US made no protest against the electoral fraud that prevented the coalition headed by the Christian Democrats to take power. In Puerto Rico, the CIA channelled some one million dollars into the Popular Democratic Party's electoral campaign in 1972, in an attempt to divide the leftwing parties and minimise the influence of the Puerto Rican Socialist Party.

In addition, during the 1970s the US expressed concern over the leftwing nature of leading political parties in the Commonwealth Caribbean. In Guyana, for example, the US doubted that the Marxist-Leninist ideology recently espoused by the governing PNC (People's National Congress) party can be fully compatible with the open and pluralistic Guyanese society.

In Jamaica, the US Ambassador was involved in an attempt to finance the election campaign of the moderate JLP party in 1972, whilst promising the
PNP leader that the US "would not, repeat not, interfere in his elections in anyway ..." 206 The US Ambassador's involvement in the election campaign led to a serious breakdown in relations, as the Ambassador was declared "persona non grata" by the Jamaican government. 207 In the 1976 election campaign, the fear that high-ranking Jamaican PNP officials were Communists led the US to conduct a similar destabilisation campaign to that in Chile, with the CIA operating through and supporting the JLP. 208

Overall, it may be argued that US policy was largely successful in helping to contain the growth of Communist parties in Latin America and the Caribbean. As one US official claimed in 1976:

The official Latin American Communist parties, never really major political forces in most countries of the hemisphere, are now divided and without important influence ... Excluding Cuba and Guyana, none of the independent nations of the Caribbean has a domestic Communist Party of significant electoral strength. 209

However, to the extent that the United States supported regimes which banned political parties, and actively intervened to subvert or divide leftwing parties, the US did little to support the growth of strong, democratic political parties in the Caribbean.
TRADES UNION POLICY

Throughout the 1970s, the US Government continued to work through ORIT and the AIFLD to counter the growth of Communist labour organisations and to encourage democratic trades unions in Latin America.

US Government funding of the AIFLD ranged from $6 million in 1969 to $10 million in 1975, with the Institute ranking among the half dozen major recipients of AID contracts worldwide. In addition, the CIA continued to provide the AIFLD with funds for "union-to-union activities," worth some $660,000 in 1974. The AIFLD in turn continued to finance social projects for Latin American unions such as housing projects, schools and medical centres, and to train Latin American labour leaders. By the end of 1974, some 259,876 persons had been trained by the Institute, including over 1,800 in the United States.

The Nixon Administration continued to maintain that US policy was one of co-operation "with the free and democratic trades unions of the hemisphere", based on a "belief in the importance of labour in the development tasks before us". However, as in the earlier period, the US tended to support only those unions aligned with "friendly" governments, and was hostile to leftwing and especially Communist labour organisations.

The main example of US activity was in Chile, where both the CIA and the AIFLD were involved in organizing union opposition to the democratically elected Allende government. Following the election of the Socialist President in 1970, the AIFLD increased its training of Chilean unionists by 300 percent and provided some $4 million to the ITSs. This money was used to organise new unions, provide aid and advice, and to organise and finance strikes, including the decisive truck owners' strike which dealt 'the most devastating blow to Allende before the coup..."
Furthermore, following the overthrow of Allende, the AIFLD co-operated with the new military junta in training trades unionists, even though the majority of unions were outlawed, and countless union leaders were arrested, murdered or driven into exile. Rather than helping to build "a democratic-dominated (labour) union movement for the first time in many years," the AIFLD appeared to be supporting the repression of union activity in Chile.

With regard to the Caribbean region, the 1970s saw a decline in the importance of the AIFLD in union activity. In Guatemala, where there was an "escalating conflict" between organised labour and the government — including the arrest and even assassination of leaders, the amendment of the labour code to weaken workers' rights, and the harassment of union members and their replacement by non-union members — the unions joined together to form the National Committee of Labour Unity (CNUS) in April 1976. However, the coalition did not include the AFL-CIO affiliated union which openly supported the government, and as a result, the US supported confederation lost influence within the labour movement.

Similarly, in Nicaragua, the CUS which was affiliated to the ICFTU and ORIT, and was encouraged by Somoza for its "virulent anti-communism", lost ground rapidly in its traditional enclaves of support among the banana plantation workers and dockers. The decline in CUS support thus further weakened the influence of the AFL-CIO and AIFLD in Nicaragua Labour affairs.

In the Dominican Republic, the US labour organisations sought to create a new "low profile" union movement, the CNTD in late 1971. However, by 1974 the CNTD was still "an empty shell", denounced by the other unions as a tool of the US and the Balaguer government, and designed to divide the labour movement.
Even in Puerto Rico, US influence declined from 75 to 85 percent of organised labour in the International Unions during the 1960s, to only 43 percent in 1975. Although this decline was partly due to unemployment, it largely reflected the increasing support for the independent Puerto Rican unions, which played a more militant role in the 1970s, and the desire to end inter-union rivalry. 221

Only in El Salvador, where the AIFLD carried out union educational activities, was US policy opposed by the government – and as a result, the AIFLD was expelled in 1973. 222

Overall, therefore, the 1970s saw a reduction in US support for democratic unions in Latin America and the Caribbean, and thus a reduction in US influence in the development of labour organisations.
HUMAN RIGHTS POLICY

During the early 1970s, the Nixon Administration appeared to give human rights only limited priority in its Latin American policy. US officials remained largely silent on human rights issues, preferring to follow "a pragmatic policy of degree", rather than actively oppose human rights infringements. 223

In practice, this policy led the US to avoid using bilateral sanctions against human rights offenders. Thus, following the brutal military coup in Chile in 1973 and the flagrant human rights violations of the Pinochet regime, the Nixon Administrations did not impose sanctions, preferring to use "quiet diplomacy" in urging better treatment of human rights. 224

The United States also proved reluctant to discuss human rights or the use of sanctions against offenders on a multi-lateral level. A special Inter-American Conference on Human Rights was held in Costa Rica in 1969 to work out an Inter-American Convention on Human Rights; but the United States was not even a signatory to the Convention, whilst only Costa Rica ratified it. 225 Similarly, although the IACHR played an important role in the resolution of the Honduras-El Salvador war of 1969, its reports on the status of human rights in eight other Caribbean countries were merely noted by the OAS and no action was taken. 226 Whilst the Commission's report on Chile in December 1974 found "extremely serious violations" of ten fundamental rights, again the OAS took no action. 227

Furthermore, throughout 1974, the United States consistently voted with Chile in the United Nations, abstaining on five votes, concerning human rights in Chile, including two General Assembly resolutions. 228

In taking such action, the Nixon Administration was apparently motivated by its concern to protect American allies from criticism, and to prevent
external involvement in the hemisphere. However, the effect of US policy was to obstruct the efforts of the UN in promoting better human rights conditions in Chile.

This largely negative attitude, together with the increasing public concern over human rights issues, led the Congress to adopt a more active role in this policy area. Beginning in 1973, the House Sub-Committee on International Organisations held a series of hearings on the human rights situation in Latin American countries and questioned the role of US military and economic assistance in supporting repressive regimes. Particular attention was attached for the condition of human rights in Chile, but Congress also reviewed the human rights situation in ten other Latin American countries, including Cuba, El Salvador, Guatemala, Nicaragua and Haiti in the Caribbean.

These investigations led Congress to place a number of limitations on the foreign aid programme in support of human rights. The Foreign Assistance Acts of 1973 and 1974 both urged the President to deny economic and military assistance to foreign governments which consistently violated human rights through the use of

- torture, or cruel, inhuman or degrading treatment or punishment; prolonged detention without charges; or other flagrant denials of the right to life, liberty and the security of the person...

The two acts specifically mentioned Chile's treatment of human rights and the 1974 Act placed restrictions on economic aid to Chile as a sanction against its repressive regime. The 1975 Foreign Assistance Act extended this sanction against all repressive governments, whilst in the 1976 Arms Export Control Act, Congress created the major piece of human rights legislation governing military aid.
Largely in response to this Congressional pressure, there was considerable debate within the National Security Council and the State Department over US policy towards human rights offenders, especially in Chile. As a result, during 1975, US officials began to take a more critical stance over the repression of human rights in Latin America. The most notable instance of this policy change occurred in June 1976 at the Sixth General Assembly of the OAS, when Kissinger made a speech which concentrated exclusively on human rights. The Secretary of State not only emphasised that the protection of human rights .... is an obligation assumed by all the nations of the Americas as part of their participation in the hemisphere but also agreed that Respect for the dignity of man is declining in too many countries of the hemisphere. There are several states where fundamental standards of humane behaviour are not observed.

This change of attitude was reflected at the multi-lateral level in November 1975, when the United States finally voted with the majority of the UN General Assembly in a resolution which expressed "profound distress at the constant flagrant violations of human rights" in Chile. In June 1976, Kissinger proposed that the IACHR be strengthened so that instead of waiting for complaints, it could "report regularly" on the status of human rights in the hemisphere.

