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Lawrence O. Ealy

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**NAVAL WAR COLLEGE  
REVIEW**

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## **LATIN AMERICA'S IMPORTANCE TO THE UNITED STATES**

A lecture delivered  
at the Naval War College  
on 24 October 1958 by  
*Professor Lawrence O. Ealy*

Gentlemen:

During the course of this lecture it will be necessary for me to use certain Hispanic-American expressions at times. I have tried to keep these to a minimum, and those who may be concerned about the spelling will find them duplicated on the blackboards to my right and left.

I think it would be well at the outset to call your attention to Latin America's position on the World Map before us. You will notice that, being in the Southern Hemisphere, it is remote from the portion of the Earth which has been regarded as the center of mankind's principal activities for the past several hundreds of years. The principally travelled trade routes of the world have bypassed Latin America. Human commerce was not known in any volume of significance to much of this area until the opening of the Panama Canal, shortly after the start of the present century.

Latin America was long a backward, underdeveloped, and economically dependent area — and largely she still is. Her economy is fundamenatally based upon the production and export of raw materials and foodstuffs. These items have always been sold in foreign markets at prices over which the Latin Americans themselves have never been able to exercise much control.

There have been three main outside influences dominating Latin American economy since Columbian days. In colonial times the Iberian mother countries, Spain and Portugal, had a complete rule of mercantillistic monopoly. The Spanish Navy used the *flota* system to keep tight control over merchant shipping. I believe that this was the first employment of the convoy idea in the Atlantic Ocean. Ships were required to move in flotilla to designated

ports at either end of their voyage. Some of the most absurd restrictions were imposed in order to prevent the Latin American colonies from trading with the outside world.

For example, if a colonist in Buenos Aires (in the Rio de la Plata estuary) wanted to order some furniture from Old Spain he had to take shipment by way of a very tortuous route and process. It was brought across the Atlantic, through the Caribbean to Panama, unloaded and carried on mules across the Isthmus, and reshipped from Panama City down the west coast of South America. It would then be unloaded on the Peruvian coast, transported over the Andes to the headwaters of the Rio de la Plata, and thence down to the estuary. By the time our colonist got his furniture it was usually good for little but kindling wood. The reason for this was the prevention of trade between Spain's colonists in the River Plate region and foreign powers, particularly the pesky and dynamic British. To assure this the estuary was closed to all direct traffic from the Atlantic, even from Spain. The Spanish Navy kept a tight blockade across the river.

It is not much wonder that with the coming of the Napoleonic period, when the Latin American colonies were released from the tutelage and close supervision of the mother countries and had a taste of trading with the British, they soon discovered the change to be a delightful one. They found British goods to be not only better but infinitely cheaper! From about 1810 onward Britain dominated the economic picture in Latin America — so much so that it became British policy to prevent restoration of Spanish and Portuguese power in the hemisphere, for that would have meant a return to the old trade ways of exclusive mercantilism.

By 1825 Britain had over 100 million pounds invested in Latin America. In 1914 British investments were up to nearly 10 billions of dollars and accounted for considerably more than one quarter of all Latin America's foreign trade. (I now use "dollars" because I think this is more meaningful in 20th Century statistics). All of this trade empire was tied to British supremacy on the seas

and to the vast British Merchant Marine which carried these goods to all parts of the world.

The year 1914 of course saw the coming of World War I and Britain's preoccupation with that conflict. Her Navy and Merchant Marine were almost completely turned over to the business of supporting and supplying the mother country in its war effort. Latin America found herself cut adrift, much as she had been at the time of the Napoleonic Wars.

This time another great and booming industrial power was ready and willing to step into the breach — the United States. The North American Republic was coming to the fruition of its own industrial development at just about the turn of the century. But our output and quality of goods had never really been able to match that of the British prior to 1914, despite valiant efforts to win markets in the southern republics.

World War I forced Latin America to turn to us for her needs. She became used to buying and using American items. Even when the end of the war brought the British back as the favored seller a slow trend toward more trade with the United States continued. By 1929 this country had over 6 billions of dollars invested in Latin America. American industries and enterprises came to be very important there. To mention a few of these: the Grace Line dominated coastal commerce and later, through Panagra, was supreme in commercial aviation. After 1919, U. S. banking took first place throughout the hemisphere, something which could not have been dreamed of before 1914. The Chase Bank and the National City Bank of New York led this development. The American Fruit Company, and similar enterprises, had a virtual monopoly on the coffee, banana, and other fruit trades.

Only in Argentina did the British manage to hang on to their position. The Argentines continued to prefer to buy from the British because, for one thing, they harbored a deep-seated antipathy toward the United States, a factor which I want to discuss more fully in another phase of this talk. In the 1930's there was an effort to tie Argentina firmly to the sterling bloc, and she

was sometimes referred to as the "Sixth Dominion." The Ottawa Conference in the 1930's, with its corresponding Commonwealth Preferential Trade Arrangement, was expanded to take in Argentina as the sole non-Commonwealth member.

Then came World War II. In Britain the economy faced a tighter squeeze even than during World War I. The English investments in Latin America had to be liquidated in the mobilization to fight Hitler. Britain had over 1.5 billions of dollars in Argentine railways and rolling stock, for example. These had to be sacrificed for about 600 million dollars. By 1945, even in Argentina, the United States had become the number one foreign industrial, trading, and financial power in South and Central America and the Caribbean.

Since 1945 there has been some repenetration and some recovery by British enterprise. The French, the Germans, the Russians, and the Japanese have also captured some segments of trade held by us during the war. The United States remains, however, the overwhelmingly predominant factor in the trade and economy of this part of the world.

