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U.S. Foreign Aid to Latin America: Hypotheses and Patterns in Historical Statistics, 1934-1974

A dissertation submitted in partial satisfaction of the requirements for the degree Doctor of Philosophy in History

by

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1979

to my parents

GILLES J. BOUCHER

and

DOROTHY L. BOUCHER

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LIST OF SYMBOLS

Three dashes (---) indicates the magnitude is zero or negligible.

Three dots (...) indicates data not available.

Two dashes (--) indicates not applicable.

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ABSTRACT OF THE DISSERTATION

U.S. Foreign Aid to Latin America:
Hypotheses and Patterns in Historical Statistics,
1934-1974

by

Phillip Paul Boucher
Doctor of Philosophy in History
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This is a study of U.S. foreign aid and its role in inter-American relations. It attempts to answer several fundamental questions about U.S. foreign aid to Latin America that remain obscured by rhetoric. Has the majority of funds been given to promote economic development in Latin America? Or have political pressures been a better measure of why aid has been allocated? Have all countries in Latin America shared these funds somewhat equally? What have been the true economic and political costs of aid to Latin America? And how has forty years of U.S.-

Latin American interaction shaped the overall foreign aid program?

In order to treat such wide-ranging issues I chose statistical records as my primary source material--more specifically, records of the three largest U.S. bilateral aid programs to Latin America: Export-Import Bank, U.S. Agency for International Development, and the U.S. Public Law 480. These I found primarily in two statistical series published by the U.S. government: U.S. Overseas Loans and Grants and Assistance from International Organizations and Operation Reports.

Moreover, I employed these sources in an original manner. Instead of using the summary tables provided in each annual volume, I went back and, whenever possible, recorded the amount of the loans when they were first promised to a Latin American country. In this manner, I constructed new time-series data for twenty Latin American countries. This data was then used as a scale by which I could measure U.S. intentions toward individual countries or the whole region over a period of years.

The study is organized into five chapters. Chapter I deals with the definition of foreign aid, problems in its measurement, and the usefulness of different kinds of foreign aid statistics in interpreting inter-American relations. Chapters II, III, and IV each devote their space to one of the three U.S. bilateral aid programs.

Several dozen tables and an appendix for each country show the timing and pattern of U.S. assistance from 1934 to 1974. The fifth and final chapter draws conclusions and suggests specific ways in which the data can be used for further study.

The analysis of the time-series has led me to the following conclusions: (1) All foreign aid is in some sense political. Aid is one of the many tools of foreign policy and has been used consistently to mitigate political crises. (2) U.S. policy toward Latin America has not been monolithic. Even during political emergencies different agencies have pursued contrary policies. (3) The distribution of aid among Latin American countries has been weighted in favor of the larger and politically and economically important countries. (4) The popular images attached to the aid programs have not always been accurate. The Export-Import Bank, often maligned for its tightfistedness, functioned as a development bank in Latin America during much of its history. On the other hand, the Public Law 480 program which shipped U.S. food surpluses to Latin America rarely lived up to its humanitarian reputation. (5) The cost of aid to Latin America has varied over time with each agency. (6) And finally, the volume of U.S. aid has grown or dwindled depending on the value of the dollar.

Ultimately, I think this work is useful not only because of its interpretations of inter-American relations, but because the statistical materials can be used as a tool by other researchers interested in different sets of questions.

INTRODUCTION

This work is a study of United States foreign aid to Latin America. Its primary goals are to identify some of the complexities in the aid process and to determine the statistical patterns in United States economic assistance to Latin America from 1934 to 1974.

More precisely, it examines the published statistics from three United States aid programs: Export-Import Bank, Agency for International Development, and Public Law 480. Rearranging these statistics in historical time-series, I show the timing and the relative amounts of aid that have gone to Latin America. These tables and graphs then allow me to give a preliminary analysis of what might have caused fluctuations in aid allocation and why certain Latin American countries have peculiar patterns in the receipt of foreign aid.

In terms of emphasis, the work focuses more on the complexities of what aid is than on what aid does. It focuses more on the topic of how the different aid programs evolved than on what effect this aid has had on Latin American political and economic development. In other words, this work is not a technical treatise on economic development, nor is it a political critique of the moral and ethical bases of foreign aid. Its more modest goal is to define and arrange historical statistics so we have a better understanding of how, when, and why the United States gave foreign aid to Latin America.

The study is organized into five chapters. Chapter I deals with the definition of foreign aid, problems in its measurement, and the usefulness of the statistical sources. Chapters II, III, and IV each devote their space to one of the three United States bilateral aid programs. Questions include: Why was the agency established? How has its function been reflected in its statistical record? And what has been its relationship to Latin America? The fifth and final chapter draws conclusions about aid and its role in inter-American relations and suggests specific ways in which the data can be used for further study.

The two statistical sources most heavily relied on are the Operations Reports from the Agency for International Development (AID), and the U.S. Overseas Loans and Grants prepared by AID for congressional use. The former explores in some detail the assistance program of the Agency for International Development, whereas the latter gives a summary of assistance from all United States bilateral agencies.

I use these sources in a different manner than they were originally intended. The publication series U.S. Overseas Loans and Grants, for example, presents annual data of U.S. foreign aid to scores of countries around the world. The publication's primary purpose is to provide Congressmen with the most recent statistical information so they can vote intelligently on the annual foreign aid appropriations legislation; for this purpose they are very efficient. But if someone wanted to know, for example, when U.S. commitments to a certain Latin American country were at their peak, or how countries compared with one another over time, or tried to distinguish the long-run difference between aid to Latin America and Africa, the official presentation of figures would be of little help. To overcome such problems, I have drawn statistics from each volume and isolated and regrouped them in historical time-series. Using the resultant tables and graphs and some secondary materials,[1] I have developed an alternative view of foreign aid and inter-American relations not possible or foreseen in the original data.

Clearly, this kind of examination is lacking in existing studies of foreign aid and inter-American relations. Most histories of United States-Latin American relations have used diplomatic accounts and administrative records to describe treaty obligations and shifts in power relationships.[2] Traditional works on foreign aid by political scientists tend to be theoretical in nature and examine the role of foreign assistance in relation to political theory and American worldwide foreign policy.[3]

And finally, economists are most often concerned with the effectiveness of aid in promoting economic development.[4] The bulk of the remaining works are written by Congressmen, aid officials, businessmen, and diplomats. Each provides some information, but from a narrow perspective. Since each of these observers sees only a part of the foreign aid process it is little wonder they reach diverse conclusions. In short, there is little historical evidence to show the long-term trends in amounts, forms, and functions of economic assistance to Latin America. It is the purpose of this study to examine such issues in some detail.

If my statistical view of foreign aid offers a unique approach to international relations, the resultant view falls within a recent trend by political scientists and economists to see government behavior as more complex than once thought.[5] This recognition of the complexities of decision making and of foreign policy elements has been complemented by some recent, if incomplete, attempts at quantitative analysis.[6] By pointing out the complexities of foreign aid through the use of statistical patterns, the following work is intended to advance knowledge in both such approaches to international relations.

FOOTNOTES

[1]The most important include the House Foreign Affairs Committee, the House Appropriations Subcommittee on Foreign Operations, the Senate Foreign Relations Committee, and the Senate Appropriations Committee.

[2]See for example, Samuel Flagg Bemis, The Latin American Policy of the United States (New York: Harcourt, Brace, 1943); Donald Marquand Dozer, Are We Good Neighbors? (Gainesville: University of Florida Press, 1959); J. Lloyd Mecham, The United States and Inter-American Security, 1889-1960 (Austin: University of Texas Press, 1961); and Bryce Wood, The Making of the Good Neighbor Policy (New York: Columbia University Press, 1961).

[3]See for example, David A. Baldwin, Foreign Aid and American Foreign Policy (New York: Frederick A. Praeger, 1966); Edward C. Banfield, "American Foreign Aid Doctrines," in Why Foreign Aid?, ed. by Robert A. Goldwin (Chicago: Rand McNally, 1962), pp. 10-31; George Liska, The New Statecraft, Foreign Aid in American Foreign Policy (Chicago: University of Chicago Press, 1960); and Hans J. Morgenthau, "Preface to a Political Theory of Foreign Aid," in Why Foreign Aid?, ed. by Robert A. Goldwin (Chicago: Rand McNally, 1962), pp. 70-89.

[4]See for example, Hollis B. Chenery and Alan M. Strout, "Foreign Assistance and Economic Development," American Economic Review, 56:4 (September, 1966), pp. 679-733; Walt W. Rostow, ed., The Economics of Take-Off Into Sustained Growth (New York: St. Martins Press, 1963), and Lawrence W. Witt, "Development Through Food Grants and Concessional Sales," Agriculture and Economic Development, ed. by Carl Eicher and Lawrence Witt (New York: McGraw-Hill, 1964).

[5]See Graham T. Allison's, Essence of Decision: Explaining the Cuban Missile Crisis (Boston: Little Brown, 1971), for his three paradigms of government behavior. Also see Christopher Mitchell, "Dominance and Fragmentation in United States Latin American Policy," in Latin America and the United States, the Changing Political Realities, ed. by Julio Cotler and Richard R. Fagen (Stanford: Stanford University Press, 1974), and Irving

Louis Horowitz, "U.S. Policies and Latin American Realities: Neighborliness, Partnership and Paternalism," in Latin America: The Search for a New International Role, ed. by Ronald G. Hellman and H. Jon Rosenbaum (New York: Sage Publications, 1975).

[6]See Eugene R. Wittkopf, Western Bilateral Aid Allocations: A Comparative Study of Recipient State Attributes and Aid Received (Beverly Hills: Sage Publications, 1972).

CHAPTER I

DATA AND METHODOLOGY

Since this study is essentially a statistical interpretation of foreign aid, it is crucial that I be explicit about the numerical values I will be using. This chapter, therefore, deals with the selection, use, and interpretation of foreign aid statistics. Four points are considered. First, what is meant when I use the words foreign aid? Why do I include some numerical sources within my definition and exclude others? Second, what different ways can foreign aid be measured and why do I choose one method instead of others? Third, what different accounting categories does one find within government publications and what are their uses? Finally, what are the problems encountered when comparing statistics over a forty year time span? Let us start with my definition of foreign aid.

Throughout, I use foreign aid to mean the dollar value[1] of the goods and services transferred bilaterally from the United States to Latin America under the following government programs: Export-Import Bank, United States Agency for International Development and its predecessors, and Public Law 480. Thus, foreign aid in my study refers only to: (1) the agencies listed, (2) the amounts published and verifiable, and (3) the products or direct monetary aid specified in the regulations of these agencies.[2]

I realize this definition will not draw wholehearted approval from some authorities because it openly accepts the foreign aid figures published by the United States government and it implicitly accepts foreign aid as something that can be accurately measured in dollars.[3] The primary criticisms of those who disapprove of dollar quantification are that (1) foreign aid encompasses so broad a spectrum of goods and services that to put a dollar value on each and then add them up makes the total almost meaningless, and (2), there exists a large discrepancy between the inflated cost of foreign aid as stated in the United States government publications and the actual cost—thus reducing the benefit of the aid received by the Latin American country. I acknowledge that these criticisms contain more than a modicum of truth.

Although totaling the cost of technical assistance, surplus agricultural products, capital goods, and surplus machinery might appear somewhat like adding apples and oranges, money values do provide a useful measure if we remember that no statistic was ever intended to capture all of the ramifications of what is being measured. It is true that in this work I label such disparate assistance as food for earthquake victims, money to support corrupt regimes, and equipment sent to build steel mills as foreign aid. But I do not do so carelessly. On the contrary, I purposefully have chosen to display the records of three dissimilar agencies to emphasize that foreign aid is not the monolithic program many people believe it to be, and that we need to measure it through examination of its hybrid nature. When I compare the quantitative records of each agency, I recognize the sums are not strictly comparable (for example, some agencies treat administrative or freight costs as part of the aid total, and others do not). This may make one program appear more significant than another. This is of no real concern, however, because for the historian, what the government has thought happened is at times as important as what actually happened. And finally, it must be kept in mind that we are interested in the long-term differences of the United States commitment to Latin America, not in an exact accounting of how aid affects Latin American economic development.

True, statistics may overstate the amount of aid given to Latin America, but let us examine the complexity in the meaning of such a criticism. On the one hand, it is generally conceded that the book value of some aid items, most notably surplus agricultural and military products, exceeds the prices these goods would bring in the world's open market. It is claimed that this--plus requirements that foreign aid be used to buy United States goods, plus interest costs, plus required use of expensive U.S. shipping--not only reduces the actual cost to the United States, but reduces the benefit of the aid to the recipient. One observer implies that the true cost of United States worldwide aid between 1948 and 1963 was less than half the stated amount.[4] On the other hand, it must be kept in mind that foreign aid is not free. There are administrative costs involved in giving foreign aid, and these sizable expenditures are absorbed by the United States government. More importantly, not all loans have had onerous repayment schedules or high interest rates; millions of dollars have been given to Latin America in outright grants.[5] This must certainly mitigate some of the complaints about the inflated value of United States foreign aid. Even if we assume that the cost of aid is somewhat exaggerated, how this reduces the value of aid to the recipient is not self-evident. In practice, foreign aid allows Latin America to buy goods and services it could not afford or find elsewhere. Theoretically, this aid fills critical needs and shortages, and has a multiplier affect on the entire economy. The only fore-seeable circumstance in which foreign aid could be an economic detriment to the recipient is if the servicing of the accumulated debt reduces foreign exchange so much that it hobbles the economy.

Tibor Mende, who considers published foreign aid statistics to be both unreliable and inflated, suggests that a better measure of foreign aid would be the "benefit value" aid has for the recipient--thus making a distinction between the cost of aid to the donor and the benefit of aid to the recipient.[6] While the exercise of estimating the "real benefit" or "cost" of foreign aid would be interesting and useful, it would have a very subjective value and be prone to large margins of error. The problems involved then with measuring the benefit value of aid are immense. One would need to have precise estimates of how the resources of each Latin American country would have been distributed and used without foreign aid. Another reading would then be needed to measure what economic, political, and social changes took place after the disbursement of United States assistance. The difference between the two measurements would then determine the "real" impact of aid. To develop this kind of measure would require a host of new economic indicators and presume a measure of administrative efficiency currently lacking anywhere in the world. It is only recently that the balance of payments accounts have become somewhat standardized in Latin America. A uniform accounting of national income and budgetary procedures is a long way off. This makes the calculation of the benefit value of foreign aid impractical at this time.

Suggestions to use the "true cost" of foreign aid to the donor as a better statistical indicator than the current bookkeeping value also is another fine ideal, but would be almost as difficult to determine as "real benefits." All we know for certain is that the real cost of aid to the United States is less than is shown in the published statistics, but this fact does not invalidate their use. The reader must remember that we are more concerned with the political significance of United States aid to Latin America than with an economic analysis of the impact of this assistance on the Latin American economies or the actual burden of the program on the United States taxpayer. The dollar or bookkeeping value of aid is therefore an appropriate measure. It may be somewhat inflated, but it tends to be consistent over time, and the data is available for almost a thirty-year period. I am showing long-term trends within and among countries, <u>the relative differences</u> are much more important than precisely accurate figures.

What one decides to highlight in measuring the flow of assistance to Latin America depends on two factors: (1) what kinds of statistics are available, and (2) what specific questions one wants to answer. Taking these two factors into account, I argue that my use of the bookkeeping value of aid is both logical and useful. Although investigators concerned with different questions could quote other statistical indicators, my series provides a basis of comparison for twenty recipient countries. To help readers use my statistics or better understand those found in newspapers, periodicals, or government publications, I also intend to show here the complex and confusing array of accounting categories used to describe foreign aid funds.

I have found fifteen categories commonly used to describe foreign aid capital (see Appendix A). Of these, only two--commitments and net obligations (also called expenditures or disbursements)--can be gleaned from government records over a long period of time.[7] All of the statistics used throughout this study, unless otherwise stated, represent commitments. If it might seem likely that one who is interested in tracing the amounts of foreign aid to Latin America would want to use expenditures or disbursements rather than commitments, a closer look reveals the fallacy behind such a simple view.

Disbursements involve actual transfers, whereas commitments represent only a potential transfer of resources. A disbursement tells us when the money was given; a commitment tells us when it was promised. This is a crucial difference because we are interested here in the intent of the United States aid program, not in its effect. Commitments provide perhaps the best means to assess the current and past policies of the United States toward Latin America because they pinpoint the exact timing of government intent. Disbursements, in contrast, reflect decisions taken some (unknown) time in the past. If the Eisenhower administration, for example, promised to give Peru $10 million in 1957, the money may not show up as a disbursement until 1958, 1959, or even 1960 and beyond because of bureaucratic delays. Because we are interested in what factors within the United States and Peruvian governments made the loan likely, unique, interesting, etc., we need to know, as close to the time as possible, when the loan was first firmly agreed upon. Commitment data provides the most accurate information and are therefore a better indicator of contemporary decisions and policies, which can then be compared over time.

In fact, one can receive a distorted view of policy decisions by looking only at disbursements, especially in countries like Honduras or Paraguay, where the aid program is small. In these countries, multiyear projects are committed during a specific year, and it is then that we can best judge the political impact of the aid within the recipient country. The actual disbursement of the funds will be given piecemeal as the project progresses, and this could take years. So when one tries to interpret the expenditure statistics, he sees a constant level of spending over a long period, whereas if one looks at the commitments he sees a wider variation in funding.[8]

The reason there is a divergence at all is that funds or resources cannot be disbursed as fast as they are promised. For example, there has to be proof of receipt of the goods and services before the United States will free the funds to pay for them. Usually, some political, technical, or administrative problem in either the United States or Latin America causes a delay. Thus, many of these commitments which are not spent are due to what economists call "noise in the system" or "pipeline lag." Some of these pipeline funds may not be spent at all and end up being reobligated in another year. We can see that the complexities of definition and categorization of accounting categories makes the interpretation of foreign aid hazardous. The major problems can be overcome by being explicit about definitions and being aware of what category of funding is being used. The same can be said about the problems involved with comparing statistics over a long time span--the fourth and final problem to be discussed in this chapter.

Trying to develop an historical time-series using foreign aid statistics is difficult. Over a long period of time, definitions change, agencies disband, collection procedures vary, names of categories are changed, and the data shows up differently in the year it is committed compared to summary forms in subsequent years. Some of these complexities are accidental and others deliberate. At times administrations have found confusion a convenient way to camouflage issues, confound critics, and gain congressional support. The reorganization of the primary aid agency was undertaken six times to successfully enhance its image. The shifting definitions of defense and economic categories have been one of the worst transgressions against clarity. For example, in 1959, pressure was applied to President Eisenhower from Congress to give greater emphasis to economic aid. He responded by lumping the old "defense support" category with more economic measures and calling the new combination "economic aid." This kind of maneuver makes it difficult for the investigator who is trying to classify aid according to function to develop historical continuity.

I have tried to overcome these problems by deciphering meanings in the shifting categorizations, estimating figures when they are not available, and always being as explicit as possible about definitions. One of the primary functions of this work consists of pointing out nuances, distortions, and shades of meaning to unravel the complexities of the aid process as a step toward creating a consistent historical analysis of foreign aid to Latin

America. Such is the case in understanding the Export-Import Bank and its dealings with Latin America.

FOOTNOTES

[1]This is the dollar value at the time of the aid transaction. These values have not been corrected for inflation unless indicated. See Table 2-1 for example.

[2]This excludes certain types of assistance to Latin America: trade agreements, favorable tariffs, aid channeled through international agencies such as the Inter-American Development Bank, and military aid. I exclude subsidies such as coffee agreements and special tariffs since they are more properly included under the category of commercial transations on the capital market, not foreign aid. I leave out aid funded through multinational agencies because one cannot clearly delineate responsibility for the decisions made about the use and allocation of funds. And finally, I do not include military aid because of the difficulties finding consistent and comparable statistics on military aid to Latin America. Some of the figures are classified and others are hidden within nonmilitary categories. Moreover, military assistance figures are published in the form of expenditures—not commitments--making them difficult to compare with other aid agencies.