It is important to note, however, that although the Ford Administration verbally distanced itself from the Pinochet regime, it continued to provide Chile with economic assistance through both bilateral and multi-lateral channels, and even circumvented the Congressional ceilings placed on aid to Chile between FY 1974-76. Furthermore, Kissinger always maintained that human rights concerns must remain secondary to US national security.
As such, it may be argued that the change in US policy was largely cosmetic, intended only to placate elements within the United States. Certainly, it may be contended that whilst the Ford Administration appeared to give greater priority to human rights during 1975 and 1976, Congress played the crucial role in actively opposing human rights violators in Latin America, and this often brought it into conflict with the Administration.

In summary, the 1970s saw the basic legislative and administrative structure for a human rights policy being established as the US made some moves to oppose human rights violators in Latin America.

To the extent that the US concentrated on Chile and to a lesser extent Brazil, Uruguay and Cuba, the importance of US policy to human rights in the Caribbean was only limited. The US continued to criticise the Castro regime for its position on human rights, noting that "many Cuban political prisoners have been victims of inhumane treatment", and commending the work of the OAS Commission in its surveys of Cuba. However, little change occurred in the plight of Cuban political prisoners during the 1970s.

US officials paid little attention to human rights conditions in other Caribbean countries, notably Haiti, the Dominican Republic and the Commonwealth Caribbean. Indeed, the US only considered the Caribbean region towards the end of the Ford Administration when Congress held hearings on the state of human rights in three Central American countries. Even then, the contrast between Congress and the Administration was pronounced.

While Congress called up witnesses from the Church and opposition parties in Nicaragua detailing human rights abuses, the State Department continued to deny any "hard evidence" of a "consistent pattern of gross violations." The administration had discussed the question of human rights privately with
President Somoza, and continued to maintain that "public protest would not be an effective diplomatic instrument." 244

Similarly, in Guatemala, the State Department argued that "the existing human rights situation was not sufficiently serious to raise a question regarding significant reduction or termination of the modest security assistance involved", and refused to make any public criticism of the Guatemalan human rights record. 245

Thus, despite a major increase in the repression of human rights in Central America in the 1970s, the US was reluctant to impose sanctions which might upset their internal stability, and thus threaten US national interests.
US RELATIONS WITH LATIN AMERICAN GOVERNMENTS

1. INTRODUCTION

The period 1969-1976 saw a distinct alteration in emphasis in US policy towards Latin American governments. Both the Nixon and Ford Administrations attached only low priority to the promotion of democratic government in Latin America, as the US sought to maintain cordial relations with all types of regimes. As Secretary Rogers explained:

The United States has a clear preference for democratic systems and procedures – in this hemisphere as elsewhere. We recognise, nevertheless, that other countries must choose their own political systems, governments and policies. With all these governments the United States will continue to work as co-operatively as possible.

Rather emphasis was placed on the "mature partnership" between equal governments as Kissinger affirmed:

For its part, the United States pledges that it will not seek to impose its political preferences and that it will not intervene in the domestic affairs of its Western Hemisphere neighbours.

The US thus gave no special preference to democratic regimes in the hemisphere, and was favourable to military governments and dictatorships. This policy of non-intervention did not extend to Communist regimes however: the US continued to express concern over Cuba and to oppose Allende in Chile.

2. POLICY TOWARDS CUBA

During the 1970s, the US came under considerable pressure from both multi-lateral and bilateral sources, to review its relations with Cuba.
Throughout this period, the question of re-establishing relations was regularly raised within the OAS. Indeed, several Latin American nations resumed bilateral diplomatic relations with Cuba, including the four main Commonwealth Caribbean countries, Panama, Venezuela and Colombia in the Caribbean basin.

At the OAS foreign ministers' meeting at Quito in November 1974, the OAS considered in detail lifting the 1964 sanctions against Cuba. The US endorsed this review of the multi-lateral sanction but refused to make a final judgement on the issue, merely abstaining on the vote. The OAS resolution failed to gain the necessary two-thirds vote, however, with only twelve members voting to end the sanctions, and as such the meeting ended inconclusively.

During 1975, however, the pressure to resume relations with Cuba increased, as no fewer than nine of the twenty four OAS members maintained diplomatic or trade relations with Cuba - "a state of affairs that reduced the eleven year old OAS restrictions to little more than symbolic importance."

At the sixth meeting of foreign ministers in July 1975, therefore, the OAS finally released member states from their obligation to enforce the 1964 sanction. The US not only supported the convocation of this special Foreign Ministers meeting, but also backed the discontinuance of the sanctions, voting in favour of the resolution along with fifteen other Latin American nations.

It should be noted that although the resolution received two-thirds of the vote it needed only a simple majority following the approval of an amendment to the Rio Treaty at the San Jose meeting between July 16-26 1975. Further, the Rio Treaty was reformed to include an endorsement of "ideological pluralism", indicating that the US could no longer depend
on the OAS to oppose Communism within the hemisphere.

In addition to this multi-lateral activity, the US came under considerable pressure to amend its bilateral policy towards Cuba. The Nixon Administration consistently maintained that relations could only be reassessed when Cuba ended its military dependence on the Soviet Union and ceased exporting its revolution to Latin America. As the President argued, "if the Cuba policy towards us should change, then we would consider changing ours". 254

However, beginning in 1973, Congressional leaders began to call for the reassessment of relations with Cuba, and Congressional delegates began to visit Cuba to report on the possibility of normalizing relations. 255 In line with these discussions Secretary Kissinger remarked in March 1975 that "we see no virtue in perpetual antagonism between the United States and Cuba." 256

More significant, in response to pressures from US business in April 1974, the US approved export licences to the subsidiaries of three American automobile firms to sell vehicles to Cuba, and in August 1975, in line with the OAS resolution, the US officially relaxed some of the provisions of the trade embargo including ending the punitive measures against third countries and shipping companies. 257

Furthermore, beginning in November 1974, the Ford Administration engaged in secret contacts with Cuban emissaries. The US participants included William Rogers, Assistant Secretary of State for Inter-American Affairs, and Lawrence S. Eagleburger, Secretary Kissinger's executive assistant. 258 These conversations focussed primarily on Cuba's expropriation of the $1.8 billion of US property; the US trade embargo and the freezing of some $30 million in Cuban assets, as well as the status of Guantanamo base and political prisoners in Cuba, and the possibility of reuniting divided
families.

However, the alteration in US policy was not fully supported throughout Congress and the Administration. Although "a major road-block disappeared when President Nixon resigned", normalizing relations with Cuba still faced stiff opposition. Some US diplomats complained privately during the early 1970s that the goodwill visits of US Congressmen to Cuba undercut the State Department's bargaining position with Castro. Opposition to the normalization of relations was evident on Capitol Hill in a resolution to this effect by Senator Richard Stone. Whilst a growing number of US corporations, including Dow Chemical, Union Carbide, RCA, Burroughs and Ford began to look at Cuba as an important new market, some $2-3 billion of claims examined by the Foreign Claims Commission still awaited settlement for the property that Castro confiscated.

More serious, Cuban intervention in Angola and Castro's stance on Puerto Rico, led to a dramatic deterioration in relations during 1975 and 1976. As Secretary Kissinger warned in November 1975

> In recent months the United States has demonstrated by deed as well as by word its readiness to improve relations with Cuba ... But let there be no illusion, a policy of conciliation will not survive Cuban meddling in Puerto Rico or Cuban armed intervention in (Angola)...

Throughout 1976 relations with Cuba worsened as Castro deepened his involvement in Angola. In response, in February 1976, Kissinger concluded that Cuba had resumed "exporting revolution", whilst President Ford branded Castro as an "international outlaw" with whom his Administration would have "nothing to do", and solemnly warned Castro "against any temptation to armed intervention in the Western Hemisphere".
Thus, although some progress was made in the normalisation of US-Cuban relations during this period, by the end of the Ford Administration relations had again reached a low ebb, as the Puerto Rican and Angolan issues effectively delayed any further changes being made.

3. CARIBBEAN DICTATORSHIPS

In contrast to the continued hostile relations with Cuba, both the Nixon and Ford Administrations maintained friendly relations with the dictatorships in Nicaragua and Haiti. In particular, the US Ambassador, Shelton, established particularly friendly relations with Somoza, helping to arrange the continuation of the dictator in the electoral pact of 1972, and even arranging for 600 US Marines to be stationed in Somoza's palace after the 1972 earthquake to help protect the dictator. 264

When Shelton was replaced in 1975, relations between the US and Nicaragua cooled, as the US sought to end the "old boy" collaboration with Somoza and to cultivate ties with the opposition, but the US continued to support the dictatorship.