Everywhere the people are wearing and using U. S. clothing and textiles; they read North American literature; they travel through the United States; they send their children to school in the United States; they drive North American automobiles, fly in North American-built aircraft, drive over highways built by American equipment, technology, and materials; and seek ever more U. S. money and U. S. tourists to come to them. This is a profoundly complete change from the picture of half a century ago. Then we could have substituted the word "British" for "U. S." or "North American" in the foregoing description — or at least the word "European." The shadow of Uncle Sam looms large indeed over Latin America. In view of this the importance of Latin America to the United States can scarcely be overemphasized.

The term "Latin America" has Spanish-Portuguese (and some French) connotations, with obvious reference to the colonial background of the area. But this expression is somewhat misleading because the ethnic background of Latin America is really

quite varied. The Indian is still the basic "Latin American" when one views in perspective the whole Southern Hemisphere. Peru, Ecuador, and Bolivia have large elements of pure Inca blood in their population. Bolivia is more than 90% — that is, almost pure-blooded — an Indian republic to this day. I would estimate that 75% of the people in Mexico have at least a major strain of old Aztec in their veins. In Central America the Mayans (who had reached the epitome of civilization and progress in this hemisphere long before the coming of the white man) are the basic stock of much of the highland population. In Colombia and Venezuela there are many remnants of the Chibcha Confederation of peoples. Guaraní Indians still abound in the Plata Estuary. Paraguay is a nation of heavily Indian-descended people. In Chile, where white civilization is completely predominant, many thousands of descendants of the warlike Araucanians still survive unassimilated. Indeed, using this expression "white civilization" calls to mind the fact that only Argentina and Chile, and possibly Uruguay and Costa Rica, can be cited as being truly Caucasian cultures dominated beyond challenge by pure-blooded Europeans.

In addition to the Indians there are a great many Negroes in all of the Caribbean countries. Some of the islands are predominantly Negro. There are many other strains far removed from the Iberian conquistadores. In Chile, according to an estimate which seems authoritative, there are 750,000 Germans. Other Germans are to be found in Brazil, Argentina, and Panama. There are a great many Italians in Argentina — in fact, they make up 40% of the total population. There are a considerable number of Italians in Chile — the present President, Alessandri, being partly of Italian ancestry — and there are quite a few in Brazil as well. Orientals make up a significant part of the population in Brazil, Panama, and some of the Caribbean islands (notably Trinidad). One must also mention a considerable English and Irish strain running through much of the hemisphere. These people have tended to become Hispanicized. I think that some of you gentlemen are aware of this from having to come to know several of our foreign officers enrolled in this War College. The Chilean officer here has



anything but a Spanish-sounding name — Gibbons. And we have Commander Lockhart, from Argentina. The national hero, “El Libertador,” of Chile was Bernardo O’Higgins. The last Viceroy of Mexico, who went over to the revolutionaries, was “O’Donoju” — just a Hispanicization of the Irish spelling.

There are four important racial groups in Latin America today: Creoles, Mestizos, Mulattos, and Zambos. These terms are not exclusive, for there are certain other names sometimes used in place of them, but they are most commonly used racial designations. “Creole,” which is a much misused term in this country, means a pure Caucasian in Latin America. As you know, that is quite a different terminology than the common meaning of the word here. “Mestizo” is a mixture of Caucasian and Indian. “Mulatto” is a mixture of Caucasian and Negro. “Zambo” is a mixture of Negro and Indian. Then, of course, there are all sorts of variations, connotations, and combinations of these terms.

There is no race prejudice in Latin America which is very considerable or anywhere near the characteristic feelings in this country along these lines. Nevertheless there is a tendency in certain parts of Latin America to grade one according to his color. In other words, the lighter one is the higher in the social scale he is likely to be. There is a saying that one should try to “raise his color,” which means to marry someone lighter than himself and thus assure a lighter color for his descendants.

To sum up the tenor of the last few remarks: I would say that the term “Latin America” is more meaningful if taken as a cultural and geographical expression. Because of the colonial isolation of Latin America, only the Iberian cultures had any real chance to develop there. And even this idea must not be carried too far, because these Spanish and Portuguese cultures were only superimposed in many places upon the existing Indian civilizations.

Speaking now of the early relations between Latin America and the United States: the American Revolution was an inspiration to them. Washington, Franklin, Jefferson, Tom Paine, and others were all much admired by the intellectuals of Spanish America. When the revolt against Ferdinand VII came, from 1810 to

1824, the writings and examples of the North American leaders were oftentimes quite important. But this influence was purely psychological. In a physical sense our contacts with Latin America were very meagre. One reason for this has already been mentioned — the British predominance in trade. It was very difficult for the United States to break in commercially — although we tried — because the old truth still prevailed that British goods were both better and cheaper.

Another factor to be mentioned at this point is the rejection of United States' style of Democracy by Simon Bolívar, San Martín, and the other leaders of the new republics (and in Brazil and Mexico, monarchies). Bolívar was wedded to the concept that the typical Latin American was not likely to conform to our way of democracy; that it would be meaningless to him because he had no tradition other than a completely authoritarian one. The idea of a republic meant a state somewhat like the old Venetian Republic; of a class born to rule, of *personalismo* and *Caudilloismo*. (*Caudillo* is the Spanish word for leader, corresponding to *Il Duce* or *Der Führer*). The tendency was to form political movements around individual personalities — “men on horseback” types — and this became very typical of the Spanish American political scene.

Brazil, Portuguese America, was an exception to this because, paradoxically, Brazil was a monarchy. There was not an opportunity for ambitious men to be constantly stirring up ferment in their rise to the top because the House of Braganza was popular and accepted. Until 1889, Brazil was a monarchy under a very liberal form in which parliamentary government developed very similar to that institution in Great Britain. The long period under a parliamentary monarchy gave Brazil a political stability which few of her neighbors enjoyed.