[3]See Tibor Mende, From Aid to Re-Colonization: Lessons of a Failure (New York: Pantheon Books, 1973), and Aurelius Morgner, "The American Foreign Aid Program: Costs, Accomplishments, Alternatives?" The Review of Politics, 29:1 (January, 1967), pp. 65-75.

[4]Morgner, "The American Foreign Aid Program," pp. 67-69. The author states the real cost aid to the United States was approximately $2½ to $3 billion a year. Multiplying this times the sixteen year period 1948-1963, one arrives at a figure between 40 and 48 billion, or less than one-half the $100 billion total

[5]As will be noted in the following chapters, the record is mixed. During some periods of time grants were more commonly given; during others, loans were more prevalent. Some agencies have required more burdensome loan terms than others, and some countries have fared better than others. The complexity of this history is a recurrent theme throughout this work.

[6]Mende, From Aid to Re-Colonization, pp. 42-66.

[7]One can trace, with a great deal of effort, presidential requests and congressional authorizations and appropriations over a long period of time. These figures, however, only represent the level of funding for all of Latin America and cannot be broken down by countries.

[8]The difference in dollar amounts between commitments and disbursements is not large, I estimate about 4 percent. Compare my figures with the disbursement figures in James W. Wilkie, Statistics and National Policy (Los Angeles: UCLA Latin American Center Publications, 1974), chapter XVII.

CHAPTER II

THE EXPORT-IMPORT BANK

The collapse of the New York stock market in October of 1929 signaled the start of the Depression; not only was the domestic economy of the United States severely diminished by the economic dislocation, the international economy was depressed as well: between 1929 and 1932, world trade declined by 40 percent. In the hope of revitalizing trade, President Franklin D. Roosevent, in February 1934, created the Export-Import Bank.

Unlike Roosevelt's domestic New Deal legislation, the establishment of the Export-Import Bank caused hardly a stir. The reason for this untroubled birth now seems clear: few people envisioned the Export-Import Bank as a long-lived agency. It was meant to fill a temporary need; once trade returned to normal, Washington officials expected commercial banks to carry on Export-Import Bank business.[1] Who would have expected this small insignificant bank, with less working capital than many large private banks, to become the multi-billion-dollar foreign aid agency it is today? How and why this transition took place is one of the central questions answered in this chapter. Other questions include: what have been the primary functions of the Bank? What proportion of the Bank's loans has Latin America received? Which Latin American countries have been the prime beneficiaries? What kinds of projects have the loans supported? And what have been the costs and benefits of the loans to the United States and Latin America?

Let us begin by charting variations in the funding level of Bank loans over the last forty years. Introduction of these statistics at the outset enables us to visualize graphically the points of transition in the Bank's history. Table 2-1 and Graph 1 portray the trends, showing that the Bank got off to a very slow start; during the first four years of its operation only $134 million was authorized.[2] The small volume of business makes it easy to understand why as late as January 1937 "it was generally felt that the Export-Import Bank would be reorganized out of existence."[3]

The next four years show some increase in the volume of loans. Yearly authorizations finally rise above $100 million in 1940, and it appears that the Bank has finally moved beyond its modest beginnings. The small loan volume in 1943 and 1944, however, suggests that the Bank had not yet formed a consistent policy, as authorizations once again fell below the $100 million level. Then, as the almost vertical line of ascent dramatically slows, loans surged upward in 1945 and 1946, only to

Table 2-1

Worldwide Export-Import Authorizations, 1934-1974[a]

YEAR	CURRENT AUTHORIZATIONS (Millions of Dollars)	U.S. EXPORT PRICE INDEX 1953=100	REAL AUTHORIZATIONS (Millions of Dollars)
1934	11.5	46	25.0
1935	45.6	47	97.0
1936	55.6	48	115.8
1937	21.3	51	41.8
1938	74.8	48	155.8
1939	74.7	47	158.9
1940	371.2	50	742.4
1941	182.9	53	345.1
1942	264.1	61	433.0
1943	63.2	71	89.0
1944	31.1	82	37.9
1945	1,113.0	82	1,357.3
1946	1,712.3	78	2,195.2
1947	214.1	93	230.2
1948	78.9	98	80.5
1949	148.6	92	161.5
1950	330.1	88	375.1
1951	142.6	101	141.2
1952	110.6	100	110.6
1953	382.8	100	382.8
1954	35.8	99	36.2
1955	354.9	100	354.9
1956	192.1	103	186.5
1957	469.0	106	442.4
1958	540.3	106	509.7
1959	660.8	106	623.4
1960	348.2	107	325.4
1961	1,042.6	110	947.8
1962	584.0	109	535.8
1963	572.0	107	534.6
1964	568.0	109	521.1
1965	772.0	113	683.2
1966	793.0	116	683.6
1967	1,457.0	118	1,234.7
1968	857.0	120	714.2
1969	774.0	124	624.2
1970	1,222.0	131	932.8
1971	1,362.0	135	1,008.9

Table 2-1 (cont'd.)

YEAR	CURRENT AUTHORIZATIONS (Millions of Dollars)	U.S. EXPORT PRICE INDEX 1953=100	REAL AUTHORIZATIONS (Millions of Dollars
1972	2086.0	139	1500.7
1973	3543.0	162	2187.0
1974	3831.0	206	1859.7
Total	27,493.7	---	23,722.9

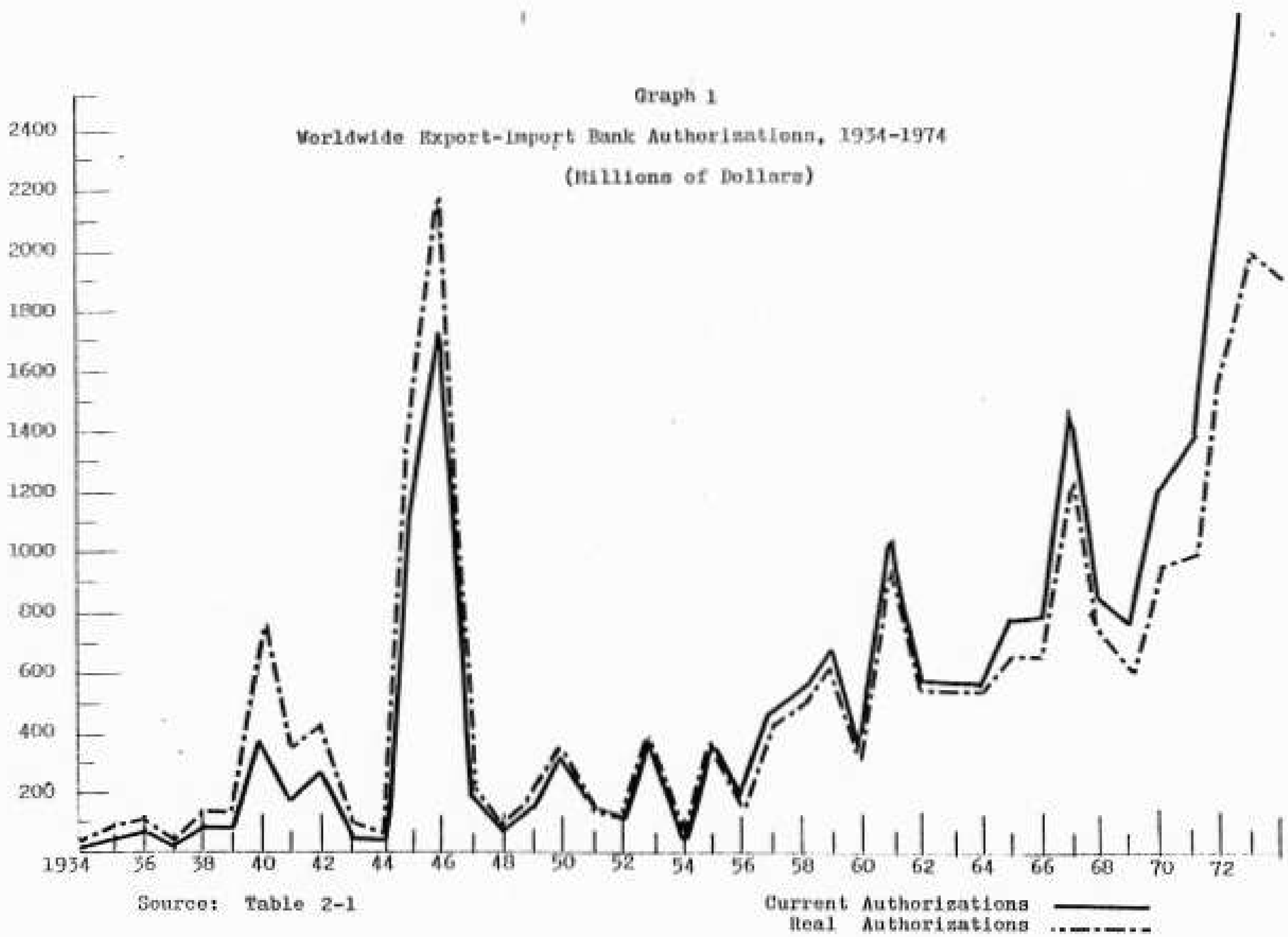
[a]All of the yearly figures are not strictly comparable for two reasons. First, the 1934-45 figures are calendar years and the 1946-74 totals are fiscal years. Second, and more importantly, the sources in which the figures appear do not always distinguish between short-term and long-term loans. As a general rule, the 1934-1945 and the 1969-1974 figures in Table 2-1 represent all Export-Import Bank authorizations. The 1969-1974 statistics probably reflect long-term aid because during these years most of the Bank's "direct loans" were only for larger transactions over a million dollars or more and required repayment terms in excess of five years. The smaller, short-term borrowers usually received guarantees and insurance, and, therefore, are not included in the figures. The 1946-1968 statistics represent authorizations for loans of five years or more of maturity. Thus, the first and last years are slightly outweighted, compared to the middle twenty-three years.

Source: The 1934-44 figures are from Export-Import Bank of Washington, Annual Reports of the Export-Import Bank of Washington, 1936-44. The 1945 figure was calculated by using the cumulative figures from the Export-Import Bank of Washington, Export-Import Bank of Washington; First Semiannual Report to Congress for the Period July-December 1945, pp. 15, 23, 25-26 and subtracting the subtotal from the 1934-44 period. The 1946-74 statistics were gathered from the annual U.S. Agency for International Development, U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations, July 1, 1945-June 30, 1974. U.S. Export Price Index figures are from James W. Wilkie and Peter Reich, Statistical Abstract of Latin America, Table 2506, Volume 19 (Los Angeles: UCLA Latin American Center Publication, 1979).

Graph 1

Worldwide Export-Import Bank Authorizations, 1934-1974

(Millions of Dollars)



Source: Table 2-1

plummet in 1947 and 1948.

The return to low-volume lending characterized the immediate postwar period. The average volume of business exceeded that of the 1930s, but authorizations hit a low of 35.8 million dollars in 1954, leading one to believe that Congress or Bank officials were again unsure of the direction they wanted the Bank to take. But while 1954 was the lowest point since 1944, it also signifies a point of transition; from that date forward, loan authorizations have risen steadily. During the decade of the sixties the volume of long-term loans doubled, going from $384 to $774 million; while during the seventies, business was so brisk that there was almost a five-fold increase in authorizations. Indeed, there were more loans promised during the 1969-74 period than in the previous twenty-three years combined! Even taking into account distortion produced by inflation and the devaluation of the dollar, (corrected by the dash line of the graph), the growth of Export-Import Bank loans is impressive. Clearly, the Export-Import Bank had made the transition from a small bank to a multi-billion-dollar-a-year institution. How can we account for the transition? What events are associated with the fluctuations in Graph 1? What policy decisions led to the peaks of 1945, 1961, 1967, and 1974 and the lows of 1937, 1944, and 1954? To answer these questions we have to understand the central purpose of the Export-Import Bank.

In its charter of 1934, in congressional hearings, and in major newspaper articles, one point is always emphasized: the primary function of the Export-Import Bank has been and continues to be to finance and facilitate United States exports. Nothing could be less ambiguous. Yet the increase in the volume of Bank-sponsored exports is not necessarily reflected in a proportional increase of the line angle in the graph. The only points on Graph 1 that closely correspond to export promotion are the first and last years; the middle points are only indirectly related.

The reason for this is straightforward. During periods of perceived crisis in American foreign relations, the president of the United States and, more reluctantly, the Bank's directors have broadly interpreted the Bank's charter to enable it to take an active role in United States foreign policy. This has meant that during crucial periods the Bank has, for the sake of expediency, loaned money not only to U.S. exporters, but to foreign governments and their institutions--with the purpose of pressuring, placating, or supporting our allies as Washington sees fit. Keeping this policy in mind, let us now look back at Graph 1.

The first years were, as the above suggests, devoted to the promotion of exports. The founders of the Bank had assumed that a good deal of export business would follow the United States recognition of the Union of Soviet Socialist Republics in 1934. An argument over past debts, however, canceled any hoped for Russian loans. Its original goal thwarted, the Bank aimlessly drifted, doing little besides granting short-term loans for the export of several agricultural and manufacturing products to Latin America. The temporary rise in authorizations in the late 1930s and early 1940s followed United States concern over the growing German influence in both Europe and Latin America. As a counterbalance to that influence, the Export-Import Bank gave direct loans to several European and Latin American governments. In support of the Bank's policy, Congress increased the lending authority of the Bank several times between 1939 and 1945. Among the European countries to receive credits from the Bank during this period were Finland, Norway, Denmark, Iceland, and Hungary. Once the United States joined the War, Lend-Lease credits replaced Export-Import Bank loans in Europe, and more attention was given to Latin America.

As will be discussed in some detail below, between 1941 and 1945 most of the Export-Import Bank's activity was in the Western Hemisphere. As the War came to a close, however, and the United States was assured of victory, the Bank returned to its more conservative policies and concentrated on collecting past debts and lending primarily for export; hence the downturn on the graph for 1943 and 1944.

After the war, Washington's primary concern was rebuilding the European economies. Since Lend-Lease credits ended when the fighting stopped, Export-Import Bank loans were used in European reconstruction. To handle such a large task, the Bank once again had its lending authority increased by Congress, this time to $3.5 billion Graph 1 shows the results in the peak years of 1945 and 1946.

After World War II, the Bank returned to its prewar levels. Then, in 1949 and 1950, the volume of loans once again started to move upward. The specific events which prompted the increase were President Truman's Point Four program and the outbreak of the Korean War. In his inaugural address of January 1949, Truman called on the United States to assist in the economic enrichment of the underdeveloped world, proposing the use of Export-Import Bank loans for economic development projects as one of several measures to assist in the difficult task. While lending for development was nothing new to Bank executives, presidential recognition of the policy augmented the Bank's lending to the third world.[4] The Korean War also pushed the graph upward. During the two war years the Bank again departed from its "normal" practice of financing exports and made a special effort to support the development of vital war materials.

From 1952 to 1956 the Export-Import Bank went through a crisis. The Bank had finished its war-related activities, and the Bank's policy of aiding economic development in the third world was slowly being replaced by Eisenhower's belief that private investment was the answer to the third world's problems. Was the Bank going to retreat to prewar policies, or was it going to boldly move ahead? The Eisenhower administration, especially its Secretary of the Treasury, George Magoffin Humphrey, had the answer--curtail or even eliminate the Bank. According to the President's conservative fiscal policy, the Export-Import Bank was a hindrance to a balanced federal budget. One can see this policy of curtailment by looking at year 1954 in Graph 1.

The Eisenhower administration's attack on the Export-Import Bank was an unpopular decision both in Congress and in the business community. Congress not only refused to curtail permanently the Bank's activities, it strengthened its potential for loans by increasing its lending authority from $4.5 to $5 billion. So sure was the State Department of the Bank's future that it announced at the Tenth Inter-American Conference that the Bank "was back in business for economic development loans."[5]

The primary impetus for Export-Import Bank loans after 1956 has not come from loans to develop Latin America, however, but from the need to increase U.S. exports. Beginning in the late 1950s, the United States experienced severe balance of payments deficits. The recovery of Europe, increased competition from Japan, and the quadrupling of oil prices in the early 1970s all caused an outflow of U.S. dollars. To counteract the trend, President Kennedy had called upon the Export-Import Bank to actively promote exports. To further aid the process, Congress increased the Bank's lending authority several more times until in 1974 it had a lending authority of $30 billion.

The dramatic rise in Graph 1 can be accounted for in part by this explosive growth in the Bank's lending potential and its aggressive policy of seeking exports. In addition, the general worldwide growth in trade and the devaluation of the U.S. dollar, which made United States goods more competitive in foreign markets, have further boosted the graph in its upward swing.

In short, we can see that several factors have caused fluctuations in the Bank's lending policy and the increased value of its loans. Formed during the depression, the Bank performed a minor role until it became involved in two wars and the development of the third world. The reason for its recent sustained growth, however, directly relates to its primary function--the promotion of United

States exports. Now that we have seen the broad sweep of events that have influenced Bank policy, let us look at how much support the Export-Import Bank has given to Latin America. Let us also find out which Latin American countries have been the prime recipients of these loans and which projects have most often been supported.

During the first twelve years of its history, the Export-Import Bank allotted the largest proportion of funds—66.7%, to Latin America. Asia during the same period received 18.6%, Europe 9.9%, and all others 4.6%.[6] As Table 2-2 and Graph 2 show, these regional percentages abruptly change for 1946-48: Latin America's share plummeted to 8% while Europe's surged upward to 87%. We know from the above discussion that postwar reconstruction loans for Europe accounted for this change, but it is not so evident why Latin America during the previous decade received priority treatment from the Bank. The answer to that question lies in part within the history of inter-American relations, and in part within Washington's conception of security and the national interest.