Similarly, in Haiti, the Nixon and Ford Administrations remained on friendly terms with the Duvalier dictatorship. In late 1970, the US lifted the ban imposed by Kennedy in 1962 on military assistance to Haiti and also provided some economic aid. The US thus no longer sought to induce change in the dictatorship, but merely to maintain friendly relations with Haiti. 265

4. POLICY TOWARDS MILITARY GOVERNMENTS

The Nixon Administration's policy of dealing "realistically" with Latin
American governments "as they are" meant that, in practice, it recognised all "de facto" military regimes which maintained friendly relations with the United States. Further, the US supported the overthrow of democratic governments by military coups d'etat, where US national interests were threatened.

The most important example of this policy was Chile, where the United States played a vital role in the overthrow of the democratically elected Allende government by a military coup in 1973. It should be noted that during the early 1970s, US officials claimed to follow a policy of non-intervention in Chile. However, it is now documented public knowledge that the Nixon Administration was involved in engineering the economic and political chaos which led up to the military takeover in Chile. Thus, the CIA was involved in the assassination of General Schneider in an attempt to prevent Allende's accession to power.

Further, the US "organised a veteran team of coup-makers in its Santiago embassy to train the apolitical Chilean military," and it has even been claimed that the US navy stationed offshore played a key role in communications co-ordination during the coup. Therefore, it may be argued that without active US financing, training and supplies "the coup could clearly never have been successful."

Following the coup, the US provided active support to the military junta despite growing Congressional and public opposition. However, during 1975 there was considerable debate within the NSC and the State Department as to whether to continue support for Pinochet, but the prevailing position which Kissinger backed, won in the end. The maintenance of the junta, as a government which served US interests, was thus considered to be of strategic importance to the United States.

In the Caribbean regime, the US tended to support military regimes since they appeared to offer the best chance of political stability.
In Honduras, for example, when the constitutional president was deposed by a military coup in December 1972, the United States did not even consider withholding recognition, but rather "reciprocated Honduras' desire to continue our traditional cordial relations." 274

In Guatemala, the United States continued to support the military governments of Colonel Arana Osario and General Laugeraud Garcia despite their brutal human rights record, and the apparent falsification of the votes count in the 1974 election. 275 The Senate report on Guatemala in 1971 criticised the US for being "identified with the Arana government," rather than with the democratic opposition and argued that future change in government would inevitably be more anti-American as a result. 276

Furthermore, in El Salvador, the US not only supported the fraudulent election of Colonel Armando Molina in 1972, but also intervened to prevent a return to constitutional rule. When a group of officers staged a coup to try to install the democratic candidate Duarte, the US military attache apparently acted as a negotiator on behalf of the overthrown military government, whilst the Nixon Administration provided the new President with a US airforce jet to rush him back to El Salvador to crush the rebellion. 277

In all three cases, the US saw military government as the surest means of maintaining political stability and friendly, pro-American regimes. However, by supporting military rule, the US helped to accentuate the demise of democratic and reformist forces and the rise of militant guerilla organisations, demanding fundamental political and economic change.

Moreover, not all military governments remained loyal to the United States, but as in Peru, developed highly nationalistic and leftwing
policies. In Honduras, for example, the government of Lopez Arellano not only supported the UPEB export tax on bananas but also considered agrarian reform, thus threatening US economic interest. Similarly, the military government of General Torrijos of Panama was one of the most militant advocates of the banana tax, and followed a policy of non-alignment in international forums. Indeed, Panama's cordial relations with Cuba led to allegations that the Torrijos Government was under Communist influence, thus undermining a basic principle of US policy that the military were the major defenders against Communism.

In conclusion, it may be argued that under the Nixon and Ford Administrations, the US policy for dealing with usurping military regimes was "not only to recognize them as legitimate governments ... but also to foster military government over democratic civilian government, whenever the form was more advantageous to the interests of the US than the latter." 

5. POLICY TOWARDS DEMOCRATIC GOVERNMENTS

During the 1970s, the US commitment to democratic regimes was dependent almost totally on the security objective of preventing Communist expansion. In the Dominican Republic, the US consistently praised the elected government of President Balaguer, describing it as "centrist and espouses the social, economic and political reforms of the Alliance for Progress." More important, the Balaguer government provided "a greater measure of political stability than any of his post-Trujillo predecessors". US policy was thus aimed at keeping Balaguer in power, not only because he was a constitutionally elected President, but because the instability that might accompany his downfall might
also facilitate communism.  

However, the nature of Dominican democracy can be questioned, since the major opposition parties boycotted the elections of 1970 and 1974, protesting against government interference and control.  

Furthermore, the US was "singularly unsuccessful" in promoting an apolitical Dominican military establishment. Both the armed forces and the police continued to hold considerable political power in the Republic, and as such the US was supporting a "military democracy in the Dominican Republic".  

Furthermore, the mid-1970s saw the deterioration of US relations with the Commonwealth Caribbean countries, especially Jamaica and Guyana. US officials became concerned about the friendly relations between the Commonwealth countries and Cuba, and their support for Cuba's role in Angola. In addition, the Nixon and Ford Administrations expressed concern about the leftwing nature of certain Commonwealth Caribbean governments - the "co-operative republic" of Burnham's Guyana, and Michael Manley's "democratic socialism" in Jamaica, both of which supported greater national control over their natural resources of bauxite and sugar. The deterioration in US relations led to allegations that the Ford Administration was orchestrating a "destabilisation" campaign in the Commonwealth Caribbean - a criticism which the US denied as "totally false". However, a more accurate assessment can be made by examining the Jamaican case in greater detail. In Jamaica, US disapproval of Manley and his democratic socialism led to a decline in economic assistance during 1975-6. At an informal meeting between Manley and Kissinger in December 1975, the Secretary of State apparently affirmed that US aid would be forthcoming if Jamaica declined to support the MPLA and broke off relations with
Cuba. He also assured Manley that there were no CIA operatives in Jamaica. 290

However, throughout 1976, Jamaica was subject to considerable criticism in the US press for its relations with Cuba and for the leftwing nature of its government. 291 In response, in May 1976, Manley accused "external elements" of involvement in an attempt to "destabilise" his Government comparing his position to that of Allende in Chile. The US Government protested these allegations: the US Ambassador transmitted to the Jamaican Government "clear assurances" from Secretary Kissinger that "he was not aware of any such CIA action", whilst the CIA Director William Colby claimed that no US clandestine operations were underway or contemplated in Jamaica. 292

However, in September 1976, the ex-CIA agent, Philip Agee, visited Jamaica and supported claims of a destabilisation process "through the efforts of the CIA." 293 In particular, he claimed that the CIA was responsible for "the massive and co-ordinated bad press in North America" which had kept tourists away from the island and put a strain on the balance of payments. He claimed that since late 1975, the number of CIA agents in Jamaica had doubled and that the CIA station was now "on a war footing". Of the eight CIA officers which Agee named, three later left the island. 294

Furthermore, in November 1977, it was claimed that between July and December 1976 the CIA tried to assassinate Manley three times. The CIA strenuously denied the claim calling it "absolutely ridiculous", and noting that US Government officials were forbidden to conspire in political murders. 295

Whatever the level of CIA involvement in Jamaica, two facts remain -
first, by the end of the Ford Administration, US-Jamaican relations were at a new low ebb; and secondly, the US opposition to the Manley regime did not have the desired effect - Manley was overwhelmingly re-elected for a further four years in December 1976.

6. CONCLUSION

During the 1970s, the dominance of US national interest objectives led the US to maintain friendly relations with all stable anti-communist regimes, and to show little interest in the promotion of democracy. As such, it has been argued that it was the Nixon Administration "that most changed, or seemed to change, the American posture towards democracies and dictatorships". According to one former US official

in his five and a half years of power, Nixon managed to get on strained terms with almost every democratic government in the world, while condoning and cultivating dictatorial regimes both in greater and lesser powers (and this) set, I think, new records in making a vice out of necessity. 296
CONCLUSIONS 1969-1976

During the period 1969-1976, although the US failed to develop a coherent policy towards the Caribbean, certain conclusions can be drawn. The US made some steps towards resolving the Panama Canal issue and restoring relations with Cuba, and began to address the problem of human rights in the hemisphere. In all three cases, however, the Nixon and Ford Administrations were responding more to international and Congressional pressures than proposing dynamic new policies, and merely laid the foundations for more fundamental changes under the Carter Presidency.