One of the first things to make much impact in our relations with Latin America was the Monroe Doctrine. Contrary to the impression which is given in some of our grade school textbooks, our Southern neighbors were not overjoyed by the Monroe Doctrine. It really didn't serve them, except in a negative sort of way. They

quite keenly realized that the Monroe Doctrine was a unilateral statement of policy by the United States directed against European ambitions in this hemisphere. They were also quick to note that at no place in the Doctrine did Uncle Sam abjure any thought of his own expansion in this hemisphere — an expansion which would probably be at Latin expense. They were quite upset by a remark attributed at the time to Secretary of State John Quincy Adams. Adams was reported to have said to the British Minister in Washington, "Keep what you have, but leave the rest of North America to us!" Newspaper reports and letters of the time report from Buenos Aires, Santiago, and other Latin cities that they took a very dim view indeed of the North American pronouncement. There was a tendency to move in quite the other direction — to cuddle up to Britain and to the protection of the British Navy, and to rejoice in the benefits of British trade.

We did not add to our reputation by our reaction to an effort to call an Inter-American Congress to meet at Panama in 1826, in an effort to hammer out a beginning at hemispheric cooperation. The invitation to us was batted about in congressional debate. A great many people made disparaging remarks about Latin America. Mr. Adams was quoted as speaking approvingly about an old thesis wafted around during the 18th Century "Enlightenment" called "the black legend" (*Leyenda Negra*). The general tenor of it was that everything evil, backward, reactionary, and hateful were to be found in oppressed Spain and Portugal, and in their American colonies. Due to prolonged debate, our delegates got such late starts that they could not arrive at Panama before the Congress had met and adjourned. So, to our eternal shame, we did not participate in this first attempt at an Inter-American movement.

During the 18th and 19th Centuries there was almost universal disapproval of human slavery in Spanish America. Simon Bolívar had written a famous letter while he was an exile in Jamaica, denouncing it as an abominable institution. By and large, Indian peoples who had known the whiplash of slavery under the Spanish warmed up to any antislavery philosophy. All through the

19th Century, and during much of the 20th, there was a slow growth of feeling in Latin America that the *Yanqui* presented some threat, always. They came to think of us as *El Coloso del Norte* (the Colossus of the North). They could feel apprehension about the future relationship of this Protestant, Anglo-Saxon power toward the weaker Latin military and political states to the South.

In spite of our intervention in Mexico at the time of the Maximilian affair, which saved that country from European domination, and despite our stand forcing the Spanish out of Santo Domingo at the same time (just after our Civil War), there was a growing image of *Imperialismo Yanqui* throughout Latin America. I might digress here a moment to assure you that in the eyes of a Latin American any citizen of the United States is a *Yanqui*. It does not matter whether you come from Mississippi, Georgia, or the State of Maine, you are still a *Yanqui*. This Latin American word simply does not have the same meaning as "Yankee." So don't ever try to argue or explain the matter down there. It will do you no good whatsoever!

Now let's see what some of the factors were which operated to create this feeling about us. First, there was the period of the Annexation of Texas and the Mexican War. Mexico had not acknowledged the independence of Texas and did not give up hope of getting it back until forced to recognize the Rio Grande boundary after the Mexican War. The loss of Texas, and the cessions following the Mexican War cost the Republic of Mexico over one half of its national territory.

Next, a series of filibusters in Central America and in Cuba beclouded our relations in the 1840's and 1850's. Gangster-like individuals seemed to operate with impunity to gather together a bunch of hoodlums and a store of weapons, and descend almost at will on some hapless Central American republic or the Spanish colony in Cuba. Our government not only did nothing to hamper these depredations but often our presidents and secretaries of state seemed to be providing encouragement. One such statement by a group of American diplomats, the Ostend Manifesto, aroused

the indignation of all Europe by its bald-faced proposal for the seizure of Cuba if Spain would not sell it.

Many of you have read of the incidents involving William Walker, the prize filibusterer of them all, who was twice bailed out from before Central American firing squads by our government. The third time proved to be the unfortunate "charm" for him for it came at a time when people in Washington had other things to consider. Walker was not aware that the Civil War was breaking out in this country when he launched his third expedition, and that we would be otherwise engaged than to pull his burning chestnuts out of the fire. So he stood against a wall in Honduras and took the fatal volley at long last (a very just comeuppance I cannot help but believe)!

The first Venezuelan crisis toward the end of the 19th Century, saw us use the Monroe Doctrine in a dispute between Britain and Venezuela over the boundary line between British Guiana and Venezuela. We used the Doctrine to force Britain to arbitrate the dispute. Latin America arose cheering when we did that, but cried out to high heaven when we made the arbitral award in favor of the British. We might better have not moved into this matter in the first place for the net effect which it had in our neighboring republics.

Then there was the Spanish-American War. Once again a large amount of Spanish-speaking territory was brought under the American flag. In addition to Porto Rico and Cuba, in this hemisphere, this included Guam and the Philippines in the Far Pacific. When the Philippine Rebellion ensued and General Arthur MacArthur was sent out and killed 40,000 Filipinos before they became convinced of the blessings which our rule would bring to them, Latin America looked on with grim aspect indeed.

The seizure of the Panama Canal Zone in 1903 truncated the Republic of Colombia. We openly intervened in a civil war on the isthmus, used our Marines to prevent Colombian troops from exercising the lawful authority of their government, and within less than ten days after the revolution had first broken out we

had recognized the new Republic of Panama and formulated with it the Hay-Bunau Varilla Treaty, giving us a perpetual grant of the Canal Zone. And who do you suppose "represented" Panama in negotiating this pact? A Frenchman who, with his associates, just happened to have a controlling interest in the defunct French Canal Company. This company, having failed in its canal building, was working every angle to get our government to pay them \$40,000,000 and take over their concession. Monsieur Bunau Varilla received "honorary Panamanian citizenship" to enable him to negotiate this fast one in Washington. He gave up this citizenship the week after the signing of the treaty!