The United States has had a long history of commercial ties with Latin America. By the turn of the twentieth century, the United States was Latin America's largest customer in terms of both imports and exports. In addition, from 1897-1929, over 45 percent of all United States direct investment in foreign countries went to

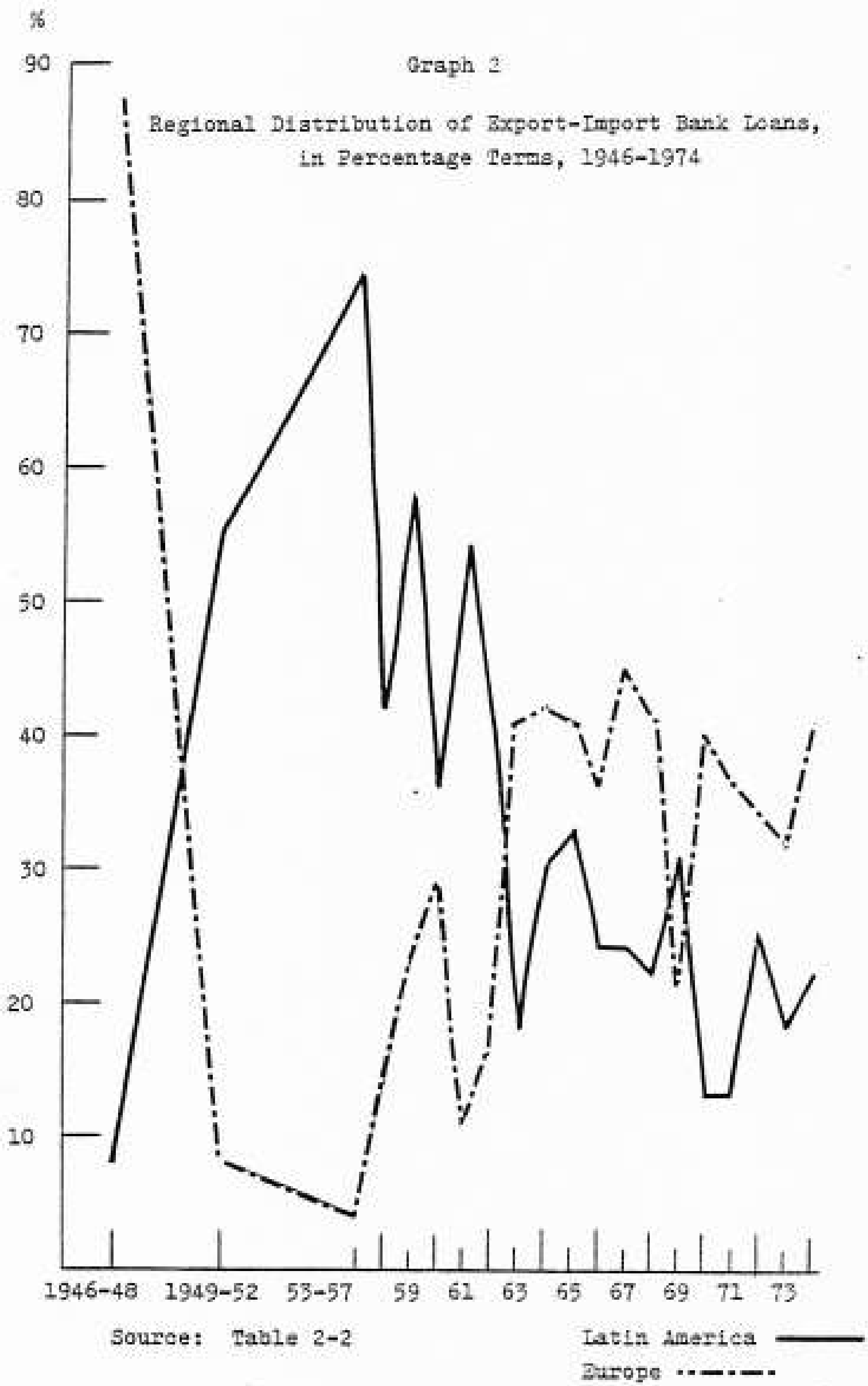
Table 2-2

Regional Distribution of Export-Import Bank Loans, in Percentage Terms, 1946-1974[a]

Year	Latin America	Europe	East Asia	Near East and South Asia	Africa	Oceania
1946-48	8	87	2	3	---	...
1949-52	55	8	13	18	5	...
1953-57	74	4	6	5	10	...
1958	42	12	12	35	---	...
1959	58	23	12	6	1	...
1960	36	29	22	10	2	...
1961	54	11	13	17	5	...
1962	40	16	16	16	13	...
1963	18	41	26	13	2	...
1964	30	42	10	16	2	...
1965	33	41	11	10	5	...
1966	24	36	13	2	6	20
1967	24	45	6	11	---	13
1968	22	41	3	13	3	16
1969	31	21	20	7	4	16
1970	13	40	27	9	2	9
1971	13	36	21	18	4	8
1972	25	34	23	9	4	5
1973	18	32	21	16	12	1
1974	22	41	17	10	7	2

[a]Percentages may not add up to 100 because of rounding.

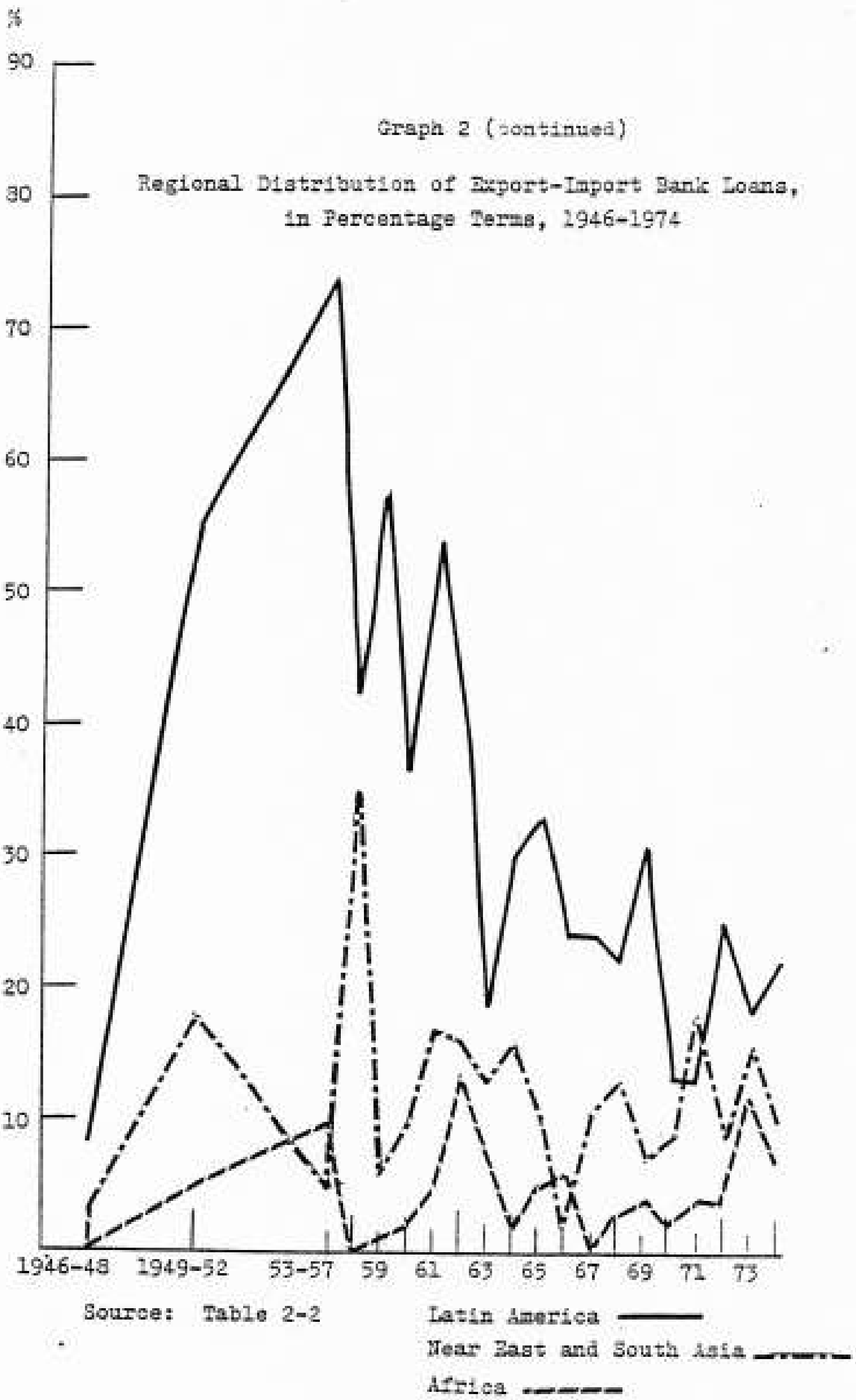
Source: 1946-65 figures from David A. Baldwin, _Foreign Aid and American Foreign Policy_, p. 41. 1966-74 figures from U.S. Agency for International Development, _U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations, July 1, 1945-June 30, 1974_.



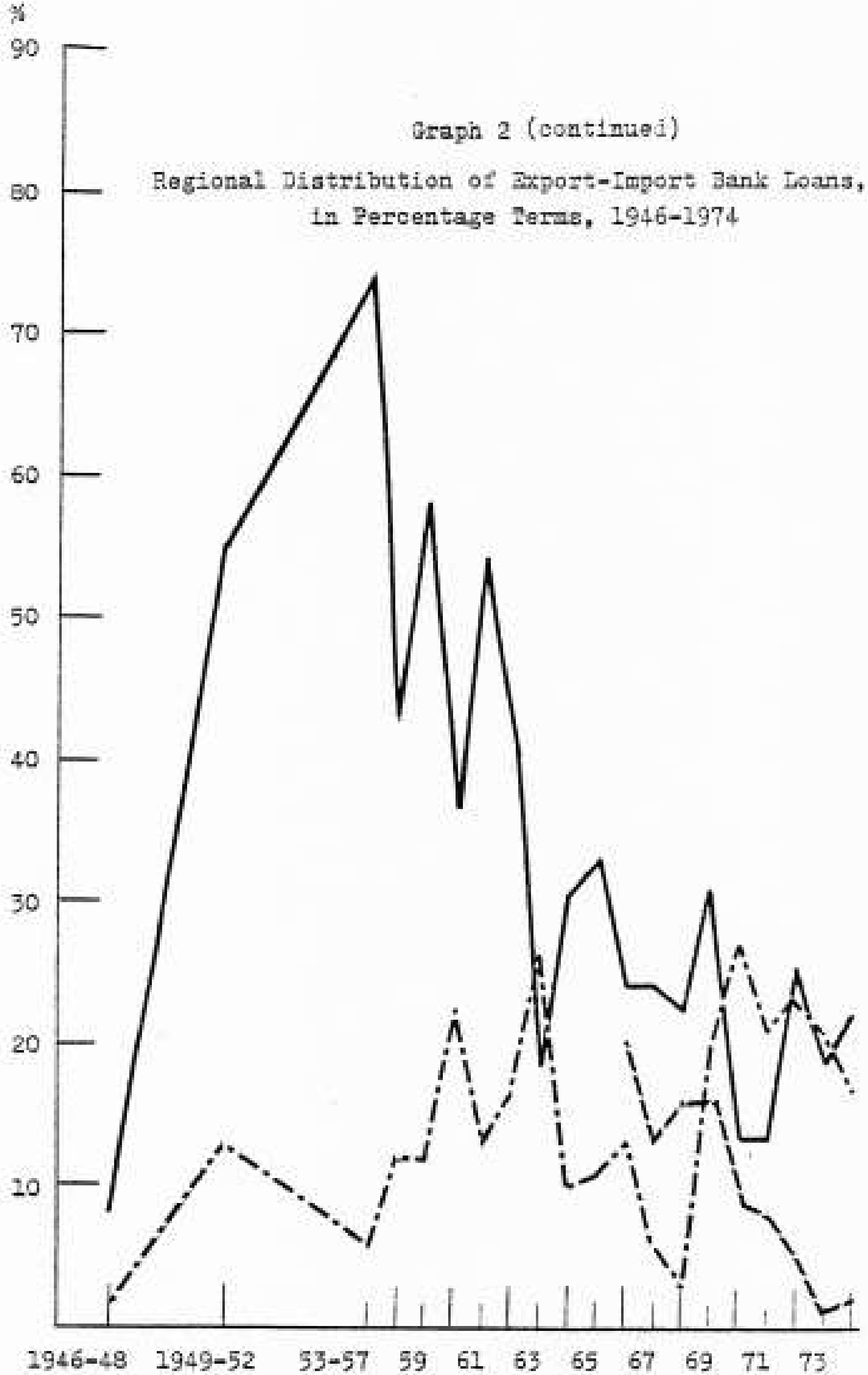
Source: Table 2-2

Graph 2 (continued)

Regional Distribution of Export-Import Bank Loans, in Percentage Terms, 1946-1974



Source: Table 2-2



Source: Table 2-2

Latin America ———
East Asia -·-—-·-
Oceania ———

Latin America.[7] It is only reasonable to assume that when exporters sought financial assistance from the Export-Import Bank, they looked first to increasing commerce with old trading partners in Latin America.

Besides strong commercial ties, the United States has had what it considers a special relationship with Latin America. Washington officials have seen U.S. security tied to its gaining hegemony in the Western Hemisphere. Beginning with the Monroe Doctrine in 1823, and continuing down to the current struggles over ownership of the Panama Canal, Washington has viewed Latin America as its special sphere of influence. The political and economic health of Latin America, especially in this century, has always been a concern in Washington. There may have been periods when the United States appeared to lack interest, but when a crisis arose that threatened Washington's influence in Latin America, the United States has always responded. Such was the case in the 1930s.

The 1929 Depression had a devastating effect on the Latin American economies. The precipitous decline in international trade dramatically showed how dependent Latin America had become on an economically healthy western world. Unable to sell their export items, mainly agricultural products, to the United States and Europe, they had no way to earn the foreign exchange to buy manufactured goods; without spare parts, machinery, and other durable goods, their economies collapsed.

Germany tried to ease Latin America's problem of scarce foreign exchange by trading for barter. The plan was particularly successful in Argentina, Brazil, Chile, Paraguay, and Uruguay; and, as a consequence, Germany markedly increased its trade in the Western Hemisphere. In 1930 Germany held only 10% of Latin America's trade, whereas by 1938 it had increased that figure to 17.1%.[8] The United States grew concerned, for German influence was also spreading in Europe.

In 1935, Hitler announced the rearmament of Germany, forming alliances in the next two years with Spain and Japan. This, followed by the seizure of Austria and the occupation of Czechoslovakia in 1938, made the Roosevelt administration nervous. Perhaps Germany intended to gain influence in Latin America so she could later strike at the United States from the south.

Apprehensive, the United States moved to protect its southern flank. This took several forms. First Washington officials strengthened their resolve not to intervene militarily in Latin American affairs. This promise was the key political component of Roosevelt's 1933 Good Neighbor Policy. Second, the United States took positive steps to insure healthy Latin American economies not dependent on Axis funds. To this end, the Export-Import Bank authorized the majority of its funds to Latin America between 1934 and 1945. During this perceived crisis, several Latin American countries were the primary recipients of Export-Import Bank loans.

The record of Export-Import Bank loans to individual Latin American countries during the prewar years is incomplete--detailed data exists only for the first six and a half years, 1934-1940. The information that does exist, however, is instructive. Table 2-3 provides a record of those early years and suggests several things. First, few countries received loans. During the entire period, El Salvador, Guatemala, and Honduras did not receive one authorization; while in 1934 only two and in 1937 only five countries received funds. These facts show that over the entire six and a half years, only five countries--Brazil, Cuba, Argentina, Chile, and Colombia--received over 86% of all loan authorizations. Why were these particular countries the primary recipients?

The reason appears straightforward. Of the top five recipients, four--Brazil, Argentina, Chile, and Colombia--represented over 55% of the population of the entire region.[9] But, above all, they were the countries in which Germany had tried to gain influence. If these four countries fell under German influence, Washington reasoned, all of Latin America was in danger of moving in that direction. The Export-Import Bank chose, therefore, to help remedy the crisis by lending money to Latin

Table 2-3

Export-Import Bank Commitments[a] to Latin America, February 12, 1934–June 30, 1940[b] (Millions of Dollars)

Country	1934	1935	1936	1937	1938	1939	1940[c]	Total[d]
Argentina	---	6.33	---	---	3.06	.68	22.42	32.48
Bolivia	---	---	---	---	---	---	---	---
Brazil	.69	2.26	30.02	.57	9.59	25.19	15.92	84.25
Chile	---	---	---	1.10	.66	8.23[c]	6.00	16.06
Colombia	---	.37	.16	.01	.03	.25	10.00	10.83
Costa Rica	---	.05	---	---	.01	.50	---	.56
Cuba	8.13	5.16	7.49	6.95	7.34	---	---	35.07
Dominican Republic	---	---	---	---	---	---	2.00	2.00
Ecuador	---	---	---	---	---	---	1.15	1.15
El Salvador	---	---	---	---	---	---	---	---
Guatemala	---	---	---	---	---	---	---	---
Haiti	---	---	---	---	5.50	---	---	5.50
Honduras	---	---	---	---	---	---	---	---
Mexico	---	.24	.08	2.06	.06	---	---	2.43
Nicaragua	---	.02	.06	---	---	2.50	---	2.58
Panama	---	---	---	---	---	2.50	2.00	4.50
Paraguay	---	---	---	---	---	3.50	---	3.50
Peru	---	---	---	---	---	---	2.00	2.00
Uruguay	---	---	---	---	---	4.00	---	4.00
Venezuela	---	---	.03	---	---	---	.20	.24
Total	8.82	14.44	37.85	10.69	26.26	47.42	61.68	207.16

Table 2-3 (cont'd.)

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[a]These figures are commitments, not disbursements.

[b]The years are calendar years and represent the date the commitment was made.

[c]Half a year.

[d]Total may not be exact because of rounding.

Source: U.S. Congress, House. Hearings before the Committee on Banking and Currency, 76th, 3rd, on HR 10212 superseded by HR 10361, A Bill to Provide for Increasing the Lending Authority of the Export-Import Bank of Washington, and for other Purposes. August 6, 7, 8, 13, and 14, 1940, pp. 42-50.

American importers and governments so they could purchase United States products. The financing of U.S. exports, however, was only one of the Bank's projects to counter German influence; currency support, public works, development, and strategic war material loans also went to Latin America from the Bank.

In addition to lending money to support the export of U.S. industrial goods to Latin America, the Export-Import Bank labeled many loans as "other credits." These "other credits" usually consisted of loans to Latin American governments to provide much-needed foreign exchange to support its currency and help stabilize the economy. The relationship between these kinds of loans and U.S. exports was indirect--the actual intention being to support the regime in power. During the early years, "other credits" included a $27.7 million loan to Brazil and a $20.6 million loan to finance the minting of Cuban silver bullion into Cuban pesos. These loans were only the beginning.

Through 1940, by far the largest amount of the Bank's commitments was made for currency support.[10] This included the following: Argentina, $60 million; Brazil, $25 million; Chile, $5 million; Colombia, $10 million; Costa Rica, $1 million; Nicaragua, $500,000; Paraguay, $500,000; Peru, $10 million; and Uruguay, $7,500,000.[11] It is difficult to date exactly the approval of each of these loans, but we do know in the case of Argentina, Brazil, Colombia, Peru, and Uruguay that the commitment was made during 1940. Clearly, as the United States drew closer to entering the war, the need for friendly neighbors received more priority within the government and, consequently, within the Export-Import Bank.

To broaden its support for Latin America, Congress changed some of the Bank's rigid lending rules. For example, in September of 1940, Congress passed legislation that removed the limitation on the qualifications of the recipients of Bank loans. Before that date the Bank could technically lend only to U.S. exporters; subsequently, "any governments, their central banks, or any other acceptable banking institution," or "a political sub-division, agency or national of any such government"[12] could receive loans. This legalized what in fact had been happening for over a year. In 1939, the Export-Import Bank loaned $5 million to the Chilean Corporación de Fomento de la Producción. In May and June of 1939, the Bank for the first time established credit to Latin American banks--a $500,000 loan to Banco Nacional de Nicaragua and the Banco de la República del Paraguay, and a $4 million loan to the national bank of Uruguay.[13] There was so much business with Latin America that the administration requested and received from Congress a $500 million increase in the Bank's lending authority. The policy of dealing exclusively with United States exporters was broken. This was important in that it took away any doubt whether or not the Export-Import Bank was a foreign aid agency under the direction of United States foreign policy, or whether it was a commercial bank specializing in export promotion.

These corporation, central bank, and direct government loans went most often to finance three kinds of projects: currency stabilization, construction of public works, and the purchase of strategic materials. These loans again departed from the original conservative purpose of the Bank--to increase United States exports. Giving credits for public works projects, industrial development, or the extraction of strategic raw materials promoted the growth of Latin America's infrastructure and, indirectly, the sale of U.S. products. As in the case of currency support by the Export-Import Bank, almost all of the development type loans came when World War II loomed on the horizon.