In terms of policy objectives, whilst in the short-term the US had again succeeded in thwarting the establishment of further Communist regimes in Chile and the Caribbean, the largely negative or passive character of US policy had an adverse effect on US influence: the "long-standing US hegemony" over the hemisphere was seen to be "in a state of collapse". As one former US official noted in 1975

Consistently voted against by the Latin blocs in international forums, weakly inconsistent in its stances within the OAS ... and menaced by a growing Latin trend towards diplomacy by cartel, the US is finding it harder every day to maintain a low profile. Most Latins are now reacting to the US policy of benign neglect as if it were malignant. 297

Furthermore, in terms of political development, the effect of US policy was to strengthen the hand of the very leftwing groups which the US sought to suppress. As Pearce argues

By refusing to back the potential or actual electoral gain of the reformist centre in Central America, the United States paved the way for its demise as a viable political channel for political change, and strengthened the revolutionary movements which demanded basic structural transformation 298
With regard to the distinction between the Caribbean and the rest of Latin America, with the major exception of Chile, US activity in opposing leftwing parties and unions and even governments was concentrated in the Caribbean - perceived as the area of greatest political instability. In terms of the Nixon and Ford Administration's neglect to support democratic institutions and governments, however, little difference can be seen within the hemisphere - the US policy of "malign neglect" applied equally to all.

Within the Caribbean, the distinction between the English and Spanish speaking countries noticeably diminished, and the US began to perceive the leftwing Commonwealth countries as potential security threats. Indeed, the new political instability in the English speaking Caribbean countries, meant that in terms of policy implementation, US policy towards the Anglo and Hispanic Caribbean was virtually indistinguishable. Although this uniform approach was largely unintended, it may, therefore, be argued that the period 1969-1976 laid the foundations for a coherent Caribbean policy under the Carter Administration. This premise will be examined more fully in the conclusion.
FOOTNOTES TO CHAPTER 5


2. See A P Whitaker, ibid.

3. Public Papers of the President, 1961 op.cit., p.174

4. Assistant Secretary Mann before US Congress, House Committee on Foreign Affairs. Communism in Latin American Hearings before the Subcommittee in Inter American Relations of the Committee on Foreign Affairs, 89th Cong., 1st Sessa February 1965. p.119

5. Assistant Secretary Martin before SCFR, FAA of 1962 Hearings op.cit., pp 403-4

6. Ibid. The US role was perceived to be one of example: maintained a special and warm relationship to our sister Republics south of the border ... Many of the Latin American countries moving through difficult formative periods of democracy, look to us to-day as they have in the past, to help them develop the special capability required to maintain free and stable governments. Martin, before SCA, For Ass Approps for 1964 Hearings, op.cit., p.761

7. Y H Ferguson, "The US and Political Development" in Contemporary Inter-American Relations" ed. (1972) op.cit., p.354


9. Thus President Kennedy claimed that "Political democracy and stability ... is at the core of our hopes for the future". Public Papers of the President, November 18, 1963, op.cit., p.873

10. As one US official explained

we are keenly interested in the progress of a people toward nationhood through the lawful process of democracy. In the light of our own political heritage and experience ... it is only natural that our foreign policy should reflect this keen interest.

US Deputy Assistant Secretary of State for European Affairs, Speech at the West Indian Celebration Dinner, 22 April, 1958, in Documents on International Relations in the Caribbean, ed. R Preiswerk (1970), p.229

11. Ibid. p.330. See also Congress' statement of support for the Federation in Summary of Congressional Proceedings of the USA XIV Vol.2 (March-May 1958) p.90


16. As Assistant Secretary Gordon remarked:
Jamaica and Trinidad and Tobago have confirmed the confidence placed in them to follow the democratic road in dealing with the many problems of nationhood.
*HCFA FAA of 1966 Hearings*, op.cit., p.373.

17. See the *New York Times*, August 6 1962, p.1; September 1 1962; and December 1 1966.


19. As Schlesinger concluded, "an independent British Guiana under Burnham (if Burnham would commit himself to a multi-racial policy) would cause us many fewer problems than an independent British Guiana under Jagan". *A Thousand Days* (1965), op.cit., pp.668-9.


22. During the 1960s, the US helped arrange several conferences between Belize, Guatemala and Great Britain, beginning in April 1962 in Puerto Rico, and continuing in Miami and New York. See J S Murphy, "Belize at Two: Keeping its Appointments with History" *Belizean Studies*, 12 (1984)

23. Webster was hand-picked by President Johnson. See *Economist* 218, March 12 1966), p.997; W D Setzekorn *Belize* (1975) op.cit.


Indeed as Bhana noted, despite extending self-government to Puerto Rico as if it were a colony, "The United States never regarded Puerto Rico as a colony and was sensitive to reference of it as one". op.cit., p.211.


30. Ibid.

31. It has been estimated that independence would have received between 10 and 12 percent of the vote without the boycott. See J B Martin, US Policy in the Caribbean (1978) op.cit., p.62.


38. See E W La Feber op.cit., Panama also requested the UN - affiliated Commission of Jurists to conduct an inquiry into the incident. See P B Ryan, The Panama Canal Controversy (1977) op.cit., p.52.


41. See ibid. The US position during the treaty negotiations is outlined in the National Security Action Memorandum of McGeorge Bundy, December 28 1964,

42. As one Congressional report concluded, "the security interests of the United States require continued operation of the Canal under present procedures and control..." House Comm. on Armed Services, *Rio and Anzus Report* (1968) op.cit., p.11.


44. For example, the activities of only twelve Communists in the Dominican Republic were subject to intense high-level scrutiny in September 1961. See S D Morrison, *Latin American Mission: An Adventure in Hemisphere Diplomacy*, New York (1965), pp.116-7.

45. See, for example, United States Central Intelligence Agency Office of Central Intelligence, "Survey of Latin America", Transmitted Memorandum, OCI No.1334/64, April 1964, in *Declassified Documents Reference System*, Carolton, Virginia (1977) 272C; United States, Department of State, Bureau of Intelligence and Research, "Opportunities for Communist Exploitation in Latin America", April 7 1964, in *DDRS* (1976) op.cit., 282C.

46. CIA operations in Ecuador, Uruguay and Mexico in the 1960s have been minutely described by P Agee, *Inside the Company: CIA Diary*, Harmondsworth, England (1975). CIA activities in Cuba, Mexico and the Dominican Republic are also described in D A Phillips, *The Night Watch*, London (1977)


52. See A M Schlesinger ibid pp.778-9.

53. Paradoxically, the UCN appears to have been more infiltrated by Communists than the PRD. See T Draper, "The Roots of the Dominican Crisis" in Institute of International Labour Research, The Dominican Crisis: A Study in the New Imperialism, New York (1965) p.5; R Evans "First Steps in Dominican Democracy", Reporter, 28 (January 3 1963), p.21.


57. See J J Johnson "The United States and Latin American Left Wings " in Latin American Radicalism, ed. (1972) op.cit., pp.177-190.


59. US Dept. of Labor, Bureau of International Affairs, Directory of International Confederation of Free Trades Unions, (ICFTU), Washington (October 1963) Table III.

60. See United States Congress, Senate Committee on Foreign Relations, Survey of the Alliance for Progress: Labor Policies and Programs Hearings before the Sub-committee on American Republic Affairs of the Committee on Foreign Relations, 90th Cong. 2nd Sess. (July 15 1968) (Hereafter SCFR, Survey of .... Labor Policies Hearings (1968)


63. Although the US AID share appeared to increase from 62 percent in 1962 to 92 percent in 1967, in fact the CIA was using private foundations as conduits for funding the AIFLD. See SCFR, *Survey of ... Labor Policies Hearings* (1968), op.cit., p.10.


68. See "Argentina" *NACLAs LAER* (November 1974), loc.cit., p.10.


78. See the Inter-American Peace Committee's report on "The Relationship between Violations of Human Rights or the Non-Exercise of Representative Democracy and the Political Tension that Affect the Peace of the Hemisphere" in G Connell-Smith, *The Inter-American System*, (1966) op.cit., 293-4.


84. Guatemala ed. S Jonas and D Tobis, New York (1974) p.107. A similar conflict within AID and the State Department arose in 1968, when $188 million in economic aid to Brazil was placed 'under review' following the promulgation of the Fifth Institutional Act which effectively outlawed dissent. The dispute was still unresolved by the end of the Johnson Administration. See L Schoultz Human Rights (1981) op.cit., p.190.


86. Congressional Record (July 26 1966) pp.17057-17064. It should be noted that the last three words - "and private enterprise" - were added by the State Department. See L Schoultz, Human Rights (1981) op.cit., p.193.


90. As Etchison commented:
   Since Castro had overthrown the unpopular US supported regime of Batista, the Kennedy Administration believed other internal revolutions against unpopular dictators in Latin America were imminent.
   The United States and Militarism in Central America (1975) op.cit., p.73
   See also J Slater in Yale Review (1966) op.cit., pp.170-172.


92. The Task Force argued that the "US cannot support dying dictatorships (Dominican Republic, Haiti, Nicaragua, Paraguay), or plutocracies - or any group including Communist parties" and recommended positive support for democratic left of centre governments. Navigating the Rapids (1973) op.cit., p.726.