Next we have the famous "Roosevelt Corollary" to the Monroe Doctrine. If many Latin Americans had taken a dim view of the Doctrine itself, this corollary to it really set them to gnashing their teeth. This action of President Theodore Roosevelt grew out of the second Venezuelan crisis in 1904, when there was a threat of British and German intervention there to collect some defaulted debts. The entire Latin American world had started querying the United States: "Now where is this Monroe Doctrine we have long heard about? Why are you permitting the Germans and British to threaten us with this intervention? Surely this is the sort of thing the Doctrine forbids."

President Roosevelt was put on a spot, of sorts. He felt called upon to answer: "Yes, it is true that the United States will protect this hemisphere against a foreign intervention. We prohibit such an intervention. But no second or third rate power is going to hide behind the Monroe Doctrine to welsh on its just obligations. We shall be the *"Policeman of the Western Hemisphere."* We shall be the sheriff who goes in and levies the attachment for the foreign creditor!"

Most Latin Americans were very quick to reply: "We had rather that the foreign creditor came in and took it directly, if you please. We cannot concede that the *Gringos* have anything to do with this matter."

Their protest was ineffectual, of course. For a quarter of a century the U. S. Marines moved about the Caribbean, along

with our other armed forces, as we bulldozed our way into as many as half a dozen countries at a time pursuing this "Big Stick" policy as the "Policeman of the Western Hemisphere."

The administration of President Taft contributed still another phase to this chapter in *Yanqui* imperialism — "Dollar Diplomacy." American capital was assured that it could "go in where an angel would fear to tread" because, unlike an angel, it could depend upon the U. S. Marines, Army, and Navy to follow it whenever its chestnuts needed to be pulled out of some fire of outraged Latin American nationalism. Dollar Diplomacy meant that where the Dollar might be the Flag would be, also. Latin American dictators hastened to make fine deals for themselves with "enterprising" American businessmen. Such partnerships paid handsome dividends and frequently enabled the *caudillos* to retain authoritarian powers — because if any trouble arose they could be sure that the U. S. military would be on the spot in a hurry to protect their "partner's" investment and, incidentally, the regime with which it was so intimately intertwined. The dictators always obtained huge loans and their American patrons took up their bonds — at enormous rates of interest. To pay the interest and to support the *Gringo* enterprise, the native labor would be worked at the whiplash on a starvation level. To Latin American intellectuals this situation was worse than loss of national dignity and sovereignty; it was a form of slavery.

Under Presidents Harding and Coolidge, Dollar Diplomacy seemed to reach its highest crescendo. Certainly the low-water mark of our reputation in Latin America came during the 1920's. At one time there were either American troops in occupation or regimes which were mere American puppets in a majority of the Caribbean nations.

When Sumner Wells was a delegate from the United States to the Inter-American Conference held in Santiago, Chile, in 1923, he was appalled at the feelings of hatred and animosity expressed towards his country. At the next Conference, held in Havana in 1928, President Coolidge was booed when he came in person to

address the meeting. I would say that this was a rather understandable occurrence in view of the fact that Mr. Coolidge had been quoted as saying that the United States would not be overly concerned with the feelings, and expressions, of "insignificant peoples" in shaping its course of conduct.

During all of these tortuous years about the only story to have any heartening feature was the slow development of the Pan-American movement. In 1889, we had taken the lead in sponsoring a Pan-American Conference in Washington which made an effort to pick up some of the loose ends left in Panama in 1826. After 1889, there were fairly regular meetings of the American states, usually coming at five-year intervals. Most of these earlier meetings were hampered by the hatred of the United States, to which we have just made reference. To prevent such incidents as the boeing of Coolidge in Havana, the agenda was usually made up to exclude any controversial political subject. They would get together and talk about tourism, extradition of criminals, international postal services — anything but political matters.

The Pan-American movement began to take on some aspect of international amity with the inauguration of the Quaker President, Herbert Hoover, in 1929. He had celebrated his election by taking a long good will tour of Latin America, during which he successfully mediated the old Tacna-Arica dispute between Peru and Chile. Most Latin Americans were overjoyed in 1930 when Hoover's administration promulgated what is known as the Clark Memorandum. I shall not tax you with the details of this complicated state paper. Its effect was interpreted to be the abrogation of the Roosevelt Corollary — the United States was no longer going to play the role of Sheriff in the Western Hemisphere. President Hoover began to implement this new policy by withdrawing our troops from certain Caribbean areas.

Some Latin Americans were understandably skeptical of the apparent reformation of the Gringo Colossus. They kept their fingers crossed and said: "Well, this just cannot last!" When they awoke one morning in November, 1932 to read headlines saying "Roosevelt elected President of the United States," they



were quite sure that the end had come. They had vivid memories of Roosevelt the First, of his Corollary and of the seizure of the Panama. They recalled his remark about Colombians, made during the abortive negotiations for a Canal Zone at the time of the Hay-Herran Treaty, "dirty little Greasers." Roosevelt the Second seemed to waste little time in living up to the reputation of his family name. The 1934 intervention in Cuba, which saw President Machado taken aboard a cruiser to New York, seemed to many observers to be the most extreme action we had ever taken in our long history of interference into the affairs of Latin American states.

But F. D. R. had in his administration a close personal friend of Groton and Harvard days who had an *entré* to speak frankly with the President. This was Sumner Wells. Perhaps no North American has ever had the cause of Latin America more at heart or better understood that part of the world. Under-Secretary of State Wells influenced the very significant developments which now characterized the Roosevelt Administration's policies toward Latin America. In his inaugural address the new President had talked about a "Good Neighbor" policy, but it had not had any particular reference to Latin America. It had been meant for a statement of our relations with the world generally. Wells convinced F. D. R. that there could be no better place to apply the principle than in the portion of our own hemisphere where the hatred and bitterness toward the United States had reached such proportions.