The first developmental credit was authorized in the summer of 1938--a $5 million loan to Haiti for the construction of public works projects. Others quickly followed. By the end of 1940, $15 million for roadbuilding and $8 million for public works projects such as bridges, ports, and communications facilities were promised to seven Latin American countries: Costa Rica, Dominican Republic, Ecuador, Haiti, Nicaragua, Panama, and

Paraguay.[14] These loans were justified in Washington since improved transportation systems would help in the defense of Latin America in general and the Panama Canal in particular. Once the United States entered the war, the Bank attempted, with limited success, to develop and export from Latin America strategic war materials--most notably rubber from Haiti and iron ore from Brazil.[15] Several sizable loans also were used directly to build Latin American industries.

In 1940, President Vargas of Brazil requested help from the United States to build a steel mill. President Roosevelt sought funds from private U.S. investors, but when they declined to invest, the State Department had the Export-Import Bank make the loan.[16] Likewise, the Bank supported the construction of a steel mill and an aviation fuel refinery in Mexico and an airplane motor factory in Brazil.[17] It was not until after European reconstruction that Latin America again received such preferential treatment from the Export-Import Bank.

After the Bank's reconstruction efforts in Europe, Latin America regained its position as the chief beneficiary of Export-Import Bank loans. Between 1949 and 1952 it received 55% of all long-term authorizations. In the five-year period 1953 to 1957, that percentage increased to 74%. Graph 2 dramatically shows that Latin America's gain came at Europe's expense. The line on the graph that represents Europe's share of the Bank's business is almost an exact mirror image of the Latin American configuration; as one line rises the other falls, and vice versa. Latin America's share remained above 40% until 1962, and then fell to an average of 26% during the remainder of the 1960s. It dropped even further during the 1970s--to an annual average of 18%. As Table 2-4 and Graph 3 indicate, however, in absolute terms the overall funding level to Latin America remained relatively high throughout the postwar period even while Latin America's proportional share declined. Several factors accounted for this sharp rise and decline in Latin America's proportion of Export-Import Bank loans.

First, Latin America had benefited economically from World War II and the Korean War. While it is true that normal trading channels with Europe were disrupted, it was able to sell an almost unrestricted amount of raw materials to support the U.S. war efforts. Consequently, during the late 40s and early 50s, most of our southern neighbors had a large surplus of U.S. dollars with which they could purchase U.S. goods and services through the financing of the Export-Import Bank. Then, with the implementation of Truman's Point Four Program, Latin America received an added incentive to tap the Bank's resources. This it did through 1957. After 1957, the regional percentage started to drop. This downturn was

Table 2-4

Export-Import Bank Commitments to Latin America, 1946-1974[a]
(Millions of Dollars)

Year	Current Commit-ments	Real Commit-ments[b]	Year	Current Commit-ments	Real Commit-ments
1946	72.8	93.3	1961	572.8	520.7
1947	85.4	91.8	1962	244.9	224.7
1948	13.7	14.0	1963	85.6	80.0
1949	44.7	48.6	1964	168.3	154.4
1950	169.1	192.2	1965	258.2	228.5
1951	69.5	68.8	1966	214.3	184.7
1952	80.8	80.8	1967	469.3	397.7
1953	380.5	380.5	1968	288.7	240.6
1954	17.2	17.4	1969	268.2	216.3
1955	233.8	233.8	1970	169.2	129.2
1956	125.6	121.9	1971	196.3	145.4
1957	384.5	362.7	1972	489.7	352.3
1958	195.7	184.6	1973	411.4	254.0
1959	453.7	428.0	1974	734.6	356.6
1960	139.5	130.4	Total	7,038.0	5,933.9

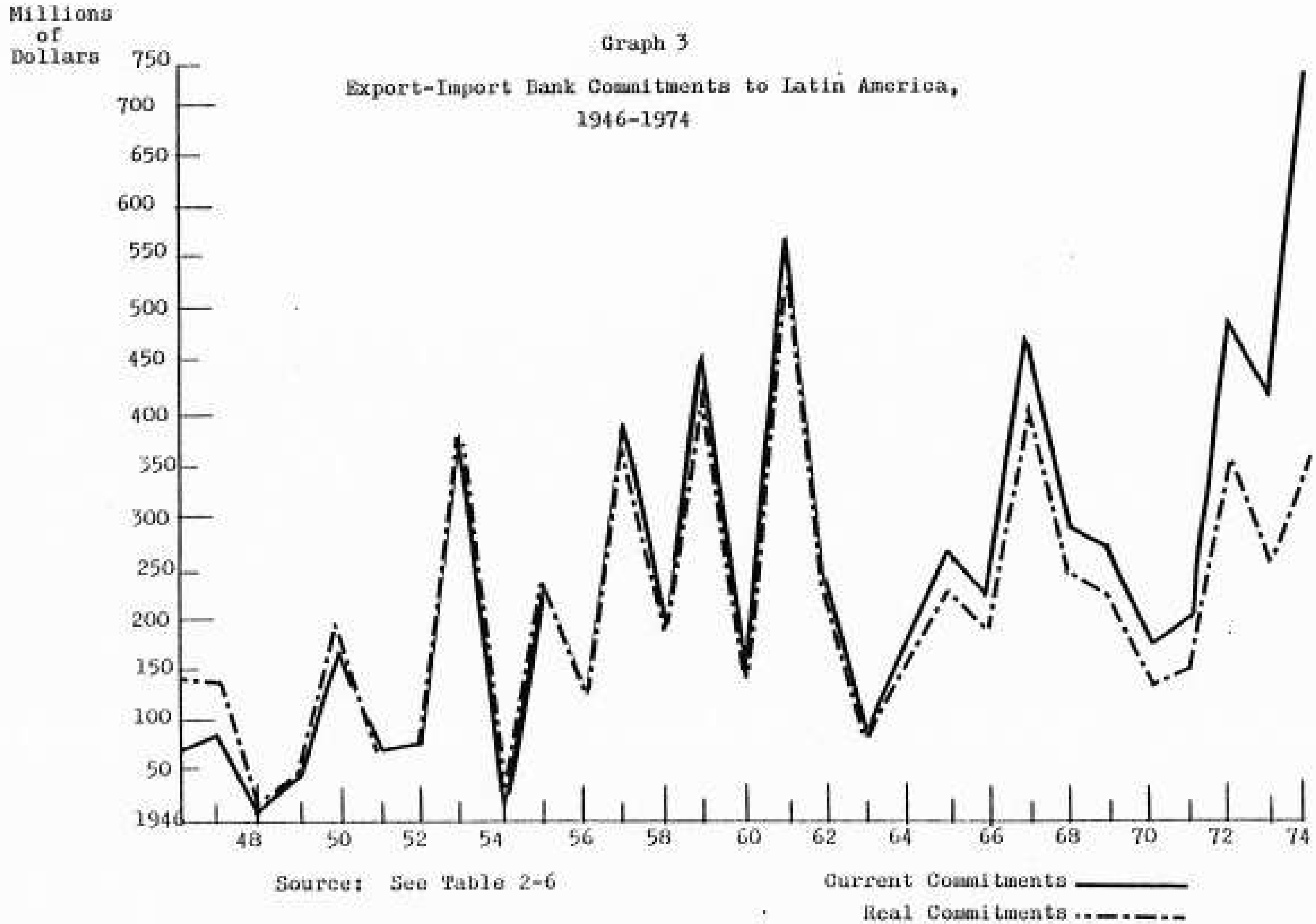
[a]Fiscal years.

[b]U.S. Export Price Index from Table 2-1 was used to determine real commitments.

Source: See Table 2-6.

Graph 3

Export-Import Bank Commitments to Latin America, 1946-1974



Source: See Table 2-6

influenced by several events.

In 1958 and in 1961 two development agencies were created--the Development Loan Fund, by the Eisenhower administration, and the Agency for International Development, by the Kennedy administration. With their founding, the Export-Import Bank effectively ceased its role as a major donor of foreign aid to Latin America. Instead of supplying development loans, it concentrated its efforts on financing U.S. exports to Latin America. While this certainly can be considered a form of aid, the Bank's priorities had clearly changed. Its primary function was now to reduce the U.S. balance of payments deficit. Thus the Bank began to encourage the export of large-price-tag items such as jet aircraft, computer technology, and nuclear power plants, most of these going to the more prosperous and developed countries in Europe and Asia. This, coupled with Latin America's increasing trade with Europe, Japan, and the Communist countries, led to fewer Export-Import Bank loans in Latin America. A glance back at Table 2-2 and Graph 2 confirms this view. During the 1953-1957 period Latin America received 74% of the Bank's funds. After the Agency for International Development was founded in 1961, Latin America's share dropped precipitously to a low of 13% in 1970 and 1971. While Latin America's global share of the Bank's loans fluctuated after World War II, those Latin American countries which received most of the loans were very similar to the prewar recipients.

Few Latin American countries accounted for the vast majority of Export-Import Bank loans during the 1946-1974 period, the top five countries receiving 81% of the authorizations. Table 2-5 shows, not surprisingly, that the recipients during the 1946-1974 period were nearly the same as those of the earlier 1934-1940 period. Brazil, Argentina, and Chile show up in the top five of each list with Colombia and Cuba falling out to be replaced by Mexico and Venezuela. They were at the top for many of the same reasons that they were awarded special status during the prewar era: they were wealthier countries, they could use and afford large quantities of imports, and they were the political leaders of Latin America. Besides these specific reasons for giving these few countries most of the funds, there were several general criteria the Bank used in extending credit to all of its clients.

Throughout the history of the Export-Import Bank, there have been formal statements made by the Bank's executives about the criteria used for extending credit. They include: the credit-worthiness of the applicant, the effect upon the American economy, the effect upon U.S. relations with the country, and the probability of repayment.[18] The usefulness of these statements is limited if we want to examine individual loan transactions, but they do serve as general guidelines to Bank policy. While these seem

Table 2-5

Export-Import Bank Commitments to Individual
Latin American Countries, 1934-1940 and 1946-1974

Country	1934-1940 Millions	Percent	Country	1946-1974 Millions	Percent
1. Brazil	84.2	40.6	1. Brazil	2233.3	31.7
2. Cuba	35.7	17.2	2. Mexico	1492.7	21.2
3. Argentina	32.5	15.7	3. Argentina	859.8	12.2
4. Chile	16.1	7.8	4. Chile	751.9	10.7
5. Colombia	10.8	5.2	5. Venezuela	384.9	5.5
6. Haiti	5.5	2.6	6. Peru	383.1	5.4
7. Panama	4.5	2.2	7. Colombia	334.0	4.7
8. Uruguay	4.0	1.9	8. Guatemala	114.8	1.6
9. Paraguay	3.5	1.7	9. Panama	114.2	1.6
10. Nicaragua	2.6	1.2	10. Dominican Republic	83.4	1.2
11. Mexico	2.4	1.2	11. Ecuador	56.1	.8
12. Dominican Republic	2.0	1.0	12. Bolivia	42.6	.6
13. Peru	2.0	1.0	13. Costa Rica	41.2	.6
14. Ecuador	1.2	.6	14. Haiti	30.1	.4
15. Costa Rica	.6	.3	15. Nicaragua	28.6	.4
16. Venezuela	.2	.1	16. Cuba	25.5	.4
17. Bolivia	---	---	17. Honduras	18.6	.3
18. El Salvador	---	---	18. El Salvador	16.1	.2
19. Guatemala	---	---	19. Uruguay	13.6	.2
20. Honduras	---	---	20. Paraguay	13.5	.2

Source: The 1934-1940 figures are computed from Table 2-3. The 1946-1974 figures are computed from Table 2-6.

to be reasonable criteria, we must ask, did they work in practice? What happened when an agent of a government inimical to United States interests applied for a loan? Assuming the applicant had a sound credit rating, did the Export-Import Bank grant the loan?

The question is partially answered by a Bank executive's reply to a question from Senator Paul H. Douglas during the 1951 hearings to increase the lending authority of the Bank.

> Senator Douglas: When you make your loans do you consider purely the economic purposes for which the loan is made, or do you also consider the political advantages of the loan?
>
> Mr. Gaston: We consider both. Obviously, we do not follow the same policy in making loans to a country that is pursuing generally a policy hostile to the interests of the United States as we do in making a loan to a country which is pursuing a policy friendly to the United States.[19]

Earlier, an even more direct statement came from Mr. Warren L. Pierson, President of the Export-Import Bank in 1944:

> Senator Bridges: What is the basis of your considerations in making loans? What do you have to be in order to get a loan from the Export-Import Bank?

Mr. Pierson: Well, you have to have a proposition which, in our opinion, will assist the sale of United States merchandise and help our relations with the country involved.

Senator Bridges: I mean, do you predicate your loan on whether or not it would result in something favorable to the United States?

Mr. Pierson: Unless we think it is something favorable to the United States we will not do it.[20]

I insert these remarks here because they are two of the more candid admissions of the political foundation of loan criteria of the Export-Import Bank. They leave little room for doubt--loans have been authorized if they have served the interests of the United States. This may be so obvious that it need not be mentioned; but there are those who argue (and I include my younger, more naive self in this group) that foreign aid is given primarily on humanitarian grounds as an altruistic gesture of goodwill. This is not and never has been the case with the Export-Import Bank. If this is correct, we must inquire further to determine how the political interests of the United States government are voiced through the Bank.

During the early years of its history, a Board of Trustees determined Bank policy. While the number sitting on the Board fluctuated, the members always included the president of the Bank, assistant secretary of state, secretary of commerce, assistant secretary of the treasury, and a representative of the Reconstruction Finance Corporation.[21] In 1945, a reorganization of the Export-Import Bank included a five-man board of directors to coordinate Bank policy with the National Advisory Council, the latter consisting of the secretary of state, secretary of commerce, secretary of the treasury, chairman of the Federal Reserve, and chairman of the Export-Import Bank.[22]

The implication of cabinet-level officials advising the Export-Import Bank is obvious--loan decisions have been coordinated with larger administration policies. I think that is a reasonable interpretation. Given this fact, the question then becomes, did the administration, through its Advisory Council, merely advise, or in fact did it dictate policy?

Export-Import Bank officials have steadily maintained that regardless of State Department advice, the Bank will not make an unsound loan. There is evidence to the contrary, however. During the early 1950s the Bank made two large currency support loans to both Argentina and Brazil. During the 1956 House Banking and Currency Committee hearings, several congressmen complained to the Export-Import Bank president, Samuel Waugh, that this type of loan was contrary to the strict interpretation of Bank policy. Mr. Waugh replied:

> I would like to say Mr. Congressman, that the directors of the Bank do not like this type of loan either . . . . Sometimes, for the good of relations between the respective countries, it is necessary to make loans of this type, and the Brazil loan was only made after considerations were given, not only by the Export-Import Bank, but by the highest authorities of the United States government.[23]

The implication here is obvious: the Export-Import Bank made these loans against its better judgment. Though this may happen infrequently, the state and treasury departments do suggest that credits be given, and it is likely "that these proposals receive preferential treatment in the Bank's deliberations."[24]

While taking a stance of making only "sound" loans, the Bank's administrators have readily admitted the Bank will "refuse to approve any application for a loan to which the State Department has interposed an objection based on consideration of United States foreign policy."[25] The Bank president, Mr. Samuel Waugh, clearly reiterated this during 1956 congressional hearings.

> Congressman Abraham Multer: Have there been any State Department pressures for or against export-import loans in particular instances?
>
> Mr. Waugh: I didn't hear the first part of the question.

Congressman Multer: Has the State Department brought any pressures to bear on the Export-Import Bank either against or in favor of particular loans?

Mr. Waugh: We always coordinate our efforts with the Department of State and with the Treasury. The fact of the matter is at our directors meeting each week we have a representative there so that we coordinate our loaning activity. We naturally wouldn't want to loan in any country where the State Department advises it was contrary to United States foreign policy to make loans.

Congressman Multer: Have there been any applications turned down in the last two years at the suggestion of either the Treasury or State Departments?[26]

At this point Mr. Waugh asks to go off the record to reply, leaving the impression that there were, in fact, perhaps numerous instances in which applications were turned down.

Thus, while it would probably be a gross simplification to hold that decisions pertaining to all Export-Import Bank loans are subject to foreign policy considerations, it would be an even greater effort if we ignored this influence when we try to examine Export-Import Bank loan policy. It is not unreasonable to assume that if there were a broad change in Bank policy, as in the late 1930s when the Bank made a strong commitment to Latin

America, U.S. interests and the strictly financial judgment of the Bank's directors largely determined the Export-Import Bank's direction. If this is true of general policy shifts, is it equally true of the Bank's policy toward individual Latin American countries?

That question cannot be answered with as much assurance. By themselves, statistics, the primary source material used in this work, offer little direct evidence of how individual loan decisions are reached. The published records of the Bank occasionally supply information about why a "celebrated loan" was authorized, but they almost never explain why a loan was not granted. And why a loan is refused is just as important in determining the Bank's relationship to a certain country as why it was accepted. Understandably, most of these decisions are made within the organization and are kept secret. But we can speculate by correlating the statistical evidence with secondary materials on inter-American relations.

Table 2-4 and Graph 3 show there was little continuity in Bank policy towards Latin America throughout the post-war period. The graph's narrowly spaced configurations of sharp peaks and valleys clearly indicates discontinuity in the Bank's lending policy. The annual volume of loan authorizations alternately rose and fell, leaving the impression that the Bank did not know how it wanted to treat Latin America. Much of this discontinuity results from the Bank's business with the large countries, since they account for such a disproportionate share of the Bank's authorized loans, as a glance at Table 2-6 confirms.

Brazil, for example, was authorized to receive $370.6 million in 1953 and only $1.9 million in 1954; from $6.9 million in 1960 it ballooned to $204.9 million in 1961 and then to nothing for the next three years. In the late 1960s, Brazil was given moderate support and in 1972, 1973, and 1974 once again received millions of dollars in loans.

The same pattern holds true for Chile, Argentina, and Mexico. Support for Argentina during the first fifteen years vacillated radically from nothing at all to $129.2 million. In Chile, there were gaps during the 1950s, consistent support through the 60s, and a sudden falling off of loan authorizations in 1970--only to pick up once again in 1974. In Mexico, there were loan authorizations before 1946 and consistent support after 1956. What these statistical patterns show for these countries and others (Table 2-6) is that the Bank's support of a particular country, as measured by the size and timing of loan authorizations, was very inconsistent and sporadic. The question is, why?

Table 2-6

Annual Export-Import Bank Commitments to Individual Latin American Countries, 1946-1974
(Millions of Dollars)

Country	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
Argentina	---	.2	---	---	96.5	---	---	---	---	60.0
Bolivia	---	3.0	---	.3	16.0	---	.2	---	---	4.7
Brazil	39.6	21.8	---	9.6	14.4	26.1	56.7	370.6	1.9	46.6
Chile	31.7	10.4	---	21.4	27.9	1.8	11.2	---	---	---
Colombia	---	---	11.0	3.6	2.2	2.1	2.6	4.5	---	.6
Costa Rica	---	---	---	---	---	---	---	---	---	3.3
Cuba	---	---	---	---	---	---	---	---	8.0	---
Dominican Republic	---	---	---	---	---	---	---	---	---	---
Ecuador	---	---	2.7	.3	7.1	---	1.0	---	5.9	2.7
El Salvador	---	---	---	---	---	---	---	---	---	---
Guatemala	---	---	---	---	---	---	---	---	---	---
Haiti	---	---	---	4.0	---	10.0	---	---	---	7.0
Honduras	---	---	---	---	---	---	---	---	---	---
Mexico	1.5	50.0	---	1.5	.2	---	4.0	5.4	1.4	---
Nicaragua	---	---	---	---	---	.6	---	---	---	---
Panama	---	---	---	2.0	---	.5	1.5	---	---	---
Paraguay	---	---	---	---	---	---	---	---	---	7.7
Peru	---	---	---	---	---	20.8	.6	---	---	101.2
Uruguay	---	---	---	---	---	2.6	---	---	---	---
Venezuela	---	---	---	2.0	4.8	---	3.0	---	---	---

Table 2-6 (cont'd.)