94. See J Slater, "The United States, the Organisation of American States, and Dominican Republic, 1961-1963", International Organisation XVII (Spring 1964) pp.268-91 (hereafter IO). It should be noted that the US initially opposed "punitive" sanctions proposing that an OAS Committee should be sent to the Republic to supervise free elections, but this was rejected as too interventionist.

95. Secretary Herter, August 18 1960, in Documents on American Foreign Relations 1960, ed. op.cit., p.489.

96. See D D Eisenhower, Waging Peace ... The White House Years 1959-61, London (1966) - ".. we knew that until American nations made some effective move against Trujillo, they would do nothing against Castro - a far more menacing presence in the hemisphere". (p.553-4).

97. Secretary Herter, August 24 1960, in Documents on American Foreign Relations 1960, ed. op.cit., p.501.

98. "Declaration of San Jose ", in ibid, p.517.

99. The partial lifting of economic sanctions in December 1961, for example, was designed both to appease the Balagner government and to encourage further liberalisation in the Republic. See J Slater IO, (1964) loc.cit., pp.277-8.

100. Quoted in G P Atkins, Latin America in the International Political System (1977) op.cit., pp.332-2.


103. P Bonsal, Cuba, Castro and the United States (1971) op.cit., pp.4-5.

104. On the deteriorating relations between the US and Castro during 1959-61, see ibid; R W Fontaine, On Negotiating With Cuba, Washington (1975).

105. The Senate Select Committee, which analysed the assassination attempts in great detail, wryly remarked that "The proposed assassination devices ran the gamut from high-powered rifles to poison pens, deadly bacterial powders and other devices which strain the imagination". United States Senate Select Committee to Study Governmental Operations, with Respect to Intelligence Activities, Alleged Assassinations Plots Involving Foreign Leaders: An Interim Report, November 20 1975, 94th Cong. 1st Sess. p.71, (hereafter referred to as SSCGO, Alleged Assassination Plots Reports (1975)).

107. "Operation MONGOOSE involved propaganda and sabotage operations aimed toward spurring a revolt of the Cuban people against Castro. Measures which were considered by top policy makers included incapacitating sugar workers during harvest season by the use of chemicals; blowing up bridges and production plants; sabotaging merchandise in third countries - even those allied with the United States - prior to its delivery to Cuba; and arming insurgents on the island". SSCGO Alleged Assassination Plots Report, (1975) p.274. See also pp.139-146.


109. Slater calls this "the most massive intervention in the internal affairs of a Latin American state since the inauguration of the Good Neighbour Policy". 10 (1964) op.cit., p.271.


111. The Select Committee concluded that "American officials clearly desired the overthrow of Trujillo, offered both encouragement and guns to local dissidents who sought his overthrow and whose plans included assassination, American officials also supplied those dissidents with pistols and rifles". SSCGO Alleged Assassination Plots Report (1975) p.256; pp.191-215


113. The Task Force in 1960 had recommended that the US work with Haitian exiles to plan a transition government after Duvalier's term expired, and when Duvalier was re-elected a division occurred in the State Department over the correct policy. Eventually the "middle course" was taken - the Ambassador stayed in the USA and the Charge attended the inauguration. See Navigating the Rapids, ed. (1973), op.cit., p.745; J B Martin, US Policy in the Caribbean (1978) op.cit., pp.81-2.


118. Ibid, pp.174-180, 264-7. The Committee concluded that "the failure to clearly inform policy makers of the (CIA) assassination effort against Castro was grossly improper." p.270.


120. R W Fontaine, On Negotiating With Cuba, (1975) op.cit., p.50.

121. DSB (11 May 1964), loc.cit., p.739.


124. The other countries refused recognition were Argentina, Peru and Ecuador. See E Liewen, ibid pp.114-121; see also J. Slater, Yale Review (1966) loc.cit.


129. A F Lowenthal, The Dominican Intervention (1972) op.cit., p.29.

130. The naval attache had "misgivings" about Bosch's attitude towards the communists and told the Ambassador that he didn't know "how long I can go on supporting him". J B Martin, Overtaken by Events, (1966) op.cit., pp.504-5. See also R J Barnet, Intervention and Revolution (1972) op.cit., pp.169-70.

131. S Halper, "The Dominican Upheaval" New Leader 48 (10 May 1965). Although Bosch has stated that he never had any proof of the US attaches involvement, he was sure that "if a captain in the mission would have said that the government should be overthrown it would have been done in an hour because such a captain has more authority over the Dominican high military command than the people, the Constitution and the Presidency." J Bosch, The Unfinished Experiment: Democracy in the Dominican Republic, London (1964), p.217.


134. For example, Secretary Rusk claimed that "We have committed ourselves in this hemisphere to the strong and vigorous support of democratic and constitutional institutions." DSB 50 (April 20 1964) pp.609-10.
135. DSB 50 (June 29 1964). p.996.

136. ibid p.999.


140. See ibid; also J Slater, Intervention and Negotiation (1970) op.cit., p.31; A F Lowenthal, The Dominican Intervention (1972) op.cit., p.97.

141. US support included frequent contact with the loyalists, encouraging the junta to attack rebel forces on the 25th, and the provision of logistical support in the form of communication sets. See J Slater, ibid p.24; A F Lowenthal, ibid pp.77-8; T Draper, The Dominican Revolt (1968), op.cit., pp.60-1.


144. The total figure was $203,207,258, including $122 million in supporting assistance and $37 million for the military cost of the Inter-American Peace Force. See US Congress, House Committee in Foreign Affairs, Support for the New Phase of the Alliance for Progress Hearings, 90th Cong., 1st Sess. March 1967, p.27.


146. As President Johnson himself remarked:

What is important is ... that we know and they know and everybody knows that we don't propose to sit here on our rocking chair with our heands folded and let the Communists set up any government in the Western Hemisphere ...

See SCFR Background Information Relating to the Dominican Republic (1965) op.cit., p.21.

147. See SCFR, Guatemala and the Dominican Republic, Staff Memo (1971), op.cit., p.2 ff.

149. DSB 54 (November 4 1968) p.470; and W la Feber, The Panama Canal (1978) op.cit., p.158.


152. Public Papers of the President, October 31 1969, op.cit., p.281.

153. In the words of Assistant Secretary Kubisch, "By mature partnership we mean a constructive, close, rational and co-operative relationship among sovereign nations each pursuing its interests in a responsible manner." DSB 69 (August 20 1973) p.283.


160. Secretary Kissinger, DSB 75 (July 5 1976) p.12.


162. Grant, ibid, p.320.


167. Ibid. p.39.

168. Secretary of State, Rogers, DSB 64 (May 10 1971) p.607.


172. See ibid.


175. S Sariola ibid.


177. ibid, p.96.


183. By mid-1971 agreement had been reached on the basic principles of a future treaty - Panama was to receive a larger share of the revenues and jurisdiction of the Canal, whilst the "in perpetuity" clause was to be reviewed. However, the US also demanded that it retain control of the Canal for at least fifty years, whilst Panama refused to go beyond the year 2003. As a result, a year later Panama flatly rejected the plan and refused to compromise further. Thus, after two years of talks, one US official noted that Torrijos had not budged from his initial position which "reflected Panama's maximum aspirations". United States Congress, House Committee on Merchant Marines and Fisheries, Panama Canal Briefings, 93rd Cong. 1st Sess. April 13 1973, p.10.


185. As Venezuela's President asked: "How can the United States which is the leader of democracy in thw world, take a colonial stance" on the Canal issues? E W La Feber, ibid, p.183.


187. United States, Department of State, Panama Canal Treaty Negotiations,

188. E W La Feber, op.cit., p.183.


190. Indeed, it was only in August 1975 when Ford directed the Pentagon to cease fighting with the State Department and publicly support the administration's stand on a new treaty that Defence backed down. See S S Rosenfeld ibid, p.11; and P B Ryan, The Panama Canal Controversy (1977) op.cit., pp.138-141.

191. Senator Thurmond eventually acquired thirty-sevenco-sponsorsto his resolution opposing any surrender of US rights in the Canal - more than enough to block ratification of an eventual treaty - whilst the House voted 246 - 164 against funds being used for the Canal treaty negotiations. See S S Rosenfeld loc.cit., pp.6-10; P B Ryan op.cit., pp. 98-100.


193. By June 1976, the only differences that remained were over "the period of duration of the new treaty and arrangements in the land and water area comprising the Panama Canal Zone". See "Joint US-Panama Report to the OAS", DSB 75 (July 5 1976) p.13.


195. According to Kissinger, the Latin American Bureau now argued that the resources to block a Socialist Communist rise to power should found within the Host Country. The White House Years (1979) op.cit., p.664.