At the Inter-American Conference in Montevideo in 1933 we had accepted a principle long urged by Latin American nations: absolute nonintervention by one American state in the affairs of any other. But we had made a reservation to our acceptance (and Latin Americans had said, cynically, "Of course *they* would make a vitiating reservation. They could not really accept it!") The reservation was that we should still be free to move in anywhere that treaty provisions gave us the right; i.e., the Platt Amendment in Cuba, etc. Some of these treaty concessions had literally been obtained at the point of a gun. So the Montevideo Conference did

not have too great an effect in raising our reputation among the southern neighbors.

But in 1936 the next Inter-American meeting at Buenos Aires saw President Roosevelt go in person to accept, without qualification, the Doctrine of Absolute Nonintervention for the Western Hemisphere. Even as he spoke we were at work implementing our new position. We renegotiated our canal treaty with Panama. The new Hull-Alfaro agreement removed any right of the United States to intervene in the Republic of Panama or to acquire any further Panamanian territory by unilateral action, as we had been authorized to do under the original Hay-Bunau Varilla Treaty. We abrogated the Platt Amendment, which had given us the right to virtually dictate the foreign policy of Cuba. We pulled our remaining forces of occupation out of Haiti and other Caribbean areas. Latin America now began to believe that we might mean what we were saying. The change had come none too soon, because the shadow of the Axis was now beginning to fall over the world.

The potential menace of Axis totalitarianism was in the minds of all American statesmen as the Eighth International Conference opened in Lima, Peru in 1938. This conclave issued the famous Declaration of Lima: "that an attack upon one American state would amount to and be regarded as an attack upon all twenty-one republics."

Hemispheric solidarity was put to the test almost immediately. After World War II broke out in September, 1939, a meeting of the Foreign Ministers in Panama agreed upon hemispheric neutrality and a mutual defense arrangement. At Havana in 1940, the twenty-one republics served notice on the Axis that we would not tolerate any attempt to take over the French and Dutch colonies in the New World. Finally, after Pearl Harbor brought one of the twenty-one into a state of war, the Rio de Janeiro Conference of 1942 saw all of the Latin American states but two range themselves alongside the United States by breaking diplomatic relations with the Axis. The two conspicuous exceptions, of course, were Argentina and Chile. Chile came along a few months later, after her presidential election, and you are all familiar with the

unhappy story of Argentine shenanigans during World War II. It must be noted, however, that even Argentina declared war just before the UN San Francisco Conference, so that for the record hemispheric solidarity was complete during that war.

Most Latin American contributions toward winning World War II came in furnishing bases and strategic materials to the United Nations. Two of the republics did contribute overseas forces, Brazil in Italy and Colombia in the Philippines. There were naval operations on the part of Brazil and Mexico which had significance in helping the Allies to deal with the Axis submarine threat in the South Atlantic and the Caribbean. The Western Hemisphere was never drawn together more closely than during World War II. The method of the Japanese attack at Pearl Harbor created a great feeling of sympathy for the United States throughout Latin America. President Roosevelt's popularity was tremendous throughout the hemisphere. I have a personal recollection of the observance of his birthday in 1942 in one Latin American country, where the tides of war had brought me as a member of the armed forces. The birthday balls and public tributes were very moving to a North American, even to a Republican whose feelings about Mr. Roosevelt had been something less than enthusiastic back home!

When the war seemed to be approaching its conclusion an Inter-American Conference was called at Chapultepec, having its eye on the forthcoming UN organization meeting set for San Francisco in April, 1945. The gathering at Chapultepec issued a very important statement of position and purpose which shows how far the Pan-American movement had come since the bitter days of the 1920's. The twenty-one republics declared that they wished to preserve their regional organization, come what may; that they would not agree to going into any world organization which would delimit the operation of the Inter-American System. The stand taken at Chapultepec is one of the main reasons why the United Nations Charter gave its blessing to regional organizations. On no other terms would the Latin American states have agreed to enter the United Nations.

Following the war in 1947 the Organization of American States was set up as a permanent peacetime agency. I have already made mention of this in a previous lecture to you, but I will just remind you of Articles 17 and 19 of the Charter of the OAS adopted at the Rio Conference in 1947. These articles set up the permanent body, the Organ of Consultation, which, in event of a crisis, can actually, by a two-thirds vote, commit the members of the OAS to specific actions short of military operations. In other words, it is interesting to point out that the United States could be committed against its will to go along with an economic blockade or boycott. It could be in the minority, and a two-thirds vote of the OAS could bind it to some very significant actions. Sometimes economic weapons are more than enough. There is no veto in the Organization of American States!

Latin American affection for the United States was at its peak in 1945. It has been falling away ever since. Latin America felt neglected in the days of the Truman Doctrine and our pre-occupation with Europe and the Far East. The Marshall Plan sounded hollow to this part of the world which obtained so little benefit from it. When General Marshall went to Bogota as our Secretary of State to attend the sessions of the Inter-American Conference there in 1948, mobs tried to bring the situation of Latin America to his attention in a most forceful way. Rioting swept the city, there were hundreds of casualties, and most of the foreign diplomats, Marshall among them, had to take refuge in their respective embassies. So you see the reception which greeted Mr. Nixon in various places last year was not a new thing. General Marshall could have briefed him well.

The United States did promise aid after the 1948 conference. Things seemed to be looking up again. Some of the South American republics began to organize a sort of PWA type of government agency — a *corporación de fomento* (development corporation) — which had as its purpose the building of dams, the manufacture and distribution of electric power, and the establishment of industrial mills. Colombia, for example, began an impressive

construction of textile mills. Brazil planned to develop its coal and iron. But the money from Uncle Sam was simply not forthcoming.