Country	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Argentina	---	100.0	---	129.2	---	62.0	51.9	24.1	1.4	22.7
Bolivia	---	---	---	---	---	---	---	---	---	---
Brazil	55.1	195.0	18.7	123.6	6.9	204.9	---	---	---	6.0
Chile	---	43.9	15.0	29.0	16.9	77.0	46.4	15.5	16.5	8.2
Colombia	.2	---	83.7	---	25.5	56.6	---	3.4	23.5	6.8
Costa Rica	9.5	.2	---	5.0	3.0	---	4.5	---	---	---
Cuba	1.2	---	16.3	---	---	---	---	---	---	---
Dominican Republic	---	---	---	---	---	---	9.6	---	---	12.7
Ecuador	.9	.5	---	1.1	.9	.4		1.3	---	8.0
El Salvador	---	---	---	---	---	3.7	6.0	---	---	---
Guatemala	1.2	---	---	---	5.0	10.5	---	---	4.6	---
Haiti	6.0	---	---	---	---	---	---	---	---	---
Honduras	---	1.6	1.1	.8	---	---	---	---	---	.4
Mexico	51.5	24.8	48.0	109.0	46.3	27.8	105.3	25.8	54.0	163.2
Nicaragua	---	2.0	---	.5	9.0	2.0	---	---	1.2	---
Panama	---	12.8	---	---	.3	---	2.0	---	7.4	3.5
Paraguay	---	.1	1.3	---	1.3	---	---	---	---	---
Peru	---	.1	11.6	54.9	8.1	26.5	17.1	10.1	28.2	14.2
Uruguay	---	---	---	---	---	---	2.1	5.0	---	---
Venezuela	---	3.5	---	.6	16.3	101.4	---	.4	31.5	12.5

Table 2-6 (cont'd.)

Country	1966	1967	1968	1969	1970	1971	1972	1973	1974	Total
Argentina	29.1	1.2	41.0	58.4	22.4	38.7	44.7	30.1	41.2	859.8
Bolivia	---	10.1	---	8.3	---	---	---	---	---	42.6
Brazil	17.2	31.3	50.8	29.1	65.6	74.0	299.8	142.3	325.7	2,233.3
Chile	.1	262.2	14.5	37.3	3.3	---	1.6	3.1	57.0	751.9
Colombia	3.4	20.4	5.9	19.8	13.4	6.5	18.7	.3	19.3	334.0
Costa Rica	10.2	---	---	---	.5	.5	.1	.9	3.5	41.2
Cuba	---	---	---	---	---	---	---	---	---	25.5
Dominican Republic	8.1	---	6.3	4.3	---	---	2.9	8.8	30.7	83.4
Ecuador	6.3	---	7.5	---	3.0	2.0	1.1	.1	3.3	56.1
El Salvador	2.5	---	---	1.0	---	1.0	.5	1.0	.4	16.1
Guatemala	---	6.5	---	70.0	---	2.9	---	13.5	.6	114.8
Haiti	3.0	---	---	---	.1	---	---	---	---	30.1
Honduras	---	---	---	---	2.0	.6	1.6	7.3	3.2	18.6
Mexico	127.9	101.2	87.3	17.5	40.4	41.2	51.6	143.0	162.9	1,492.7
Nicaragua	2.8	---	4.9	---	---	2.1	.1	---	3.4	28.6
Panama	---	---	.5	---	2.5	2.7	30.1	45.6	2.8	114.2
Paraguay	---	---	---	3.1	---	---	---	---	---	13.5
Peru	3.7	5.7	4.7	16.0	---	4.3	---	---	55.3	383.1
Uruguay	---	---	---	2.0	---	1.1	---	---	.8	13.6
Venezuela	---	30.7	65.3	1.4	16.0	18.7	36.9	15.4	24.5	384.9

Source: Appendices B-U.

With so many countries and so many loans[27] over so long a time period, it is impossible to find a simple answer. Many factors are no doubt involved. A Latin American country could have curtailed imports to save foreign exchange earnings one year. The supply of particular U.S. goods and services might have been at a low level during a certain year and thereby diminished the possibility of total exports to Latin American countries usually importing these products. Or the Bank might have thought that the financial standing of a certain country made it a credit risk. Or Latin American countries might not have applied for loans from the Export-Import Bank because they had alternative sources of credit or just may not have chosen to apply during a given year. Alternatively, the Bank may have encouraged or discouraged loan applications if monies became available, or decided to spread the money around to more countries. Or finally, United States policy might have, at a particular time, dictated that the Bank should curtail loans to a country as a punitive measure or increase loans as a gesture of goodwill and support. These are only a few of the many possibilities. The statistics presented in this chapter enable other researchers to spot and examine critical high and low years for a given country; for now, however, I must remain content with touching on a few cases.

Tables 2-3 and 2-6 show that Mexico received few funds before 1938 and none immediately thereafter. During World War II support was consistent, but for seven years after the war funding became low-level and erratic. Then from 1956 to 1974 Mexico was one of the Bank's very best customers. What accounts for these sharp breaks in policy? Was there a deterioration of Mexican-United States relations? Did Mexico decide to forego loans as a way to finance development? Or was there less money available from the Bank? The answer is a complex combination of all these factors.

Table 2-3 shows that Mexico received only $2.4 million between 1934-1940, a paltry 1.2% of all funds given to Latin America. We know from the general history of inter-American relations that the leftist Cárdenas administration (1934-1940) frightened off many U.S. investments. The distrust of Mexican stability surely accounts, in part, for the low level of funding before 1938. Then, in 1938, when Cárdenas expropriated the U.S. and British oil companies, the Export-Import Bank halted credits as part of a general plan of U.S. retaliation.

As the likelihood of U.S. involvement in World War II increased, the U.S. position softened and the Roosevelt administration moved to strengthen its ties with Mexico. As a direct consequence, Secretary of State Cordell Hull attempted to settle the oil dispute. Despite oil company intransigence an agreement was signed in November 1941 which assured payment of past debts and Mexican cooperation in the military and economic defense of the hemisphere. In return, the United States pledged $30 million in Export-Import Bank loans for a Mexican roadbuilding project.[28]

The resolution of old debts and favored treatment by the U.S. government prompted the Export-Import Bank to support Mexican industrial development generously. Six months after the 30 million dollar loan was promised in November 1941, Warren Pierson, president of the Bank spent ten days in Mexico examining the possibilities for future loans.[29] This trip was the harbinger of strong support during the war years; between November 1941 and December 1945 the Bank committed $94 million to Mexico.[30]

Mexican-U.S. relations continued on a strong note after World War II. In March, 1947, Truman took a three-day goodwill trip to Mexico. Two months later, Miguel Alemán became the first Mexican president to visit Washington. Accompanying Alemán to Washington was his Secretary of Finance, Ramón Beteta, whose duty it was to make a formal request for more loans from the Export-Import Bank.[31] While Mexico had received favored treatment from the Bank during the war, Mexico needed additional loans because of a severe balance of payments crisis.[32] Beteta requested $175 million from the Bank, yet only $50 million was authorized.[33] While publicly expressing satisfaction with the loan, Mexican officials were disappointed they received only 30% of what they requested. The smaller sum was not an indication that the Bank was losing faith in the Mexican government. William McChesney Martin, president of the Export-Import Bank, in a letter to the Mexican ambassador explained why the $175 million request had to be scaled down

> You will appreciate that the limited resources now at the disposal of the bank would alone preclude its financing the program as a whole. The bank has therefore attempted to select from among the various projects now before it those which would make the greatest earliest contribution to the economy of Mexico and to the improvement of the balance of payments of Mexico.[34]

Tables 2-1 and Graphs 1 and 2 support Martin's view. During the period 1946-1948 the Bank committed 87% of its funds to the titanic task of reconstructing Europe. In addition, Graph 1 shows that in 1947 total funds available dropped dramatically. It is reasonable to assume that the combination of these two factors would necessitate a smaller commitment to Mexico.

Because Mexico did not receive the support from international agencies that it would have liked, it had to take decisive steps to curb the flow of dollars out of

Mexico. In the summer of 1947, against the advice of the United States, Mexico established a set of import controls,[35] and in July, 1948, Mexico devalued the peso.

From 1948 to 1955 Mexico received only one major loan from the Export-Import Bank. Why?[36] First, there was pressure on the Bank during the early 1950s to decrease its overall commitments because of the Eisenhower administration's belief that the Bank was a strain on the domestic budget. Graph 1 clearly shows the slump of the early 1950s. So while Mexico actively pursued Export-Import Bank loans, it was not successful.[37] Another factor which kept the amount of loans down was that Mexico did not require much outside support in this period. Because of the devaluation and the Korean War, there was a surge of exports and, as a consequence, a surplus of foreign exchange in 1949, 1950, and early 1951.[38] Mexico's balance of payments was so strong it prompted Mexico's treasury minister to remark that Mexico's financial condition "has improved so much in twelve months that we won't ask for any more loans from the United States."[39]

When the administration of Adolfo Ruiz Cortines took office in December 1952, some contradictory messages were given out about the use of foreign capital. On the one hand, Ruiz Cortines encouraged foreign investment and private capital, yet he pubicly announced his government would seek no new foreign loans. Although this policy was underscored throughout 1953, Table 2-6 shows it did not apply to the Export-Import Bank. But while the President was saying one thing (perhaps for domestic political considerations), his Finance Minister Antonio Carrillo Flores was telling the Mexico Bankers Association that the Mexican government would continue to seek both public and private loans from abroad.[40]

Finally, a low in U.S.-Mexican relations in early 1954 may have had some affect on the low level of funds received by Mexico during that time. In February 1954, at the Inter-American Conference in Caracas, Venezuela, Mexico opposed the U.S. intervention in Guatemala and threw its support behind the procommunist government of Jacobo Arbenz. In Mexico City it was rumored that the Eisenhower administration, displeased at such an anti-American position, deliberately withheld loans from the Export-Import Bank. Whether that was true or not, Ruiz Cortines reversed his position on the Guatemalan issue in the summer of 1954.[41] Resumption of friendly relations, plus the devaluation of the peso in April 1954 and a strong U.S. economy, brought trade and tourists to Mexico. In October of 1955 it was reported that Mexico held over $300 million and had the luxury of declining international loan offers.[42] Thus, a complex combination of factors explains the Export-Import Bank's policy during its first twenty years of operation.

In the Brazilian case, there was one conspicuous gap in Export-Import Bank loans--1962, 1963, and 1964. For the thirteen years prior to 1962 and for every year after 1964 there had been Export-Import Bank loans authorized to Brazil. The cessation of loans during that three year period appears to be in repudiation of the leftist government of João Goulart. His years in office coincide with the cutting off of Bank funds. Goulart's opposition to the U.S. efforts to expel Cuba from the Organization of American States in 1962 was one of the factors that contributed to the termination of loans. After the military overthrow of Goulart in April 1964, loans once again became available to Brazil.

A similar scenario took place in Chile in the 1970s. During the period 1967-70, the level of loan authorization to Chile was an admittedly high average of $104.6 million. After Marxist Salvador Allende was elected, his three-year average was only $2.6 million (aid in the pipeline, however, was not cut off).[43] Decline in authorizations came not because Chile decided it wanted to do without international loans. On the contrary, Allende asked the Export-Import Bank for almost $200 million, but he was turned down on the grounds that the Chilean government had not compensated U.S. mining interests when it had expropriated their property.[44] The year after Allende was killed, the right wing military government received $57 million from a sympathetic Export-Import Bank. Bank loans were not only used punitively, however; they were also used to cajole and reward allies. Such was the case with Argentina.

The U.S. ambassador to Argentina in 1950, Stanton Griffis, recounted that the 1950 Export-Import Bank loan of $125 million was used to persuade Perón to sign a military alliance with the United States, the Rio Pact.[45] The ploy apparently worked. Griffis maintains that Perón was so happy with the loan, he signed the Pact. However, since Perón had often stated publicly that he would never request a U.S. loan, diplomats and Bank representatives were careful to call it a "credit."[46] Table 2-6 shows that during the next four years only $5 million was authorized to Argentina. Then, in 1955, a $60 million loan was authorized, and in 1957 a $100 million loan was promised. It appears that the 1957 and, probably, 1955 loans were rewards to the military for its deposition of Perón. The $100 million was authorized on the anniversary of Perón's downfall and "represented an expression of encouragement to the existing government of Argentina."[47] In all of these cases the United States has enriched itself not only in increased exports, but also in political benefits. These benefits, however, were not without monetary or political costs. At the same time, Latin America has received the help of low-interest loans, but has paid the price of reduced sovereignty and an increased external debt. The measurement of these reciprocal costs and benefits is at best difficult.

In strict monetary terms, Latin America received close to $9 billion in cumulative credits from the Export-Import Bank since its inception in 1934 to June 30, 1974. This $9 billion represented authorized or promised loans, not what was actually given. The volume of disbursements was much lower--about two-thirds, or $6 billion.[48] This means that Latin America has purchased approximately $6 billion worth of United States goods and services. Admittedly, some of the money has gone to public works projects or currency blockage loans, but these uses also support U.S. exports, if indirectly. Moreover, industrial development loans also represent the export of U.S. merchandise. If a $50 million loan, for example, is announced in the press as being earmarked for construction of a steel mill in Brazil, what that means is that $50 million worth of steel mill machinery and equipment is being purchased on credit from the United States. Brazil benefits because it receives the materials to build its plant, which theoretically it could not have acquired through a commercial bank. The mill should contribute to the productive capacity of the Brazilian economy and move the country towards further development. The loan can be considered foreign aid, even though it must be repaid in dollars with interest, because it costs Brazil less than a similar loan sold on the commercial market.

The costs to Latin America of these kinds of loans is difficult to determine. The terms of the loans, that is, the interest cost and the repayment schedule, have varied according to the cost of money in the marketplace and the type of product being financed. None of the Export-Import Bank's Annual Reports prior to 1945 gives the terms of its loans, but we do know from congressional sources that loans for heavy equipment, like the steel mill example above, would cost from 4 to 6.5% and range in maturity from one to ten years.[49] If one were a cotton exporter, however, credit terms would be more severe, with repayment in six to nine months. Loans sold directly to foreign governments have been generally made at lower rates than those made to commercial firms. Loans for the reconstruction of Europe in 1945-46, for example, were given around 3% and for as long as twenty or thirty years for repayments. Since 1945, loan rates have slowly crept upward to 6%. After April 1974, they were raised to 7%. Interest rates have risen for two reasons. First, U.S. businessmen have complained that low interest rates discriminate against the U.S. domestic economy and enable Latin Americans to compete unfairly with U.S. businessmen.[50] And second, the cost of money to the Export-Import Bank has fluctuated. During the mid-1940s, the Bank was charged slightly under 2% for the use of Treasury funds, 3% in 1956, and almost 7% in the 1970s.[51] Yet, even in the face of these rising costs, the Bank was able to offer its borrowers cheaper terms than the standard market rate. How was this possible?

Unlike all the other aid bureaucracies, the Export-Import Bank does not receive its funds from congressional appropriations. When President Roosevelt established the Export-Import Bank in 1934, he did so by executive order, making it an independent government corporation. Like a private corporation, the Export-Import Bank is owned by stockholders who purchase shares representing fractions of the firm's holdings. This invested capital is then used as its working capital. In the early years, the Reconstruction Finance Corporation (RFC) purchased its stock. As the Bank expanded its operations, it sold preferred stock to the RFC to increase its resources. In 1946 the RFC stock holdings were taken over by the U.S. Treasury "for the sake of simplicity."[52] Originally, the only limitation upon the amount of money the Bank could lend was the amount of stock the RFC or the Treasury would purchase. As Congress has tried to establish more control over the Bank, it has set limits on how much could be loaned. Over the years, however, the Bank's borrowing authority from the treasury and its lending limits have been steadily increased. In December, 1974, Congress extended the lending authority to a limit of $25 billion.

In sum, the Export-Import Bank receives its money from the sale of stock. It then loans this money to exporters for a price--i.e., the interest charged. It pays part of its profits out to its stockholders in the form of dividends and keeps the rest to cover any losses it might incur. The Bank is able to undercut the interest rate charged by commercial banks because it borrows from the U.S. Treasury at a very low rate. It, in turn, can afford to charge its customers this low rate plus a little more to cover administrative costs.[53]

Though the Bank was never intended to be a big profit-maker, its profits have been considerable. According to Table 2-7, since 1934 the Bank has made a net profit of $2,469 million. A large part of this success can be attributed to the Bank's policy of taking very few risky loans and the borrower's fear of the Export-Import Bank's power. As of October 1973, the Export-Import Bank had written off only $3.8 million out of a total of $21 billion in disbursements. The Bank president, Mr. Henry Kearns, has explained why there have been so few losses:

> Now our minimum loss rate is not really due completely to astute management, I will assure you of that. A

Table 2-7

Export-Import Bank Income, 1934-1974
(Millions of Dollars)

Fiscal Year	Gross[a] Income	Net[b] Income	Fiscal Year	Gross Income	Net Income
1934-45	44	43	1961	139	92
1946	11	10	1962	167	106
1947	32	30	1963	182	114
1948	54	45	1964	182	120
1949	61	48	1965	178	114
1950	62	48	1966	179	114
1951	66	52	1967	206	108
1952	70	52	1968	242	114
1953	76	52	1969	281	104
1954	87	57	1970	320	111
1955	86	59	1971	326	119
1956	86	60	1972	346	148
1957	85	61	1973	376	140
1958	101	67	1974	450	110
1959	128	85			
1960	134	86	Totals	4,757	2,469

[a]Gross Income equals total Bank revenue.

[b]Net Income equals gross income minus operating expenses and defaults.

Source: Export-Import Bank of the United States. Annual Report 1973/74, p. 31.

good bit of it is due to the tremendous leverage that you have in the Export-Import Bank. Because of its size and importance in the international field, no private business that intends to stay in business or government that intends to borrow again can really afford to default to us, because if we are no longer willing to loan, guarantee or insure few others will. So it is the strongest possible collection tool that anyone could have, in my humble opinion.[54]

Even considering the Bank's low rates and long-term repayments, its lending policies can hardly be considered "soft," like those of other aid agencies. The Bank does not appear to be the burden to, or sacrifice on the part of, the United States government that we normally associate with foreign aid. Since the loans are repayable in dollars, the cost to the United States is negligible; the Bank is self-supporting. The only real cost was the initial subscription of capital from the treasury over thirty years ago. Since that time the Bank has been paying dividends regularly to the treasury of $50 million a year and has still made a handsome net profit.[55] By 1940 the Bank had built up a reserve of about $1.5 billion from cumulative profits.[56] This, plus the positive effects the Export-Import Bank has had on the U.S. balance of payments and U.S. industry, indicates there has not been much cost to the U.S. government to operate the Bank.

In conclusion, the Export-Import Bank has been a multipurposed foreign aid agency. Conceived during the depression, it has long outlived the crisis for which it was first created because of its adaptability, flexibility, and usefulness in filling different needs of United States foreign policy--successively or simultaneously boosting exports, countering German influence in Latin America, reconstructing Europe, processing strategic raw materials, developing the economies of the third world, and easing the balance of payments crisis. The Export-Import Bank, during its earlier years, had a special relationship with Latin America. During the immediate prewar and post-reconstruction years the majority of Bank loans were directed towards Latin America. With the beginning of the Alliance for Progress, however, the Bank became a relatively less important lending agency in Latin America. In terms of volume of loans, it still continues to do a large volume of business with the region, but priority lending to Latin America appears to be over--at least until the next crisis.

FOOTNOTES

[1]Warren L. Pierson, "Export-Import Bank Operations," Annals of the American Academy of Political and Social Science, 211 (September, 1940), p. 40.

[2]Out of this 134 million dollars only 26 million was disbursed.