One US official commented in May 1976, "The Christian Democrats are a feckless bunch and their programs were a disaster. The United States isn't pushing Frei". "Time of Reckoning: The US and Chile" NAACLAs LAER X No.10 (December 1976) p.4.


As Pearce comments, "The murder of about a dozen leaders of the party, death threats and bomb attacks on the homes of the party leaders and the subsequent electoral fraud went unchallenged by the United States." See Under the Eagle (1982) op.cit., pp.71, 75. It should be noted that the coalition of Christian and social Democrats actually succeeded in obtaining 45% of the vote - until an army "recount" gave the military candidate Laugeraud Garcia a healthy 5.5% majority. See G Black "Garrison Guatemala" NACLA Report XVII, No.1 (January-February 1983) pp.14-15.


W Luers, "Department Discusses Allegations of Communist Infiltration in Certain Western Hemisphere Countries" DSB 75 (July 12 1976), p.50.


W Luers, DSB 75 (July 12 1976) pp.56, 49.


L Siegel, "AFL-CIA in The Trojan Horse, ed. (1975) op.cit., pp.117-35.


Assistant Secretary of State, Meyer, quoted in M. Needler, The United States and the Latin American Revolution, Boston (1972) p.63.


216. See E de Maio, "Strongarm of the TNCs" in Uncloaking the CIA, ed. (1978) op.cit., p.21.


223. As Secretary Kissinger explained:

In our bilateral dealings, we will follow a policy of degree. If the infringement of human rights is not so offensive that we cannot live with it, we will seek to work out what we can with the country involved in order to increase our influence. If the infringement is so offensive that we cannot live with it we will avoid dealing with the offending country.


231. Section 116(a) of the 1974 FAA.


233. Thus Deputy Assistant Secretary Ingersoll "strongly admonished" Chile for its refusal to allow the UN Committee on Human Rights to visit. The change in US policy is also detailed in L Schoultz, *Human Rights* (1981) op.cit., and D Weissbrodt, "Human Rights Legislation and US Foreign Policy," *Georgia Journal of International and Comparative Law*, supplement to Vol. 7 (Summer 1977) pp.237-8.

234. DSB 75 (July 5 1976) p.4.


236. DSB 75 (July 5 1976) loc.cit.


238. See, for example, DSB 75 (November 15 1976) p.603.

239. At the time Kissinger made his pro-human rights speech in 1976, he privately told junta leaders to disregard it, because the speech was intended only to placate criticism in the US. *Washington Post*, 27 February 1977, p.CI.


242. In the Commonwealth Caribbean, for example, the US argued that "Democratic political and legal institutions, including respect for civil liberties and human rights, have been generally maintained", DSB 75 (July 12 1975) loc.cit., p.80.


244. ibid p.121. It should be noted, however, that following the state of siege of December 1974, and the introduction of emergency laws and mass repression, "Even US Ambassador Therberge acknowledged the scale of human rights violations". G Black Triumph of the People (1978) op.cit., p.62.

245. Quoted in R Plant, Guatemala: Unnatural Disaster, London (1978), pp.110-111. The Guatemala Committee for the Relatives of Disappeared Persons estimated that 15,000 people were killed in the three years following the election of Colonel Arana in 1970, mainly at the hands of para-military organizations.

246. DSB 64 (May 10 1971) p.604.


248. Discussions about the normalization of Cuban relations took place at the OAS meetings in Washington (June 25 - July 8 1970, April 12 - 21 1972 and April 4 - 5 1973); Mexico City (February 21 - 23 1974); Atlanta Georgia (April 19 - May 1 1974); Quito, Ecuador (November 8 - 12 1974), and San Jose, Costa Rica (July 17 - 29 1975), when the sanctions were finally lifted. See Facts on File, Latin America: 1975, op.cit., p.5.


251. Of the Caribbean countries, the Dominican Republic, Costa Rica, El Salvador, Honduras, Panama and Trinidad, voted for the removal of sanctions whilst Haiti, Nicaragua and Guatemala abstained. Jamaica and Barbados were ineligible to vote because they were not signatories to the Rio Treaty, ibid pp.6-7.


253. For the complete text of Resolution I of the Sixteenth Meeting of Consultation of Foreign Ministers, San Jose, Costa Rica, July 29 1975, see ibid pp.281-2.


255. In January 1973, twelve members of the House of Representatives issued a statement calling for the normalisation of relations with Cuba, and
in June-July 1974, the Senate Foreign Relations Committee's chief of staff, Pat Holt, visited Cuba to reassess relations. His report concluded that the US policy of isolation had been a failure, that Cuba's export of revolution had been minimal in recent years and recommended that relations be re-established. See C Mesa-Lago ibid; Castro's Cuba in the 1970s, ed. L A Sobel, New York (1978) pp.114-9; and US Congress, Senate Committee on Foreign Relations, Cuba: A Staff Report, by Pat Holt, 93rd Cong., 2nd Sess. (1974).

256. DSB 75 (March 24 1975) p.364.


260. Ibid p.203; also Castro's Cuba in the 1970s, ed. (1978) op.cit.

261. In September 1975, Cuba hosted a conference on Puerto Rican independence and subsequently raised the issue in the UN. And in late 1975, Castro sent about one-eighth of his standing army to Angola to lead the victorious MPLA faction in line with the Soviet Union, and in opposition to the US.

262. DSB 75 (November 24 1975) pp.841-50.


266. Public Papers of the President, April 14 1969, p.281.

267. Thus Kissinger claimed that "The CIA had nothing to do with the coup", whilst Assistant Secretary, Meyer, went so far as to assert that the US had "bought no votes .. funded no candidates ... (and) promoted no coups". President Nixon argued that US relations were an example of "US support for the principle of non-intervention". See L Paine, The CIA at Work, London (1977) p.53.


270. See A Schesch and P Garnett, "The Case of Chile" in Uncloaking the CIA op.cit., pp.51-2.
271. Ibid p.53, Kissinger on the other hand, maintains that "The United States was hardly the crucial determinant of events." Years of Upheaval (1984) p.405.

It should be noted that the US Government by no means operated as a cohesive unit in its activities in Chile - the Embassy and CIA were often more eager to take action against Allende than was the State Department.

272. This support included financial assistance, help with drafting the new economic programme, and covert support for the Chilean intelligence forces as they tried to round-up the Chilean left. See "Time of Reckoning", NACLA LAER X (December 1976) loc.cit., p.4.

273. Ibid. As Kissinger explained, "It would be idle to deny that we felt a sense of relief at Allende's collapse. The new Chilean government, whatever its faults, would not assault our interests in every international forum as its predecessor had done. It would not be a haven for terrorists from all over the world threatening to solidify totalitarianism in Chile and to subvert neighbouring Western Hemisphere governments," Years of Upheaval (1984) op.cit., p.410.

274. United States, Department of State, US Foreign Policy 1972, p.431.


278. See J Pearce ibid, pp.97-8.

279. See W Luers DSB 75 (July 12 1975) loc.cit., pp.54-5.


281. US Department of the Army, Latin America and the Caribbean: Analytic Survey of the Literature, May 1975 (DA Pamphlet 550-7-1) "The Dominican Republic" P.DD4.


288. See Deputy Assistant Secretary Luers:
I wish categorically to deny that the US Government is doing anything to undermine or destabilize the legitimate authorities or governments of those Caribbean countries.
DSB 75 (July 12 1976) pp.51-52.


291. See W Luers, DSB 75 (July 12 1976), p.51 ff.


294. A de Borchgrave ibid.


INTRODUCTION

The preceding pages have outlined a bewildering variety of objectives and policies implemented by the United States in the Caribbean during the years 1960-1976. The United States has sought both to safeguard its own interests and at the same time promote political and economic development in the Caribbean. Its involvement in the Caribbean has run the full range from direct military intervention to covert action by the CIA; from the massive infusion of economic assistance to the use of economic sanctions and penalties; from intense intervention to neglect or indifference. Given this complex variety within US policy, can any conclusions be drawn which can help to determine how far the United States has followed a distinct policy towards the Caribbean - and in so, what that policy has been?

In attempting to assess the nature of US-Caribbean policy, it is important to summarise the main features of that policy, by comparing the two periods under consideration, 1960-1968 and 1969-1976. Second, it is important to assess the extent to which a separate Caribbean policy was articulated and/or implemented, and to examine the distinction made between the Spanish and English speaking Caribbean countries. Third, an attempt should be made to determine the effect of US policy on the Caribbean development process.

By examining briefly US policy along these lines, it will be possible to draw together the various strands of US policy and to look at the implications for the Caribbean.
During the period 1960-1976 there were a number of significant developments in US policy towards Latin America and the Caribbean in terms of both the perceived objectives to be attained and the practical implementation of policy.