From 1945 to 1957, the United States gave out over 62 billions of dollars in foreign aid. Latin America received less than one billion; 800 million, in fact. The 1958 Foreign Aid Bill appropriated 3 billions of dollars, and after all of the uproar over Nixon the share for Latin America is only 100 million. The twenty republics to the south of us have experienced the gravest sort of an economic crisis since World War II. They think that the United States, far from extending a helping hand to them, has aggravated their situation. This is the reason: Latin America for the most part has to import its capital equipment and its consumer goods. They can pay for these only by selling their own exports at a suitable price level. The United States has often put the squeeze on them. I will give you a few illustrations of this.

*Copper.* During the Korean War, we were buying copper like mad. The price went up to 55¢ per pound. Once the war was over, however, the bottom fell out and it is now 25¢ per pound. Yet, Chile gets 60% of its export income from copper. The current situation is a terrific problem for that nation, which is used to a high standard of living.

*Coffee.* The United States not only is the greatest consumer of coffee, but it is the middleman which carries much of this product to many parts of the world. A congressional investigation of coffee prices set off a consumers' strike against coffee in this country about six years ago, and the export of coffee from Brazil declined precipitately. Yet, coffee accounts for three-quarters of Brazil's foreign exchange. You can imagine that the McCarthy-style congressional investigating committees are rather unpopular in Latin America.

*Nitrate and Tin.* Changes in United States manufacturing methods have greatly reduced our purchases of these items, and the result has been a very adverse effect on the economies of both Chile and Bolivia.

*Oil.* It might surprise you to hear that there is any economic grievance in this field. But in Venezuela they say that we have been greedy, that we developed their fields too fast, that our technology has been too efficient and has run the supply ahead of world demand, and that they now have a glut of oil on their hands. They are very unhappy about this — so much so that they have accepted a recent invitation from Nasser to go to Cairo to sit in on a conference of the world's oil-holding states to see what can be done to control the flow of oil to world outlets. (I should think that the picture of a member of the OAS going to sit down in company with Nasser would be enough to jar the complacency of somebody in Washington!)

*Lead and Zinc.* Just a few years ago the United States cut our imports of lead and zinc by one third. The reason given was a desire to protect the domestic industries in these fields. But it would be hard to imagine a worse case of timing, however legitimate the reason. The step was taken by presidential order just on the very eve of a meeting of the OAS foreign ministers in Washington. Talk about public relations! Mr. Dulles was undercut by another branch of the Executive Department just at a time when he was trying to soothe troubled Latin American colleagues.

The Latin Americans complain that our government does little or nothing to encourage United States capital to invest in their area. In some of our other lectures here at the War College we have heard about investments being made by American corporations in other parts of the world: there is a new DuPont plant in Northern Ireland, for example. Latin America has cheap labor; it is rich in raw materials; and it has fairly well-developed transportation facilities. But our government has made virtually no effort to encourage capital investments in South America. When one looks at the ferment in Africa, and realizes the very uncertain future there of the white man, the question cannot help but arise as to the wisdom of the rubber plantations in West Africa laid out by American concerns. Especially when one recalls the expenditure of millions upon millions in the upper Amazon to create an

American rubber industry during World War II — all now reclaimed by the jungle, in spite of the fact that rubber was native to Brazil.

On the other hand we have never been loathe to welcome Latin American capital to the United States. The grandee class of Latin America, which holds most of the money, usually turns to the United States to do its banking. For example, there is more Chilean capital invested in the United States than there is at home. If the Latin countries could just lure an appreciable amount of their own money back again they would be quite happy. We could help them with little cost to our own economy by imposing taxes on foreign investments which might cause their owners to re-examine the value of giving their own countries the go-by.

Certain foreign policies of the United States have operated to shut Latin American trade out of markets on the other side of the world. The twenty sister republics have gone along with us in our attitudes toward trading behind the Iron Curtain. They say that this cooperation has cost them dearly. They have had the opportunity to trade with Red China, and they recognize that filling the needs of Red China might mean a great deal of profit to them. They point out, however, that they have been loyal to the United States' position on Red China, in and out of the UN, and they have raised no fuss about blockade of the China coast. They think we owe them something to help ease the economic loss which has come to them by taking this stand by our side. They are quick to point out that we have tried to compensate Japan for her loss of trade with China.

What Latin America desires above all is an economic partnership with the United States. She feels that she has asked in vain for aid and cooperation and received instead moves toward domination, reminiscent of the old days of imperialism. There is a feeling that we do not understand the new surge towards democracy in Latin America; that we do not comprehend that it is really a social and economic revolution to a greater degree than it is political. In this connection, I should like to urge upon you this thought: *caudilloism* and the cult of the man-on-horseback (*per-*

*sonalismo*) is not dead in Latin America. There is simply a shift to a new class of *caudillo*. The leader comes no longer from the old *patron* or grandee element. He rises from the masses. He inflames his own people with an awareness of their natural rights, with resentment for their longtime exploitation, and with a dream of sharing in the wealth of their country and in society and government so long closed to their kind. It would be well for us to get the true picture. Men who are full-blooded Indians, or Negroes, have been coming to places of leadership and power. We have had an example of this in Mexico since 1917, where the Party of the National Revolution has been continuously at work on a broad program of social and economic reforms.

The distate for "dictators," which we hear so much about, is actually a distaste for the old *patron* class of dictator. Peron is out, but his prototype is likely to continue for a long time to be very popular with the *descamisados* (the shirtless ones). The tradition of "government by bullet rather than ballot" is not gone. It simply has reference to a new type of beneficiary. The new leaders will come and go in much the same fashion as the old ones. We must not be shocked by violence in Latin American governmental change. We cannot judge their way of doing things by ours. As one great scholar, A. C. Wilgus, has put it, Latin America cherishes a "divine right of revolution" as much as we cherish the processes of an orderly elective democracy.