[3]Gardner Patterson, "The Export-Import Bank," Quarterly Journal of Economics, 58 (November, 1943), p. 69.

[4]Export-Import Bank of Washington, Ninth Semi-Annual Report to Congress for the Period July-December 1949 (Washington, D.C.: Government Printing Office, 1950), pp. 2-3.

[5]Olin S. Pugh, The Export-Import Bank of Washington, Essays in Economics, no. 5 (Columbia, South Carolina: University of South Carolina Press, 1957), p. 13.

[6]Calculated from table in U.S., Cong., House, Reports on Audit of Government Corporations, HR. doc 248, 80th Cong., 1st sess., 1945, Report on Audit of Export-Import Bank of Washington, Schedule 3, pp. 24-25.

[7]Calculated from figures in James W. Wilkie, Statistics and National Policy (Los Angeles: UCLA Latin American Center Publications, 1974), Appendix A, p. 252.

[8]William Charles Binning, "The Role of the Export-Import Bank in Inter-American Affairs" (unpublished Ph.D. dissertation, University of Notre Dame, 1970), pp. 18-19.

[9]Population percentages were computed from the 1940 population figures in James W. Wilkie, Statistics and National Policy, Chapter VIII, Tables 1 and 3.

[10]"Export-Import Bank Loans to Latin America," Foreign Policy Reports, 17 (July, 1941), p. 84.

[11]Ibid., p. 85.

[12]Export-Import Bank of Washington, Annual Report of the Export-Import Bank of Washington (Washington, D.C.: Government Printing Office, 1941), pp. 1-2.

[13]U.S., Cong., Senate, Committee on Banking and Currency, Study of the Export-Import Bank and World Bank, Hearings on S. res. 25 and 183, 83rd Cong., 2nd Sess., 1954, p. 91.

[14]"Export-Import Bank Loans to Latin America," Foreign Policy Reports, 17 (July, 1941), p. 86.

[15]Howard S. Piquet, The Export-Import Bank of the United States: An Analysis of Some Current Problems, National Planning Association, Planning Pamphlet No. 129 (Washington, D.C.: National Planning Association, 1970), pp. 3-4, and Export-Import Bank of Washington, Annual Report of Export-Import Bank of Washington for 1942 (Washington, D.C.: Government Printing Office, 1943), p. 2.

[16]David Green, The Containment of Latin America; A History of the Myths and Realities of the Good Neighbor Policy (Chicago: Quadrangle Books, 1971), p. 44.

[17]Piquet, The Export-Import Bank, p. 4, and Binning "The Role of the Export-Import Bank."

[18]Pugh, p. 21.

[19]U.S., Cong., Senate, Subcommittee of the Committee on Banking and Currency, Export-Import Bank Act Amendments, Hearings on S. 2006, 82nd Cong., 1st Sess., 1951, pp. 14-15.

[20]U.S., Cong., Senate, Subcommittee of the Committee on Appropriations, Foreign Economic Administration Appropriations Bill, 1945, Hearings on HR 4937, 78th Cong., 2nd Sess., 1951, p. 56.

[21]Charles R. Whittlesey, "Five Years of the Export-Import Bank," American Economic Review, 29 (September, 1939), pp. 489-90, and Export-Import Bank of Washington, Annual Report of the Export-Import Bank of Washington for 1936 (Washington, D.C.: Government Printing Office, 1936), pp. 9-10.

[22]U.S., Cong., Senate, Committee on Banking and Currency, Study of Export-Import Bank and World Bank, Hearings on S. Res. 25 and 183, 83rd Cong., 2nd Sess., 1954, p. 105.

[23]U.S., Cong., House, Committee on Banking and Currency, Extension of Export-Import Bank Act, Hearings on HR 11261, 84th Cong., 2nd Sess., 1956, pp. 12-13.

[24]Pugh, pp. 29-31.

[25]U.S. Cong., Senate, Committee on Banking and Currency, Study of Export-Import Bank and World Bank, Hearings on S. res. 25 and 183, 83rd Cong., 2nd Sess., 1954, p. 121.

[26]U.S., Cong., House, Committee on Banking and Currency, Extension of Export-Import Bank Act, Hearings on HR 11261, 84th Cong., 2nd Sess., 1956, p. 26.

[27]It must be kept in mind that the figures that appear on Table 2-6 are total annual authorizations. This means anywhere from one to dozens of individual loan decisions are included in the process of computing this one figure.

[28]Karl M. Schmitt, Mexico and the United States, 1821-1973: Conflict and Coexistence (New York: John Wiley and Sons, 1974), pp. 185-187, and New York Times, 3 September 1941, p. 1:4 and 20 November 1941, p. 1:4.

[29]New York Times, 24 May 1942, p. 3:4.

[30]New York Times, 8 December 1945, p. 26:5.

[31]New York Times, 30 April, 1947, p. 3:7.

[32]While Mexico had accumulated large foreign exchange reserves during World War II, these reserves were quickly depleted because large-scale industrialization projects required massive imports of U.S. machinery. Luxury imports also put pressure on the peso. See Sanford A. Mosk, Industrial Revolution in Mexico (Berkeley and Los Angeles: University of California Press, 1950), pp. 302-303.

[33]An additional $50 million was given by the U.S. Treasury to stabilize the peso.

[34]New York Times, 14 May, 1947, p. 1:6.

[35]Mosk, pp. 292-293.

[36]The major loan I refer to was a $150 million credit in 1951. Mysteriously, this loan was not included in the 1959 U.S. Overseas Loans and Grants, the volume I

used to record the 1946-1969 data. It was only through additional research in the New York Times that I found the discrepancy. Alerted by the missing loan, I went back to the original records and carefully reviewed all the Export-Import Bank data for Mexico only to find several other problems. That is, in 1962, 1965, and 1966 large loans in excess of a million dollars were announced in U.S. Overseas Loans and Grants. In subsequent years those same loans were recorded as a much lower figure. It is normal to find slight revisions from year to year, but these were disturbingly large differences. I wrote to the Export-Import Bank for an explanation, but Mr. Arthur J. Obester, Deputy Public Affairs Officer of the Bank, replied they could not find the source of the discrepancy. Upon further reflection, I think the failure to record the 1951 loan was simply a clerical discrepancy. The three loans in the early 1960s were drastically revised because most of each was probably sold off to the new aid agency, U.S. Agency for International Development, a common occurrence of this period. If loans are sold by the Bank, they are deducted from totals basing downward data published for later years. To fully satisfy my curiosity I am going to have to do research in the Export-Import Bank archives in the future. But for now, I have left stand the figures recorded in U.S. Overseas Loans and Grants in order to keep the statistical series as consistent as possible.

[37]In March of 1949, Antonio J. Bermúdez, director of the Mexican petroleum company, PEMEX, went to Washington to try and get $470 million in loans for his company. He was turned down. Export-Import Bank officials maintained that private institutions should assist oil companies. See the New York Times, 27 March 1949, III, p. 1:8, and 31 March, 1949, p. 24:5.

[38]Dwight S. Brothers and Leopoldo Solís M., Mexican Financial Development (Austin: University of Texas Press, 1966), p. 85.

[39]New York Times, 11 March 1951, p. 23:6.

[40]New York Times, 27 April 1954, p. 29:2.

[41]New York Times, 4 July 1954, p. 9:1.

[42]New York Times, 16 October, 1955, p. 9:1.

[43]For a balanced view of aid to the Allende regime see James W. Wilkie, Statistics and National Policy (Los Angeles: UCLA Latin American Center, 1974), chapter XX.

[44]North American Congress on Latin America, New Chile (Berkeley: University of California Press, 1973), p. 46.

[45]This figure shows up as $96.5 million on Table 2-6, even though $125 million was originally authorized. The reason the smaller figure was recorded by U.S. Overseas Loans and Grants is that Argentina finally requested only 96.5 million of the total sum.

[46]Stanton Griffis, Lying in State (New York: Doubleday, 1952), pp. 260-261.

[47]Pugh, p. 32.

[48]U.S. Export-Import Bank of Washington, Export-Import Bank of the United States; Cumulative Records, 1973/74. This 9 billion includes credits, guarantees, and insurance. That is why this total is somewhat larger than my calculations in Tables 2-3 and 2-6.

[49]"Export-Import Bank Loans to Latin America," Foreign Policy Reports, 17 (July, 1941), p. 9

[50]James W. Wilkie, Statistics and National Policy, p. 148.

[51]Export-Import Bank of Washington, First Semiannual Report to Congress for Period July-December, 1945 (Washington, D.C.: Government Printing Office, 1946), pp. 27-28.

[52]U.S., Cong., House, Committee on Banking and Currency, A Bill to Provide for Increased Lending Authority of Eximbank, Hearings on HR 3464 and HR 3490 superceded by HR 3771, 79th Cong., 1st Sess., 1945, p. 8.

[53]There were even several cases when the treasury actually charged the Export-Import Bank less than the going interest rate because of foreign policy considerations.

[54]U.S., Cong., Senate, Subcommittee on International Finance of the Committee on Banking and Currency, Housing and Urban Affairs, Export-Import Bank of the United States, Hearings on S. 1890, 93rd Cong., 1st Sess., 1973, p. 14.

[55]During the 1932-1944 period, the Bank paid dividends to the RFC of from 2 to 3 percent of its capital. From 1945-1951, it paid no payment to the treasury. Dividends in the 1950s ranged from 2 to 2.5

percent of capital subscribed. At the end of 1956 it was about 3.5 percent on new borrowings. For more detail see Pugh, pp. 38–40.

[56]U.S., Cong., Senate, Committee on Banking, Housing, and Urban Affairs, Export-Import Bank Amendments of 1974, Hearings on S. 3917, 93rd Cong., 2nd Sess., 1974, p. 41.

CHAPTER III

THE AGENCY FOR INTERNATIONAL DEVELOPMENT

"Vice-President Nixon attacked by angry mob in Caracas" read newspaper headlines across the United States in May 1958. This incident prompted the United States to increase sharply its foreign aid to Latin America. The rise of Castro a year later prompted the United States to establish the Agency for International Development. Foreign aid was once again being used to combat an international crisis. Indeed, the statistical history of the Agency for International Development and its predecessor agencies is replete with examples of this kind. And U.S. reflexive policy significantly influenced the timing, the amount, and the kinds of foreign aid received by Latin America.

This chapter, then, broadly examines the foreign aid to Latin America given by the Agency for International Development and its antecedent bureaucracies: Economic Cooperation Administration, ECA; Technical Cooperation Administration, TCA; Mutual Security Agency, MSA; Foreign Operations Administration, FOA; International Cooperation Administration, ICA; and the Development Loan Fund, DLF (see Table 3-1). In broad strokes it outlines the

Table 3-1

Dates for the Founding of the Agency for International Development and its Predecessor Agencies

Agency Name	Date Established	Date Abolished
Economic Cooperation Administration	4/48	10/51
Technical Cooperation Administration	6/50	8/53
Mutual Security Agency	10/51	8/53
Foreign Operations Administration	8/53	5/55
International Cooperation Administration	6/55	9/61
Development Loan Fund	6/58	9/61
Agency for International Development	11/61	

Source: U.S. General Services Administration, U.S. Government Manual; 1977/78 (Washington D.C.: Office of the Federal Registrar, National Archives and Records Service, 1977), Appendix A, pp. 712-806.

statistical vicissitudes of the program's history and shows how the international crises, in large part, have determined what proportion of funds Latin America has received. The chapter then closely examines the receipt of funds by individual Latin American countries. More precisely, which countries were the recipients of the majority of the aid? What form--i.e., loans versus grants or projects versus programs--did the assistance take? And finally, did development projects or security projects receive the most support? Let us begin by examining Latin America's share of funds from the Agency for International Development and its predecessor agencies (hereafter labeled AID).

Table 3-2 and Graph 4 indicate that Latin America's share of funds throughout the 1950s was negligible. Of the $12 billion given worldwide from 1949 to 1951 Latin America received none. The remainder of the 1950s was not much better; during those nine years Latin America received only 5% of AID's total commitments. The primary reason for such minimal support was that other areas of the globe were of greater strategic importance to the United States in countering Soviet expansion. Washington reasoned that there was little threat of Latin America becoming communist, so our southern neighbors did not require any special assistance. This policy wrongly took Latin American friendship and cooperation for granted.

Table 3-2

AID[a] Commitments--Total and by Region
1949-1974
(Millions of Dollars)

Year[b]	Total	Near East[c] and South Asia	Latin[d] America	Europe	Far East[e] and East Asia	Vietnam	Africa	Non-Regional
1949	6,137	228	---	5,684	225	...	...	...
1950	3,624	249	---	3,375	---	...	...	...
1951	2,579	211	---	2,210	158	...	...	...
1952	1,854	405	19	1,287	143	...	...	...
1953	1,849	363	18	1,249	219	...	...	...
1954	2,073	396	27	599	1,051	...	...	...
1955	1,619	465	45	198	911	...	...	...
1956	1,470	439	72	109	765	...	13	72
1957	1,534	411	79	107	810	...	61	66
1958	1,342	350	70	82	616	...	73	154
1959	1,778	649	103	131	700	...	116	79
1960	1,775	703	96	105	601	...	169	100
1961	2,080	757	258	93	533	...	271	170
1962	2,539	1,124	477	17	399	...	313	209
1963	2,432	947	556	---	443	...	261	225
1964	2,271	843	627	...	351	...	202	247
1965	2,178	694	588	...	225	225	162	283
1966	2,665	663	684	...	266	593	177	281
1967	2,419	573	574	...	276	494	205	297
1968	2,178	533	533	...	241	400	160	311
1969	1,690	373	326	...	212	314	154	311
1970	1,877	405	422	...	192	366	155	338

Table 3-2 (cont'd.).

Year[b]	Total	Near East[c] and South Asia	Latin[d] America	Europe	Far East[e] and East Asia	Vietnam	Africa	Non-Regional
1971	1,860	288	331	...	305	388	176	372
1972	2,062	451	338	...	289	387	175	422
1973	1,983	387	314	...	383	313	163	423
1974	1,809	243	239	...	298	384	135	...

[a]Agency for International Development and predecessor agencies, see Table 3-1.

[b]Fiscal years.

[c]Includes Africa 1949-1955.

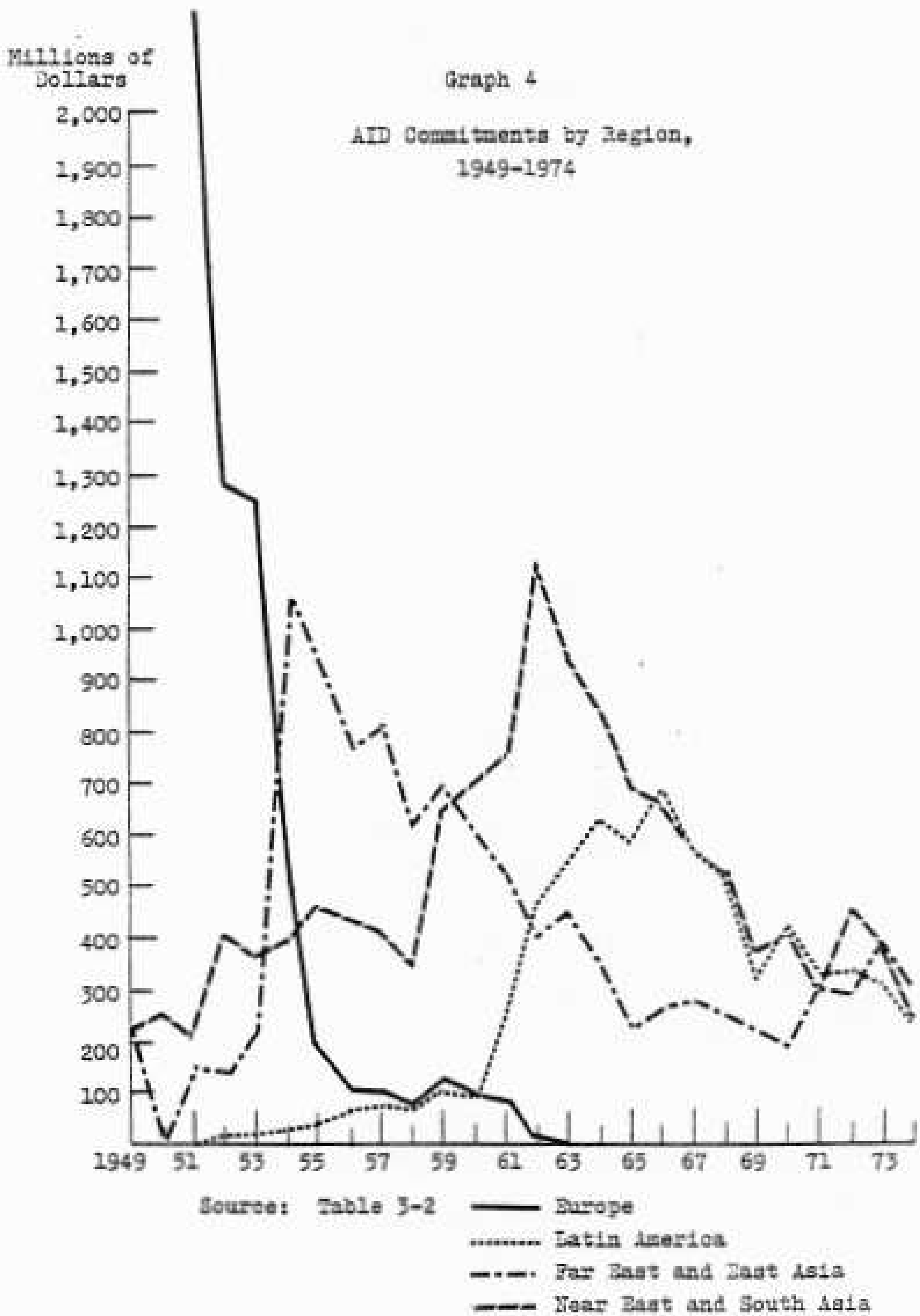
[d]Includes entire region plus ROCAP and OAS contributions.

[e]Excluding Vietnam 1965-1974.

Source: The 1949-1973 statistics are from U.S. Agency for International Development, Operations Report, annual volumes dated June 30th. The 1974 figures are from U.S. Agency for International Development, U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations, July 1, 1945-June 30, 1974.

Graph 4

AID Commitments by Region,
1949-1974



Source: Table 3-2

The Good Neighbor policy notwithstanding, relations between the United States and Latin America during the 1930s and 1940s were not trouble-free.[1] While the common goal of defeating the Axis powers temporarily masked the tensions in inter-American relations, the close of World War II made it painfully obvious that the interests of the United States and the interests of Latin America were at loggerheads: the United States was interested in keeping communism out of the Western Hemisphere,while Latin America was most concerned with stabilizing the price of raw materials and industrializing its economy. Latin America pressed its demands by insisting on a special inter-American conference to discuss economic issues. The conference was repeatedly postponed from 1942 to 1957.[2]

Washington ignored Latin America's plea for a special aid and trade policy contending that free trade and private investment would best serve the interests of the whole Western Hemisphere. The following statement by a 1957 congressional committee report illustrates this U.S. policy:

> Although there is some feeling on the part of South Americans that they have been neglected by the U.S. in the field of foreign aid, it is believed that this sentiment is diminishing; at any rate, it is not a valid reason for changing present policies . . . .

> Primarily, we should depend upon private investment for our contribution to the economic development of the [South American] continent.[3]

Latin Americans, however, did not take the same attitude about foreign aid. They felt they were being treated unfairly, for while the United States preached the virtues of private investment in the development of Latin America, it was aiding the recovery of Europe with public funds. As Table 3-2 and Graph 4 show, Latin Americans had cause to feel slighted; from 1949 to 1952 Europe received $12.5 billion, while Latin America received not much more than one-tenth of one percent of that amount, or $19 million. The United States maintained that assistance given to Europe was exceptional, its grave economic and political condition required more than private assistance.