Under the Kennedy Administration it has been shown that the US articulated a strong commitment to national development in the Western Hemisphere. In particular, the Kennedy Administration sought to encourage economic development within a decade through channelling public and private resources into Latin America under the Alliance for Progress. Political development, in the form of liberal democratic government, and democratic parties and union was expected to evolve simultaneously. As such, it may be argued that the Kennedy Administration was the first to adopt a coherent policy which concentrated on the development needs of the hemispheric neighbours.

At the same time, however, US officials perceived a high national security risk in Latin America and the Caribbean. The threat of Communist subversion in the hemisphere, heightened by Castro's accession to power, the Bay of Pigs and the Cuban missile crisis, led the Kennedy Administration to place the greatest emphasis on defending US national security interests. Under Kennedy, the US sought above all to prevent the further expansion of Communism in the hemisphere by establishing strong internal security forces within each Latin American country and by maintaining close surveillance of all Communist parties and groups in the region.

In practice, US security interests dominated at the expense of national development in the Caribbean. The US ultimately chose to support the forces for stability in the hemisphere, and this retarded the inevitably
"unstable" development process.

Under President Johnson, the emphasis changed slightly, for although the US continued to support economic development in the hemisphere, less priority was attached to political change and the need for democratic government. Rather it was now argued that ineffective civilian governments could often retard economic growth, whilst efficient dynamic military regimes could help promote social and economic reform. In addition, under the Johnson Administration, the US gave greater support to economic and business interests, supporting their claims in investment disputes.

The period 1969-1976 saw a distinct alteration within US policy towards Latin America and the Caribbean. The Nixon Administration attached only a low priority to hemisphere development, as it was now apparent that political and economic reform was not going to be achieved easily or overnight. In consequence, the US adopted a much lower profile in hemispheric affairs, verging on indifference and "benign neglect".

Instead, the main emphasis under both Nixon and Ford was in promoting the interests of US business, especially in foreign investments and foreign military sales. To a lesser extent during this period the US was again concerned with national security issues and this led it to oppose Communist or leftwing governments throughout the Caribbean.

By 1976, therefore, US policy was no longer primarily concerned with Latin American and Caribbean development. As one US official argued

The countries in question are intensely dedicated to their own independence. They are for the most part, open nations with pluralistic societies and systems. As such we wish them well as they address the problems of social and economic development confronting them, but we are not responsible for the solutions they evolve ...
What we must concern ourselves with are those trends which might:
- Affect the national security of the United States.
- Impact negatively on specific US interests.  

3. POLICY TOWARDS THE CARIBBEAN

The preceding chapters have revealed that during the period 1960-1976 US policy makers did not articulate a specific policy for the Caribbean. In general, US policy was formulated for the Western Hemisphere as a whole and, in particular, for the nineteen Latin American Republics plus Cuba; this policy was then merely extended towards the English, Dutch and French Caribbean countries where necessary.

As a result, under the Kennedy and Johnson presidencies, US policy towards Caribbean countries varied considerably. The West Indies were only marginally included within the US security programme and only received limited economic assistance, but their political independence was generally encouraged. The Spanish Caribbean countries, on the other hand, were at the centre of US security concerns and constituted a major part of the Alliance for Progress. Political sovereignty for the Panama Canal Zone, Puerto Rico and even the US Virgin Islands was, however, largely opposed, the US preferring to maintain direct political control.

However, in other areas - notably in trade, investment and migration policies; in establishing police security forces; and in opposing the establishment of leftwing parties, unions and governments, very little distinction can be made between US policy towards the English and Spanish-speaking countries of the Caribbean.

Under the Nixon and Ford Administrations the division in US policy
towards these two sub-groups of the Caribbean noticeably diminished. US involvement in economic assistance for the Commonwealth Caribbean increased, as did US private investment and trade and foreign military sales to this sub-group, comparing favourably with US policy towards the Spanish speaking countries. In addition, US policy towards the political parties and union movements within the Caribbean was one of consistent opposition to all leftwing forces. To the extent that US policies towards the Caribbean became increasingly uniform in terms of their implementation in the Spanish and Commonwealth Caribbean countries, therefore, it may be argued that the basis of a coherent Caribbean policy was formulated during the years 1960-1976 - to be later developed by the Carter Administration.

Certainly, two major differences in US policy implementation in Latin America and the Caribbean can be noted during this period. First, although the US did not specifically differentiate between the two areas, US policy was undoubtedly more important, and had a much greater impact in the Caribbean region. The United States achieved a much greater degree of penetration of Caribbean security arrangements in terms of training, equipment and financial resources, than of the security forces in South America. Similarly, US economic assistance was of greatest significance to the Caribbean region when measured in per capita terms. The US also continued to be a crucial source of investment and trade for the Caribbean, even when the rest of Latin America began to broaden economic relations with other countries. Above all, US political influence was of crucial importance to Caribbean affairs - even when that influence was perceived rather than real. During the 1960s, US officials were often minutely involved in the often trivial, day-to-day, affairs of the Caribbean countries.
Despite the fact that these activities were "drastically reduced" in the 1970s, as in the Dominican Republic and Guatemala, the Caribbean people continued to "see the hand of the United States in everything" that occurred.  

This leads us onto the second major differentiation between Latin America and the Caribbean within US policy - that is, the degree of intervention in the latter regions' affairs. Throughout the period 1960-1976, with the major exception of Chile, practically all the unilateral measures which the US took to prevent Communist expansion occurred in the Caribbean - the Bay of Pigs invasion; the quarantine imposed during the Cuban Missile Crisis; the Dominican intervention; the covert action against Jagan in British Guiana; the opposition to leftwing groups in Central America in the 1970s, and the destabilisation attempts in Jamaica and Guyana.

The degree of US intervention in Caribbean affairs, both on a historical and a contemporary level has led some academics to examine US policy purely in these terms; in John Plank's words, "The Caribbean: Intervention, When and How".  Yet at the same time, as has been seen in the above examination, US policy has often been characterised by neglect and indifference. US policy has thus consistently contained two contradictory features - namely, intervention and neglect. As Lowenthal has commented,

> An historic pattern has reasserted itself; between Marine landings, the Caribbean is neglected by the United States.

Given this contradiction, it has been argued that US policy towards the Caribbean has not been coherent and purposive, but merely "fragmented, poorly co-ordinated and even confused".
However, the evidence of US policy towards the region on a general basis, and towards specific Caribbean countries indicates that, whilst US interest may have fluctuated over time, this fluctuation has been determined by US policy objectives. More specifically, the level of US involvement in the Caribbean has been determined almost purely by the perceived threat to US national security interests. This can be seen from a brief examination of the Dominican Republic and Jamaica.

In the Dominican Republic, for example, the United States' concentration on its internal affairs in the early 1960s was motivated largely by the concern to prevent a second Communist state in the Caribbean. This concern initially led the United States to favour replacing the Trujillo dictatorship with a more democratic form of government, and thus prevent the dictator being overthrown by another Castro. As a result, the US supported the assassination of Trujillo, was closely involved in the formation of a Provisional Government, and helped to ensure that the 1962 election took place. When Bosch was elected in 1963, however, the fear that his government was Communist dominated - or might soon become so - led the Kennedy Administration to give him only limited support, and even to favour his overthrow by a military coup.

During the 1965 crisis, only outright military intervention was seen as capable of preventing a "second Cuba" being established in the Republic. The Johnson Administration perceived the revolt to restore constitutional government as a Communist-led insurrection, and consistently supported the "loyalist" armed forces in the struggle to restore order and stability. With the election of Balaguer in 1966, US involvement in the Republic continued but on less obvious grounds, with the massive influx of economic assistance and technical advisors, to
support the new friendly government. Once Balaguer's position became relatively stable, however, the perceived security threat appeared to have ended and US interest and involvement in the country rapidly diminished.

US policy towards Jamaica appears to have been determined by similar concerns. In the early years of independence, Jamaica was perceived by US officials to have a friendly, stable form of government with only few security problems, and consequently US interest was only limited. However, in the 1970s, when the Manley government became committed to "democratic socialism" and began to follow a more independent policy in its relations with the Third World, and above all when Manley established friendly relations with Cuba, US involvement in Jamaica was suddenly extended. US economic assistance was first made dependent on Jamaica publicly opposing the Cuban role in Angola, and then after Manley refused to do so, assistance was curtailed. In addition, the US apparently became involved in a destabilisation attempt against Manley in an attempt to remove his left-wing government. It is important to note that US officials were not primarily concerned by Jamaica's plans to nationalise the US bauxite companies - on the contrary, discussion between the two governments on this issue were "courteous and affable". It was rather the perceived security threat posed by Manley's friendship with Castro which led to the deterioration in US-Jamaican relations.