The dictators of the new era appear to be an improvement over their predecessors of *patron* days. The new Latin "democratic movement" which they lead means change for popular betterment in social and economic fields. It is vitally necessary that the American people and their leaders understand this. The Nixon affair, I think, was due to a widespread impression in Latin America that we are committed to uphold and restore the old privileged classes. The worst blowup came, as you know, in Caracas because the people of Venezuela saw in Mr. Nixon a symbol of the power which they thought had stood behind the ousted dictator, Perez Jimenez, in his heyday.



There are certain other tensions between the United States and her Latin neighbors which should be noted. First, there is the cultural impact of the North American radio, movies, books, periodicals, and tourists. There is a movement in Latin America known as *Hispanidad*, which tries to emphasize the Hispanic culture which ties so much of the area to Old Spain. The members of this cult profess to fear the corrupting Anglo-Saxon influence from North America. Just recently, at the International Film Festival in Mexico City, this feeling broke out and there was organized boeing of American personalities and American offerings.

Religion, unhappily, is another cause of tension between us. They still think of us as a fundamentally Protestant and Anglo-Saxon people. Some of our missionaries down there, who are usually from the vocal and dynamic fundamentalist sects, do not always behave in the most diplomatic way in their missionary activities. Many Latin Americans fail to understand how there could be anything but a sinister purpose in spending money for "missionary" work among a people who are already confirmed in their Christianity.

It seems that the racial question somehow gets into every lecture I give here at the War College, and it must be mentioned at least in passing in any discussion on the subject of Latin America. As I pointed out earlier there is some social discrimination based upon race in the area, but Latin America long ago broke down the barriers in the political and economic fields. Nixon was greeted by signs bearing the words "Little Rock," and there can be no doubt that this grievous question vexes our relations with Latin America as it does with so many other parts of the world.

We come now, inevitably, to another sure topic — Communism. Latin America does not see Communism quite as we do. This is sad, but it is true. For one thing it is not an important grass-roots movement in Latin America, nor does it attract many intellectuals. They were horrified by what happened to Trotsky, and any intellectual is likely to want to be free to "deviate." The Party does not have a significant membership in numbers except

in Brazil, Cuba, Argentina, Panama, and Chile, and it is not a real threat in any of these as a force with a chance to achieve political power. The Communists appreciate their position very well and try to influence events more subtly than in any overt and sure-to-be-beaten bid for office.

The struggle against World Communism is unreal to many Latin Americans. It is a far-away ideology, and Russia is far away. The Communists and their fellow travelers constantly exploit this latent feeling that there is no *real* menace, that the *Yanquis* are obviously just using the excuse of combatting Communism to cover up a renewal of their own imperialism in Latin America. Even the overthrow of the pro-Communist Arbenz regime in Guatemala was pictured far and wide throughout the Latin republics as a new move by the *Gringos* to impose their will on a small and helpless American state. It is sad to say this, but there can be no doubt that many, many people in Latin America believed this. Latin Americans indeed often find themselves thinking in terms of the Soviet Union and its power as a counterpoise to the *Gringo* Colossus. They demonstrate this in devious ways. In Argentina, for example, they used to take great delight in parades on national holidays and other state ceremonies in putting the Soviet Ambassador right at the head of the procession and the American Ambassador away back in the rear some place.

Latin Americans are tremendously impressed with the industrial growth of the U. S. S. R. Being a backward region themselves for the most part, they feel that the example of Russia's "Operation Bootstrap" is one which they could conceivably follow. They are well aware that industrial power is a *sine qua non* to political power and national security in this modern age. They think at times of playing the U. S. A. and the U. S. S. R. off against each other, and thus securing economic and technical assistance from both. They are not afraid of getting too far into the Soviet Bear's embrace because they realize that in any event they would still have the assurance of U. S. protection in case of any Russian attempt at military or political penetration.

The fact is that in Latin America there is still a pronounced, if sometimes latent, feeling against the United States which is accounted for by the history of their relations with us over most of the past century. This unhappy fact continues to be the principal tool in the hands of Communist agitators. You say: "Well, surely the Church must be a powerful counter-influence." But, here again, the fact that Latin America is Catholic is no adequate answer to this problem. There are mixed effects of the religious allegiance of this part of the world. The situation is not unlike that of another Catholic country, Italy. You will recall that the Communists have polled as much as 40% of the vote in that country despite its being the seat of the Papacy and a strong stand by the Church against Marxism. In Latin America, too, there is often a pronounced anticlericalism, in some sections even agnosticism. The Church itself is well aware of the nominal style Christianity of many of its communicants and is laying plans for a missionary movement in Latin America.

The U. S. S. R. leaves no opportunity untouched to wage psychological warfare. They talk about "neutralism," and warn the Latin Americans that military collaboration with the United States, such as granting us bases, is an invitation for nuclear attack upon their territory and population. The horrors of atomic warfare can be just as graphically described to people in this part of the world as in any other. This sort of agitation has already harvested some bitter fruit for us in the new Caribbean West Indian Commonwealth, where we have been "invited" to get out of our base in Trinidad.

To sum up the nature of Latin America's contemporary importance to the United States, I would say that it falls into economic, strategic, and psychological categories. There is a tremendous storehouse of vital raw materials there. Virtually every Latin American country has quantities of manganese — sometimes huge deposits. Bolivia turns out 15% of the world's tin and sizeable amounts of antimony and tungsten. Brazil has enormous deposits of monozite, which as you gentlemen know is another source of thorium, an alternate for uranium. There are several extensive

sources of iron ore and coal in South America, although not a high grade of coal. Brazil is the birthplace of the rubber industry. Chile turns out 75% of the world's iodine. Colombia has iron ore, oil, lead, copper, and mercury in great quantities. Ecuador has almost untapped stores of silver, iron, cotton, and lead. Paraguay has vast timber resources and also iron and copper. Peru is the largest producer in the world of vanadium, and also supplies much copper and some oil. Venezuela produces 2,500,000 barrels of oil per day and boasts one of the richest veins of iron ore in the Lake Maracaibo area.