The spread of communism to Asia and the Soviet Union's decision to give economic aid to poor countries prompted the United States to change the direction of its foreign aid program. Less money went to Europe and more to Asia and the third world. The countries bordering the Soviet Union and China received the greatest part of U.S. economic assistance between 1953 and 1957, while Latin America received $241 million. Though Latin America's relative proportion remained small, its share increased twenty-five fold between the quadrennial periods 1949-1952 and 1953-1957.

This increase in aid to Latin America was not in any way reminiscent of a large-scale public aid program like the Marshall Plan. Instead it was a coordinated program of technical assistance coupled with private investment--hardly a startling shift in policy as Latin America well saw.[4] What was unique and important was that for the first time economic development was being justified as part of a plan to thwart communism.

The Truman and Eisenhower administrations believed that poverty and hunger caused dissension and unrest, the two prerequisites of communist infiltration. If foreign aid could somehow set off a chain reaction leading to economic development, communism could be halted.[5] This reasoning was never empirically tested, but it had a salutary affect on Latin America,as the slight rise in commitments during the 1950s attests. Through 1958, however, the most Latin America received during any one year was only $79 million, far below what other regions of the world received. It took a major crisis for the United States to suddenly find Latin America to be of sufficient interest to warrant a dramatic increase in foreign aid. The stoning of Richard Nixon during his Latin American tour in the spring of 1958 provided the catalyst for such a change.

Washington believed the anti-Nixon demonstrations were communist-inspired and augured a wave of communist activity in Latin America.[6] In the following year, Congress responded with the highest level of appropriations in Latin American history, $103 million. Concern turned to alarm when Castro's anti-United States policies led to the expropriation of U.S. property and to closer relations with Soviet-bloc nations. Acting with a sense of urgency, the United States signed the Act of Bogotá in 1960,which led directly to the charter of Punta del Este and the Alliance for Progress in 1961. In the hopes of providing Latin America with an evolutionary-capitalist alternative to the Cuban Revolution, the United States committed large sums of aid for economic and social development. The dramatic increase can be seen in Graph 4. In 1960 Latin America received $96 million; one year later its receipts had climbed to $258 million, and by 1966 commitments had reached a peak of $684 million. From that date forward funding levels had declined until in 1974 they had dipped below pre-Castro levels for the first time.

There were several causes for the mid-1970s decline in support of foreign aid to Latin America. Reading the reports of the congressional appropriations hearings, one sees deep disenchantment with the seemingly unproductive task of development. Billions of dollars had been poured into Latin America during the 1960s, yet the countries of the region were as poor and unstable as ever. Underlying congressional frustration was the unrealistic comparison of the Marshall Plan with the Alliance for Progress. The Marshall Plan had been so successful that it conditioned Washington officials and the American public to believe economic assistance could cure any of the world's ills. The fact that Europe possessed industrial skills, modern technology, and entrepreneurial ability that Latin America did not have was not fully understood. In addition to the skepticism about the efficacy of foreign aid in Latin America, domestic crises, the Vietnam War, and balance of payments deficits gave congressmen all the more reason to cut support for economic assistance to Latin America.

Congressional pressure to reduce foreign aid has frustrated successive administrations.[7] Each president has attempted to overcome this congressional reluctance by calling attention to every foreign policy problem and labeling it a crisis, or, as in the case of the Dominican Republic in 1965, even creating a crisis where previously one did not exist. At worst, this overselling has led to cynicism and mistrust of foreign aid; at best, when the perceived danger has subsided, funds have been withdrawn. Such was the case in Latin America. When the threat of Castroism diminished,so did public and congressional support for the Alliance for Progress.

While this crisis-oriented policy in large part determined the regional funding of foreign aid, it had less influence on which country within a region received the most assistance. An examination of AID funds given to each Latin American country (Table 3-3) supports this hypothesis. Table 3-3 clearly shows the single largest percentage of commitments went to Brazil. Between 1949 and 1974, Brazil was promised $1.4 billion, or slightly over one-quarter of all the funds given to the twenty Latin American countries. The top three recipients--Brazil, Colombia, and Chile--received over half of all commitments, while the bottom seven countries received just under 9% of the total. Certainly, there was no attempt by AID administrators to provide an equitable distribution of funds. While the funding was not equitable, it certainly was consistent. Except for Cuba, whose funds were terminated in 1961, all twenty countries received an allotment of funds almost every year (see Table 3-4).

When one regroups the statistics from Table 3-4 into historical periods, different rankings emerge than shown in Table 3-3. Rather than take the whole twenty-six year period as a unit in Table 3-5; 1949-1958, the Cold War or Mutual Security era; 1959-1966, the peak years of the Alliance for Progress; and 1967-1974, the years of congressional disillusionment with foreign aid. Table 3-5

Table 3-3

AID Commitments to Individual Latin American Countries, 1949-1974, in Descending Order (Millions of Dollars)

Country	Amount	Percent
1. Brazil	1,453.1	25.3
2. Colombia	971.7	16.9
3. Chile	649.7	11.3
4. Bolivia	460.6	8.0
5. Dominican Republic	350.2	6.1
6. Peru	226.7	3.9
7. Panama	208.5	3.6
8. Guatemala	206.4	3.6
9. Ecuador	181.8	3.2
10. Nicaragua	148.5	2.6
11. Argentina	135.9	2.4
12. Honduras	125.9	2.2
13. Costa Rica	115.4	2.0
14. El Salvador	100.4	1.7
15. Paraguay	98.4	1.7
16. Haiti	87.4	1.5
17. Mexico	78.9	1.4
18. Venezuela	72.0	1.2
19. Uruguay	71.9	1.2
20. Cuba	3.3	---
Total	5,746.7	99.8

Source: Table 3-4.

Table 3-4

Annual AID Commitments to Individual Latin American Countries, 1949-1974
(Millions of Dollars)

Country	1949-1952	1953	1954	1955	1956	1957	1958	1959
Argentina	---	---	---	---	.1	---	.1	25.2
Bolivia	1.5	1.3	7.5	11.0	25.4	23.3	22.4	24.5
Brazil	2.6	3.2	2.5	3.0	3.6	4.5	4.0	6.3
Chile	1.1	1.3	1.4	2.1	2.2	3.3	12.8	3.2
Colombia	.7	1.0	1.2	1.4	1.3	1.2	1.3	1.7
Costa Rica	1.3	.8	.7	.9	.9	3.0	1.1	1.4
Cuba	.1	.2	.2	.5	.5	.6	.5	.4
Dominican Republic	.2	.3	.2	.3	.3	.2	.2	.2
Ecuador	1.4	1.0	1.3	1.4	1.7	3.8	4.1	6.6
El Salvador	.5	.7	.5	.8	.9	1.1	1.0	1.0
Guatemala	.2	.2	.2	5.6	18.2	17.5	12.6	8.0
Haiti	.7	.6	1.0	2.3	6.4	2.1	3.5	11.4
Honduras	.7	.7	1.1	1.2	1.2	4.3	6.9	1.9
Mexico	.7	.7	1.4	1.4	.7	.9	.6	.7
Nicaragua	.6	.6	.5	.9	.8	.7	.8	1.7
Panama	1.3	.8	1.1	1.4	1.1	3.0	1.4	1.5
Paraguay	1.6	.8	1.2	1.8	1.8	2.5	5.0	5.3
Peru	1.8	1.7	2.4	2.4	2.8	4.6	2.7	2.8
Uruguay	.4	.2	.2	.4	.2	.3	.2	9.0
Venezuela	.1	.1	.1	.2	.2	.1	.2	.1

Table 3-4 (cont'd.)

Country	1960	1961	1962	1963	1964	1965	1966	1967
Argentina	.8	6.9	21.9	99.3	9.5	-16.3	-6.3	1.3
Bolivia	14.8	27.9	31.8	35.5	58.4	2.4	27.5	14.3
Brazil	7.2	7.5	84.5	86.3	178.9	230.7	241.7	212.6
Chile	18.9	31.2	142.4	40.4	78.5	99.0	85.6	12.0
Colombia	1.9	28.2	37.9	93.4	74.2	3.6	75.4	104.3
Costa Rica	1.3	10.0	1.9	12.8	9.9	8.1	1.6	6.2
Cuba	.3	---	---	...	...	...	...	...
Dominican Republic	.3	.1	26.0	29.6	-.7	52.9	93.8	53.2
Ecuador	7.9	9.6	19.9	18.1	19.2	11.1	15.1	.4
El Salvador	1.0	2.9	3.1	19.3	10.9	5.5	3.3	.9
Guatemala	5.9	21.0	4.2	3.1	5.6	7.0	-1.1	11.1
Haiti	11.0	10.7	6.8	.2	-1.4	1.4	2.4	1.8
Honduras	4.1	5.2	2.9	6.5	6.7	2.2	11.9	8.9
Mexico	.7	1.2	20.6	.2	22.4	24.9	.2	.3
Nicaragua	3.3	8.3	3.5	3.4	3.9	16.2	16.0	11.3
Panama	1.6	15.7	12.4	8.1	8.9	10.9	11.7	33.9
Paraguay	2.4	9.7	1.1	3.0	5.3	2.3	11.6	3.9
Peru	7.3	29.2	26.6	-3.0	28.6	6.3	18.3	22.0
Uruguay	.1	.1	.3	7.9	6.2	-1.5	5.8	2.4
Venezuela	.1	15.2	11.1	33.1	1.6	1.6	1.4	1.1

Table 3-4 (cont'd.)

Country	1968	1969	1970	1971	1972	1973	1974
Argentina	-8.9	.9	.9	.5	---	---	---
Bolivia	7.8	8.0	.6	3.7	55.6	17.0	38.4
Brazil	187.7	-11.7	61.2	79.4	12.1	40.6	5.0
Chile	53.9	34.6	17.2	1.5	1.0	.8	5.3
Colombia	76.2	99.1	74.1	84.0	92.6	76.9	40.1
Costa Rica	4.1	13.7	17.4	6.4	1.7	1.3	8.9
Cuba	...	...	...	...	...	...	...
Dominican Republic	43.2	11.3	4.6	13.5	6.9	1.0	12.6
Ecuador	3.2	5.7	23.0	15.3	4.9	4.6	2.5
El Salvador	8.1	10.4	10.2	2.5	6.0	2.0	7.8
Guatemala	10.9	5.8	31.7	14.2	12.5	9.5	2.5
Haiti	2.1	1.9	1.5	2.8	3.2	6.3	8.7
Honduras	12.8	2.5	5.2	5.2	3.6	5.6	24.6
Mexico	.1	.2	1.0	---	---	---	---
Nicaragua	22.1	1.7	2.3	12.5	2.5	22.5	12.4
Panama	18.8	15.8	7.3	11.1	22.8	7.1	10.8
Paraguay	2.4	9.5	7.1	6.9	2.8	6.0	4.4
Peru	3.9	3.6	8.2	6.9	31.7	3.8	12.1
Uruguay	13.2	1.3	16.8	4.9	1.4	1.2	.9
Venezuela	1.2	.9	1.1	1.0	.8	.4	.3

Source: See Appendices B-U.

Table 3-5

AID to Latin America During Three Historical Periods; 1949-1958, 1959-1966, and 1967-1974
(Millions of Dollars)

Mutual Security Years 1949-1958		Peak Years of the Alliance for Progress 1959-1966		Years of Congressional Disillusionment 1967-1974	
Bolivia	92.4	Brazil	842.8	Colombia	647.3
Guatemala	54.5	Chile	499.2	Brazil	586.9
Chile	24.2	Colombia	316.3	Dominican Republic	146.3
Brazil	23.4	Bolivia	222.8	Bolivia	145.4
Peru	18.4	Dominican Republic	202.2	Panama	127.6
Haiti	16.6	Argentina	141.0	Chile	126.3
Honduras	16.1	Peru	116.1	Guatemala	98.2
Ecuador	14.7	Ecuador	107.5	Peru	92.2
Paraguay	14.7	Mexico	70.9	Nicaragua	87.3
Panama	10.1	Panama	70.8	Honduras	68.4
Costa Rica	8.7	Venezuela	64.2	Costa Rica	59.7
Colombia	8.1	Nicaragua	56.3	Ecuador	59.6
Mexico	6.4	Guatemala	53.7	El Salvador	47.9
El Salvador	5.5	Costa Rica	47.0	Paraguay	43.0
Nicaragua	4.9	El Salvador	47.0	Uruguay	42.1
Cuba	2.6	Haiti	42.5	Haiti	28.6
Uruguay	1.9	Honduras	41.4	Venezuela	6.8
Dominican Republic	1.7	Paraguay	40.7	Mexico	1.6
Venezuela	1.0	Uruguay	27.9	Cuba	---
Argentina	.2	Cuba	.7	Argentina	5.3

Source: Calculated from Table 3-4.

interestingly shows that Brazil and Colombia, the top two recipients of the postwar era, are replaced by Bolivia and Guatemala during the 1949-1958 period. During the Mutual Security period, Bolivia and Guatemala were singled out to receive the largest sums of aid because of threatened or real communist activity. In the case of Guatemala, U.S. officials, frightened by the leftist government of Colonel Jacabo Arbenz, overthrew the regime in 1954 and supported the more acceptable anti-communist government of Carlos Castillo Armas. Table 3-4 underscores the U.S. concern; from 1949 to 1954 Guatemala received only $600,000. After the communist scare in 1954, its aid jumped to $53.9 million during the next four years, a ninety-fold increase!

In Bolivia much the same scenario took shape. In 1952 Victor Paz Estenssoro, head of the National Revolutionary Movement (MNR), took office in Bolivia and promptly nationalized the tin mines. While the U.S. State Department was concerned about such a radical move, it listened to the advice of Milton Eisenhower and supported the regime. The president's brother, who had visited Bolivia in 1953, convinced the administration that the regime in power was not communist--socialist maybe, even marxist, but not communist.[8] The State Department concurred, figuring it was better to influence the Paz government with aid and try to prevent any communist influence than to cut off assistance and perhaps push the Bolivian government even further leftward. Between 1949 and 1958 the Bolivian government received $92.4 million in AID funds, far more aid than any other Latin American nation.

During the peak years of development aid, 1959 through 1966, Brazil was the primary recipient of AID commitments, while Bolivia dropped to fourth and Colombia to third. The Dominican Republic, a small country in the Caribbean which ranked 17th during the Mutual Security period, rose to 5th during the Alliance years. When U.S. commitments began to fall off in the 1967-1974 period, Brazil fell from 1st to 2nd and Colombia rose from 3rd to 1st. Bolivia, which had been on the top during the 1949-1958 period, dropped all the way to 6th during the most recent years.

Again, these shifts were in part related to the security needs of the United States. In the case of the Alliance years, we find Brazil and Chile receiving an inordinate amount of funds because they were strategically important to the United States. Both countries have carried a lot of influence in Latin America, and it was important to the United States that it keep close friendly ties. Brazil, the largest country in Latin America and the richest in natural resources had frightened U.S. leaders when leftist President João Goulart was installed in office in 1961. When a more acceptable rightist military government came to power in 1964, the United States committed millions of dollars to insure its success, as the 1964-1968 figures in Table 3-4 attest. In Chile it was much the same. A close election in 1964 made it obvious to U.S. leaders that a communist government in Chile was conceivable unless the moderate factions headed by Eduardo Frei could keep the economy from floundering. AID funds flooded into Chile as a consequence.

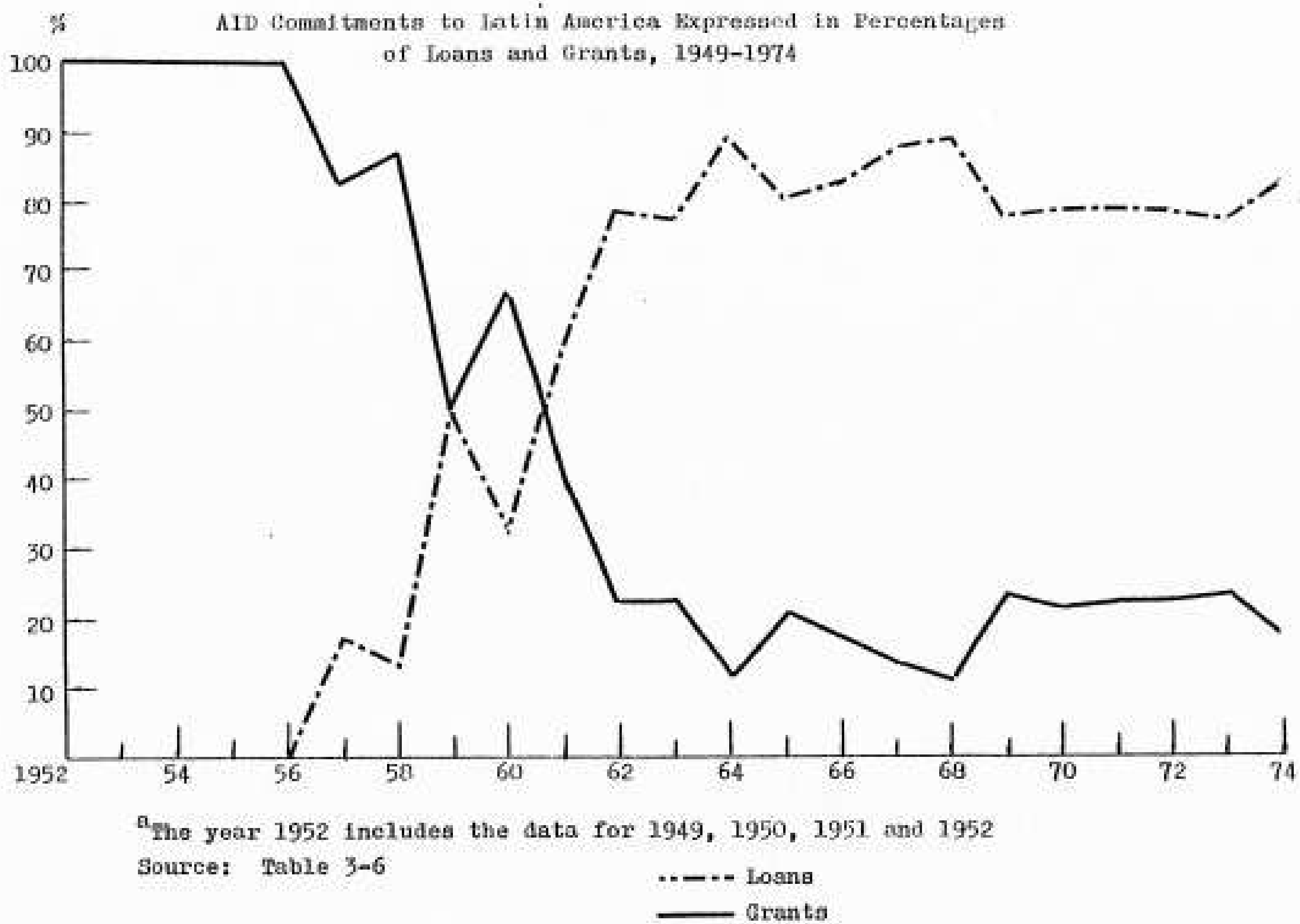
The Dominican Republic and Colombia rank in the top five of the Alliance era because the United States wanted successful capitalist countries in the Caribbean area to compete with the communist economy in Cuba. The AID bureaucracy selected Colombia as a showcase for the Alliance for Progress and supported it even when it could not effectively use such large amounts of assistance.[9] In the case of the Dominican Republic, after President Lyndon Johnson sent 23,000 troops to the island in 1965 ostensibly to thwart a communist takeover, it was not surprising that the United States supported the regime it put in power with foreign aid. Between 1965 and 1968, AID gave a whopping $243 million to the tiny island republic.