In both countries, therefore, the underlying current in US policy, even in years of neglect or inactivity, has been the security issue. Where US officials have perceived a security threat - mainly in terms of an expansion of Communist influence in the Caribbean - its involvement in the region has been intense, and has often led to direct intervention
by the military or to covert action by the CIA. Only where the United States has not perceived a particular threat has it followed a policy of neglect.

This domination of security objectives explains both the distinction between the Commonwealth and Spanish Caribbean in the early 1960s, and the development of a more coherent US-Caribbean policy in the 1970s. The limited US involvement in the English speaking countries under the Kennedy and Johnson Administrations was largely determined by their low security risk, whilst the high priority attached to the Spanish Caribbean countries reflected the perceived danger of Communism extending its influence to the Dominican Republic and Guatemala. Similarly, US involvement in the Commonwealth Caribbean in the 1970s was extended at a time when Guyana, Jamaica and even Barbados appeared to be developing new relationships with socialist countries, including Cuba. By the mid-1970s, therefore, the United States had effectively developed a coherent policy towards most Caribbean countries - a coherence made more explicit under Carter.

It remains to be asked how far the domination of security objectives was limited to US-Caribbean policy, rather than to US foreign policy towards Latin America as a whole. And it is here that the most important distinction in US-Caribbean policy lies - since it is apparent that the dominant concern in US policy towards the larger Latin American countries has been economic, not security. This is not to deny the substantial US involvement in South American internal security during the years 1960-1976 - especially in Chile under Allende. Nor is it meant to imply that economic objectives have not been important in the Caribbean. Indeed, in many ways, economic and security issues have been interrelated, notably in the opposition to Communist Castro and his national-
ization policies or opposition to the leftwing Manley and his nationalization of US bauxite companies. But in the final analysis, it has been the concern to prevent Communist involvement in the Caribbean which has formed the "bedrock" of US policy during the years 1960-1976, and which has separated the Caribbean from the wider US policy towards Latin America.

Given the domination of US security objectives, what conclusion can be drawn as to the effect of US policy on Caribbean development?

4. IMPACT ON DEVELOPMENT

The practical implementation of US foreign policy towards Latin America and the Caribbean brought into question many of the basic levels of US development theories, and especially the compatibility of US development and national interest objectives.

With regard to economic development, it has been seen that overall US policy had only a limited impact during the years 1960-1976. The Alliance for Progress failed to promote the dynamic economic and social change originally envisaged in the Charter of Puerto del Este. Rather than providing the hemisphere with much needed resources for development, the effect of US policy was to increase the debt burden of its neighbours. The US promoted only minimal changes in the balance of trade with the Caribbean, continuing to encourage Caribbean dependence on exports of primary produce, and only allowing limited manufactured articles into the US under the GSP. The US did little to help solve the crucial problem of population expansion so that what limited economic growth occurred had to be shared by an ever increasing number of people. Thus although important improvements were made in social sector development
during the period 1960-1976 - in school enrollment, the supply of potable water, community health care and housing - they were largely swallowed up by the growth in population. Finally, the US failed to promote a substantial expansion of the industrial and agriculture sectors in the Caribbean, and this left the problem of unemployment largely unresolved.

In part, the limited ability of US policy makers to encourage economic development in the Caribbean was a direct result of the false premise that a massive infusion of capital could work the same miracle in Latin America that the Marshall Plan had in postwar Europe; but Latin America did not have the basic infrastructure, technology or skilled labour force required for such massive development. Although US assistance undoubtedly assisted in the expansion of the growth rate of Caribbean countries, this growth rate had little impact on the general well-being of the vast majority of Caribbean people - "the trickle down" process failed to occur.

Second, with regard to industrialisation, import substitution did not become "the engine of machination for the developmental take-off". Rather, it brought new problems, including the multi-national's involvement in the domestic, as well as export economy; the importation of labour-saving industrial processes into capital-scarce economies with high unemployment; and the creation of an elite sector of the labour force composed of unionised industrial workers who had little to do with the rest of the labour force. As such, industrialisation brought a new type of "dependency", rather than self-sufficiency to the Caribbean.

The failure of US economic development policies was also partly caused by the conflict with US economic and business interests. The US
consistently supported its private investors abroad to the detriment of the Caribbean economies, and sought to maintain the existing trade relationships necessary to US industrial processes. And US officials opposed far reaching agrarian reform which again might injure the export trade controlled by US interests, and create political instability. In effect, US economic concerns always dominated over Caribbean development objectives, and the US only sought to encourage economic reforms compatible with its own interests.

With regard to Caribbean political development, again the US was largely unsuccessful in achieving its objectives. The "twilight of the tyrannies" and "dawn of democratic government" failed to materialise in most Caribbean countries as the military and oligarchies continued to dominate political affairs. The years 1960-1976 did see the establishment of independent democracies in Jamaica and Barbados, and the continuation of a civilian tradition in Costa Rica whilst in the Dominican Republic an elected government served out its term of office for the first time. However, in many Central American countries the military reigned supreme, and in Haiti and Nicaragua the Duvalier and Somoza dictatorships continued to thrive. Even in Guyana, the 1960s saw the emergence of a one-party state, whilst in Trinidad and the smaller Eastern Caribbean states personalist government ruled.

In part, the failure of US democratic objectives as with its economic objectives was a result of its misinterpretation of Caribbean development problems. First, the US failed to appreciate the strong hold that the traditional sectors had over the political process and their reluctance to introduce democratic forms. At the same time the US over-estimated the strength of the democratic left both as a force for reform and as efficient administrators. In many Caribbean countries, the military continued to be a strong and relatively efficient political force,
whilst the civilian sector proved to be weak, divided and often inefficient if only from lack of practice. In addition, the mass political parties which would mobilise the population and provide the grass-roots for democratic government failed to materialise, whilst the union movement was similarly concerned with the fate of only a tiny sector of the labour force.

Above all, the failure of the US to instill democratic methods and institutions in Latin America and the Caribbean was a result of its ultimate preference for political stability in the hemisphere. Time and again the US opposed the leftwing forces for reform in the Caribbean and helped to bring down their governments and suppress their parties and unions out of fear that they might become Communist dominated. By attaching the greatest priority to US security interests:

"In practice the policy has contributed to blocking legitimate, democratic avenues of development for some Caribbean states." 8

The effect of this policy for subsequent Caribbean development was already evident in the early 1970s. As Roberta Salper commented:

In fact, a good case could be made that precipitous "national security" actions by the United States to stifle progressive reforms by Caribbean governments in the long run push political leaders to the left and create "anti-Yankeeism". 9

By 1976, the US had become inextricably linked with the status quo in most Caribbean states or with the most conservative political organisations. It is, therefore, hardly surprising that in the subsequent struggle for change in Nicaragua and El Salvador, the democratic reformism proffered by the United States was rejected for more radical and violent methods. The United States was able to contain Communism within the Caribbean during the period 1960-1976, but only at the expense of postponing political and economic development.
CONCLUSION

The above discussion has revealed the basic premise of this thesis: that although the United States has not articulated a separate Caribbean policy, nevertheless in terms of both the practical implementation of its policy, and its impact on national development, the US differentiated the Caribbean from the rest of Latin America. As such, the United States followed a distinct policy toward the Caribbean during the years 1960-1976.

The distinctive character of US policy toward the Caribbean has rested on the domination of US security interests, whilst US policy towards Latin America has been motivated more by economic concerns. The United States has sought above all to maintain its hegemonic influence over the Caribbean, and has been prepared to take intensive direct and indirect action against various Caribbean countries where that influence has appeared threatened. Conversely, where US influence has not been challenged, successive governments have been prepared to ignore or neglect their small neighbouring territories. It is this pattern of intervention and neglect which has distinguished the Caribbean from the rest of Latin America within US policy.

In seeking to maintain the Caribbean free from Communist influence, the United States has ultimately sought to promote economic and political stability rather than change in the region. Thus, although the United States appeared to be offering a radically new policy in the 1960s which would be geared to political and economic development in the Caribbean, the domination of security interests meant that, in practice, there was very little alteration in the nature of US policy towards the Caribbean - the emphasis, as in earlier periods, was on continuity, not change, on stability rather than development.

As such, the years 1960-1976 should not be viewed in isolation from
the US foreign policy towards the Caribbean in the twentieth century as a whole: the relative importance given to development under Kennedy and Johnson, and the policy of indifference under Nixon and Ford may be viewed as part of the cycle of intervention and neglect, dependent upon security interests. Certainly, events since 1976 indicate that the cyclical nature of US policy has not changed – Carter's attempts to develop a unified Caribbean policy and to promote Caribbean economic and political development initiatives, have been replaced by the Reagan Administration's active intervention to prevent Communist expansion in Nicaragua, El Salvador and Grenada. The Caribbean's special position within US foreign policy has thus continued into the 1980s.
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9. Ibid, p.3.
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