Latin America is an important food producer, even for us. We have over a billion dollars invested in Cuban sugar. Argentina and Uruguay are among the world's largest suppliers of beef, wheat, and wool. Brazil and Colombia give us most of our coffee, and the Caribbean lands our bananas and a considerable amount of certain citrus fruits. Cotton, tobacco, rice, and indigo are other very important agricultural exports from the Caribbean area.

The industrial potential of Latin America is not to be overlooked. We have taken account of the great mineral resources waiting to be exploited. There is also a vast labor pool. It is estimated that the population of Latin America will surpass 500 million people by the year 2000. The birthrate in this part of the world is booming. It may very well match that in India and China before long. There are important water power resources, as well as the ingredients which I have already mentioned, for the development of atomic energy.

Strategically speaking, the Latin American nations represent, through OAS, our proudest alliance. We have been talking so much here at the War College about the concept of the "heartland" and, of course, have been using that term with reference to the Old World. But the Western Hemisphere can also be an important "heartland." Mankind is on the verge of achievements which would have seemed beyond credibility a few short years ago. In this hemisphere are base sites of vital importance to controlling the approaches to Outer Space, to supremacy of the West on the sea and in the air, and to protection of the South Polar

**World. A friendly Latin America, plus a friendly Australia, can enable us to virtually interdict any enemy's approach to Antarctica. The transoceanic canal in Panama, and its twin, which may be built through Nicaragua or elsewhere in Central America, is vital to the expeditious movement of the Free World's shipping.**

Psychologically, Latin America has, up till now, been ranged alongside us in the world struggle. She has given us complete support in the United Nations. To cite four examples of UN voting: the resolutions on the Hungarian Revolution; the question of seating Red China; the Western plan for disarmament in 1957; and the dispatch of the UN Emergency Force to Suez in 1956. The Latin American voting was 100% on these issues — twenty votes right down the line by our side. Can we possibly afford to lose such valuable support? Isn't it worth making every effort to maintain the solidarity of the Western Hemisphere? Could anything be more important than keeping the 500 million Latin Americans who are on our own doorstep on the closest terms of freindship and collaboration?

During this talk on the subject of Latin America's importance to the United States I have done the natural thing and formulated my thinking from the North American's point of view. This emphasizes the role of Latin America in hemispheric defense and as a part of the Western bloc in the Free World; it takes into account its situation as a storehouse of vital and strategic materials. But it would be well for us to look to the other side of the coin and try to appraise this matter as a literate citizen of Latin America might look at it. (And I should have said earlier that one of the impressive results of the new democratic movement in Latin America is that many, many more people are getting an education and are literate). Frequently, the North American's outlook seems materialistic and selfish to his Latin neighbor.

The Latin American does not relish a role of colonial dependency, economic subordination, or cultural tutelage. He seriously rejects any inferior position for himself and his country. He has long been devoted to the concept of the juridicial equality of states and the value of international organization. He demands

full recognition of his national and individual dignity. The Latin American wants to be the valued and respected partner of the North American. He does not need to be reminded of our "community of interests." What he is all too often afraid of is that it is *we* who will forget and need to be reminded. If we will take him in good faith into a *true* partnership, I am confident that we can count upon him through thick and thin, and that all of our twenty-one republics will succeed in keeping the Western Hemisphere a beacon of human freedom, security, and progress.

Gentlemen, I have tried, rushing along here, to deal with the whole hemisphere at our doorstep — to cover twenty nations in less than an hour. I realize that I have done it very inadequately, and my apologies to you. The assignment may very well have been an impossible task, but our curriculum schedule would not allow more time.

Thank you!

## BIOGRAPHIC SKETCH

### Professor Lawrence O. Ealy

Professor Ealy received his LL.B., M.A., and Ph.D. degrees from the University of Pennsylvania. He also attended Temple University, and is a 1941 graduate of the Navy Supply Corps School at the Harvard University Graduate School of Business Administration.

He holds the Ernest J. King Chair in Maritime History for the 1958-1959 academic year. He is on leave from Temple University where he holds the rank of Professor of History. He has also taught in the fields of History and Political Science at Rutgers University and at Beaver College.

Professor Ealy is a specialist in the Latin American area and is a recognized authority in Panamanian and Isthmanian affairs, particularly. His recent publications on this subject include *The Republic of Panama in World Affairs* (a book-length diplomatic history) and *The Development of An Anglo-American System of Law in the Panama Canal Zone* (an article in legal history). He also works in American Foreign Relations and Constitutional Law and History.

Professor Ealy has written four books and numerous articles for scholarly and professional journals. He is presently engaged in doing a diplomatic history of the American Civil War, which will be published in connection with the oncoming centennial observance of that conflict. In addition to his career in higher education, he is a member of the legal profession and has been admitted to the bar in both Ohio and Pennsylvania, as well as practicing before various Federal courts. He serves on the Board of the *American Journal of Legal History* (of which Chief Justice Warren is the Chairman), and is a member of many professional societies in his fields of interest.

During the period of the Second World War, Professor Ealy was in the Supply Corps and saw service in the Pacific, Atlantic, and European Theaters. He was Commanding Officer of the Naval Supply Depot at Argentia at the close of hostilities in the Atlantic, with additional duty as Force Supply Officer on the Staff of the Commander, North Atlantic Force (CTF 24). He is now a Commander (Retired) in the United States Naval Reserve.

Professor Ealy has been elected Provost of Hobart College, at Geneva, New York, and of its women's affiliate, William Smith College, and will assume his responsibilities at those institutions when he leaves the Naval War College in July.