Tables 3-4 and 3-5 raise many questions that cannot be answered here. For example, why does Mexico, which received such small sums in 1949-1958, suddenly receive tens of millions of dollars in 1962, 1964, and 1965, only to receive almost nothing after that? Why does the 1963 loan of $99.3 million stand out in the history of AID to Argentina? Was it a reward for breaking relations with Cuba, as Philip Agee suggests?[10] And finally, why do politically important countries like Argentina, Mexico, and Venezuela appear near the bottom of the 1967-1974 period in Table 3-5? These questions and others like them are suggested by the historical statistics in Tables 3-4 and 3-5. Their answers can be found, in part, in the next section, which takes an even closer look at the funds committed by AID.

Of all forms of foreign aid, the assistance from AID has been a relatively light burden. That is, many of the funds have been outright grants, while many of the loans have been of low interest with a long period of repayment. Table 3-6 shows the relationship of loans to grants in Latin America and bears this out. The early 1950s were years dominated by technical assistance in the form of grants. In fact, from 1949 to 1956 all AID funds were granted. In 1957 there was a sharp drop from 100 to 75% and there was another decline in 1958 and 1959. Graph 5 indicates that the struggle over the issue of loans versus grants was decided during the years 1958-1961. During that time Congress vacillated back and forth, unable to decide which form of aid should predominate.[11] By 1962 the issue was

Graph 5

AID Commitments to Latin America Expressed in Percentages of Loans and Grants, 1949-1974



[a]The year 1952 includes the data for 1949, 1950, 1951 and 1952

Source: Table 3-6

Table 3-6

AID[a] Commitments to Latin America Expressed in Loans and Grants, 1949-1974

Year	Total[b]	Loans Millions	Loans %	Grants Millions	Grants %
1952[c]	17.5	---	---	17.5	100.0
1953	16.2	---	---	16.2	100.0
1954	24.7	---	---	24.7	100.0
1955	39.0	---	---	39.0	100.0
1956	70.3	---	---	70.3	100.0
1957	74.0	12.8	17.3	61.2	82.7
1958	82.5	10.8	13.1	71.7	86.9
1959	115.8	57.3	49.5	58.5	50.5
1960	95.3	32.1	33.7	63.2	66.3
1961	237.3	138.7	58.4	98.6	41.6
1962	458.9	357.8	78.0	101.1	22.0
1963	497.4	386.2	77.6	111.2	22.4
1964	526.3	463.5	88.1	62.8	11.9
1965	468.6	374.6	79.9	94.0	20.1
1966	615.6	505.9	82.2	109.7	17.8
1967	501.9	437.4	87.1	64.5	12.8
1968	463.5	409.5	88.3	54.0	11.6
1969	215.4	165.7	76.9	49.7	23.1
1970	291.8	228.6	78.3	63.2	21.7
1971	272.3	212.5	78.0	59.8	21.9
1972	262.8	205.3	78.1	57.5	21.9
1973	206.6	158.0	76.5	48.6	23.5
1974	197.4	162.4	82.3	35.0	17.7

[a]Agency for International Development and its predecessors.

[b]Current commitments that can be categorized under loans and grants.

[c]Includes 1949-1952.

Source: The Annual 1959-1974 U.S. Agency for International Development, U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations, July 1, 1945-June 30, 19--.

clearly settled in the favor of loans; between 1962 and 1974 loans averaged over 80% of the commitments to Latin America.

While the specific arguments that led Congress to favor loans over grants remains to be discovered, the general reasons behind the decision are known. In the 1940s and 1950s the executive branch was a strong supporter of grants, and since the total sums were realtively small, Congress acquiesced. As Congress lost patience with the whole foreign aid effort, the executive branch was forced to substitute loans for grants to placate Congress.

Congress has always considered the decision to use loans or grants a moral one. Loans have been thought of as more businesslike because the recipients were thought to use the money loaned to them more economically. Loans were also supposed to strengthen the moral character of the borrower, while grants were humiliating to the recipient and thus a source of political friction. Grant aid for development was considered to be inherently bad, while grants for disaster relief were considered to be morally correct. The righteous tone of the issue is plainly stated in the following exchange between Representative Francis P. Bolton of Ohio and C. Douglas Dillon, under secretary of state for economic affairs:

Representative Bolton. I have been one of those on the Committee who has been anxious to have us shift from grants to loans as rapidly as possible. In doing this, have you encountered any difficulties? Do they like it better or don't they like it as well?

Mr. Dillon. We think for these specific projects it works much better. It makes the country take them more seriously; it probably gives them somewhat greater pride in the project and in every way leads to a better arrangement.[12]

The change from grants to loans was not a change from black to white, for the initial shift from grants to loans was also a move to "soft" loans. Loan terms on the commercial market being severe, interest rates from AID have been relatively lenient. But as loans came to supplant grants, higher interest rates were attached to the loans.[13]

While the foregoing discussion reveals Latin America has received 80% of its funds in the form of loans in recent years, it does not distinguish among individual Latin American countries. Some countries have been fortunate to receive most of their aid in grants, while others have been supported almost exclusively with loans which must be repaid with interest. Table 3-7 makes this distinction. What is immediately evident is that the majority of the countries have received most of the

Table 3-7

AID[a] Loans and Grants by Country, 1949-1974

Country	Total[b]	Loans Millions	Loans %	Grants Millions	Grants %
Argentina	135.2	118.1	87.4	17.1	12.6
Bolivia	458.4	214.3	46.7	244.2	53.3
Brazil	1,462.7	1,255.4	85.8	207.3	14.2
Chile	648.4	561.1	86.5	87.3	13.5
Colombia	972.4	899.8	92.5	72.6	7.5
Costa Rica	114.8	82.5	71.9	32.3	28.1
Cuba	2.8	---	---	2.8	100.0
Dominican Republic	350.0	204.5	58.4	145.5	41.6
Ecuador	182.0	111.8	61.4	70.2	38.6
El Salvador	99.8	61.5	92.5	38.3	7.5
Guatemala	208.0	92.3	44.4	115.7	55.6
Haiti	87.6	14.7	16.8	72.9	83.2
Honduras	126.2	78.7	62.4	47.5	37.6
Mexico	77.8	66.4	85.3	11.4	14.6
Nicaragua	148.4	111.7	75.3	36.7	24.7
Panama	208.3	146.1	70.1	62.2	29.9
Paraguay	98.2	52.0	53.0	46.2	47.0
Peru	226.7	136.6	60.2	90.1	39.7
Uruguay	71.7	54.0	75.3	17.7	24.7
Venezuela	71.9	55.0	76.5	16.9	23.5

[a]Agency for International Development and its predecessors.

[b]Current commitments.

Source: Appendices B-U.

assistance from AID in loans. In fact, nine have received over 75% of their funds in this form. Only three countries (excluding Cuba) Haiti, Bolivia, and Guatemala, have received over 50% of their aid in grants between 1949 and 1974.

There does not seem to be any steadfast generalization that would explain why some countries have more loans or grants than others. The size of the program seems to make little difference. While loans predominate in the history of the top three recipients, (Brazil, Colombia and Chile), the fourth country, Bolivia received 53% of its monies in grants. Since grants were dominant during the 1950s, those countries which headed the list of recipients during the Mutual Security Period (Table 3-5) also tend to be in the forefront of those who received the most grants, shown in Table 3-7. Such a statement is, however, only partly correct. Bolivia and Guatemala, which were the primary recipients during the Mutual Security Period, do end up with a large percentage of grants overall; but Paraguay and the Dominican Republic, both major recipients of grants, were minor recipients of aid shown in the column for "Mutual Security" in Table 3-5.

While Congress showed a keen interest in the issue of loans versus grants, it also wanted a part in the decision about how that money was used in Latin America.

This has been accomplished by supervising which AID funds have gone to project and which to program assistance.

Program assistance involves the transfer of resources for development of a whole sector of the economy; project assistance involves aid for the financing of specific activities such as a dam, a road, or a steel mill. Both types of assistance have been used by AID.

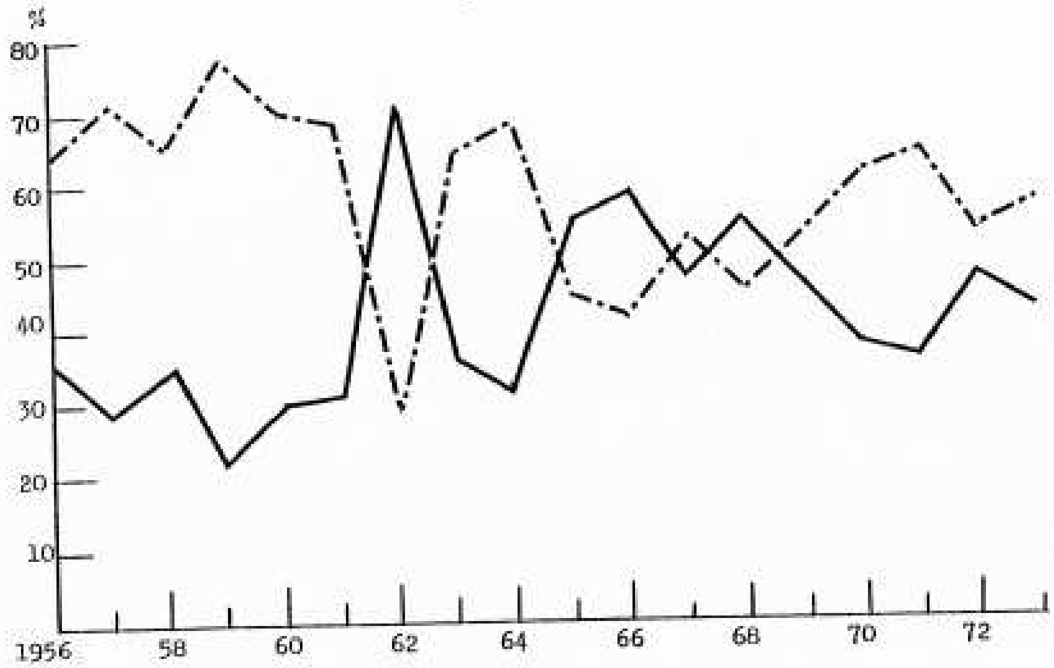
Program assistance has been thought of as beneficial because it forces the country receiving the resources to plan and consider the interrelation of all its projects so that everything fits into a plan for development.[14] Consequently, it has been usually given to countries with large enough development efforts to program the use of its resources. Program aid has been popular among the recipient countries because it allows greater flexibility in the use of funds, and may even make the aid less expensive because it permits a greater choice in the selection of imports.

While program assistance has had its proponents, Congress has not been one of them. Congress has instead favored project assistance, for it is thought of as a more secure form of aid. In the 1920s U.S. banks loaned a lot of money to Latin American governments with little control over where the funds went or how they were used. When the Depression forced some countries to default on their loans, it made the United States wary of unsupervised loans. Project assistance, therefore, is considered a more stable way to lend money because the donor has control over where and how the funds are used. The lender can make sure the project is economically sound and will make efficient use of the transferred resources.[15] Moreover, it is easier to sell this approach to Congress because it provides highly visible results that can prove to its constituents that foreign aid is beneficial. In addition, the legislative branch prefers projects because they can be easily tied to United States exports and thereby ease the balance of payments problem.

The breakdown between projects and programs from 1956 to 1973 is shown in Table 3-8 and Graph 6. In the early years the majority of the money was allocated for specific projects, the high point being 77% in 1959. The creation of the Agency for International Development in 1961 signaled a shift away from projects to programs and the new agency emphasized large-scale economic planning and flexible use of foreign aid in each Latin American country. Congress was never fully convinced. Graph 6 shows that between 1962 and 1968 the Agency for International Development could not consistently maintain the level of program assistance above 50%. In 1962, 1965, 1966, and 1968 the majority of foreign aid to Latin America was committed in the form of programs, only to be superseded by projects in the intervening years. From 1969 to 1973 project

Graph 6

AID Commitments to Latin America Expressed in Percentages of Projects and Programs, 1956-1973



Source: Table 3-8

Programs
Projects

Table 3-8

AID[a] Commitments to Latin America Expressed in Programs and Projects, 1956-1973

Year	Total[b]	Programs Millions	Programs %	Projects Millions	Projects %
1956	70.1	24.9	35.5	45.2	64.5
1957	76.9	22.3	29.0	54.6	71.0
1958	66.3	23.0	34.6	43.4	65.4
1959	99.1	22.5	22.7	76.6	77.3
1960	90.3	27.0	29.9	63.3	70.1
1961	230.4	72.5	31.5	157.9	68.5
1962	457.4	324.4	70.9	133.0	29.1
1963	512.0	184.2	36.0	327.0	64.0
1964	547.3	175.4	32.0	371.9	68.0
1965	505.4	280.4	55.5	225.0	44.5
1966	655.7	383.3	58.5	272.4	41.5
1967	518.0	247.4	47.8	270.5	52.2
1968	498.6	273.6	54.9	225.0	45.1
1969	248.7	115.0	46.2	133.7	53.8
1970	330.7	127.4	38.5	203.3	61.5
1971	272.2	97.9	36.0	174.3	64.0
1972	262.0	123.0	46.9	139.0	53.1
1973	206.8	88.2	42.7	118.6	57.3

[a]Agency for International Development and its predecessors.

[b]Current commitments.

Source: U.S. Agency for International Development, Operations Report, annual volumes dated June 30th.

assistance once again became the dominant form of aid, as it had been in the 1950s.

Since project assistance carried added restrictions on its use, it has been held by some economists that one of the preferences for its use by the United States has been a mistrust of the recipient's planning ability.[16]

How does this generalization hold up when applied to individual Latin American countries? Turning to Table 3-9, one finds it to be of specious reasoning. The generalization may seem appropriate for Paraguay or El Salvador because both have received almost all their aid in project form, but Mexico and Venezuela, which have had trained technicians and economists and therefore have been capable of using program assistance, have also received almost 100% of their funds from AID in project aid. Only three countries--Colombia, Chile, and the Dominican Republic--have received the majority of their funds in program assistance. It is apparent that when AID allotted funds for projects or programs it took more into account than the recipient's development potential and ability to use the funds efficiently. The criteria for allocating money have been more complex.

Throughout the years, AID has attempted to classify economic assistance in accordance with its function. Accordingly, it has further divided projects and programs into four accounting categories: supporting assistance,

Table 3-9

AID[a] Commitments to Individual Latin American Countries by Projects and Programs, 1956-1973

Country	Total[b]	Programs Millions	Programs %	Projects Millions	Projects %
Argentina	155.8	20.0	12.8	135.8	87.2
Bolivia	394.6	184.4	46.8	210.0	53.2
Brazil	1,426.4	632.8	44.4	793.6	55.6
Chile	507.0	369.1	72.8	137.9	27.2
Colombia	919.3	746.9	81.2	172.4	18.8
Costa Rica	108.3	3.0	2.8	105.3	97.2
Cuba	2.1	---	---	2.1	100.0
Dominican Republic	315.4	192.1	60.9	123.3	39.1
Ecuador	173.7	27.0	15.5	146.7	84.4
El Salvador	92.4	2.0	2.2	90.4	97.8
Guatemala	196.4	22.7	11.6	173.7	88.4
Haiti	82.1	24.1	29.4	57.9	70.6
Honduras	100.6	5.5	5.5	95.1	94.5
Mexico	73.9	---	---	73.9	100.0
Nicaragua	137.5	20.3	14.8	117.2	85.2
Panama	202.6	19.7	9.7	182.8	90.3
Paraguay	81.6	---	---	81.6	100.0
Peru	219.5	7.4	3.4	212.1	96.6
Uruguay	67.0	15.0	22.4	52.0	77.6
Venezuela	72.3	1.2	1.6	71.1	98.4

[a]Agency for International Development and its precedessors.

[b]Current commitments.

Source: U.S. Agency for International Development, Operations Report, annual volumes dated June 30th.

development loans, development grants, and contingency funds.

Development loans, as the name implies, have been used for long-term development goals. They are repayable in dollars. When development loans were used under project assistance,they usually were spent importing U.S. machinery; when used under program assistance, development loan funds were spent on any commodity.[17]

Development grants have been directed toward technical assistance projects in Latin America. These funds have paid the salaries of U.S. specialists and advisors or trained Latin American technicians or administrators. Capital goods and commodities related to technical assistance projects have also been included in development grants. The major difference between a development loan and a development grant is that the latter has not financed any large foreign-exchange-earning capital projects.[18] Grants have been used to develop human resources, not to increase economic infrastructure.

In contrast to development loans and grants, supporting assistance and contingency funds have been used for short-term economic and political stability. Resources transferred under this category have ranged from capital and commodities to human resources. Emphasis has been placed on flexibility of resources. The two primary purposes to which this type of aid has been put are

(1) to support a larger military establishment than the economy could handle by itself, and (2) to maintain economic stability where economic or political integration appeared threatened.[19] Justified in this manner, supporting assistance has often been a euphemism for budgetary support in Latin America. The contingency fund has functioned as an emergency reserve for correcting any unforeseen crisis. These crises have ranged from disaster relief to military emergencies.[20]

Unfortunately, these four divisions have not been consistently used throughout the period in review. During the early 1950s there was a category of aid entitled defense support, and in the late 1950s and early 1960s one found "special assistance" on the AID ledgers. Defense support was aid given to a country in order to enable it to support a large military effort.[21] Only those nations receiving U.S. military assistance were eligible for defense support. The military would pay for equipment and supplies, while the defense support would provide budgetary support for the recipient government.[22] Special assistance was flexible aid used for emergency relief from natural and manmade disasters.

AID administrators have insisted that the dropping of defense support and special assistance categories from their statistical publications has clarified the purposes for which aid has been given.[23] The real effect has been to obfuscate. Defense support used to cover only military expenditures. Now supporting assistance and contingency funds can include military aid as well as economic assistance. Hence, it is now difficult to distinguish between political, economic, and military aid.

In an effort to make the AID statistics yield a sharper distinction between development aid and aid for short term political and economic objectives, I have reorganized the accounting categories into two distinct groups. I have placed development loans and grants together and labeled them "development aid, added contingency funds, supporting assistance, and defense support and called them "security assistance."[24] While these two new categories are not strictly comparable, since their subdivisions are not precisely defined, the new grouping enables us to make some preliminary judgments about aid to Latin America.

The suggested division of aid into development and security objectives is shown in Table 3-10. From 1956 to 1973 AID has given 82.6% of its funds for development purposes and 12.4% for security reasons. Only in Bolivia, the Dominican Republic, and Haiti have over 40% of the foreign aid gone for security purposes.[25] This is surprising. A common complaint made by those who argue that foreign aid is a tool of some capitalist conspiracy is that aid has really been used as a weapon against

Table 3-10

AID[a] Commitments to Individual Latin American Countries for Development or Security Purposes, 1956-1973

Country	Total[b]	Development Millions	Development %	Security Millions	Security %
Argentina	175.9	135.8	77.2	40.0	22.8
Bolivia	410.3	238.2	58.0	172.1	42.0
Brazil	1,500.9	1,349.5	89.9	151.4	10.1
Chile	647.0	481.4	74.4	165.6	25.6
Colombia	949.3	917.1	96.6	32.2	3.4
Costa Rica	108.3	106.3	98.1	2.1	1.9
Dominican Republic	340.4	127.1	37.3	213.3	62.7
Ecuador	181.7	151.7	83.5	30.0	16.5
El Salvador	92.4	90.1	97.5	2.3	2.5
Guatemala	196.4	161.5	82.2	34.9	17.8
Haiti	82.1	24.4	29.7	57.7	70.3
Honduras	100.6	91.6	91.1	9.0	8.9
Mexico	74.9	74.1	99.0	.7	1.0
Nicaragua	137.5	137.2	99.7	.4	.3
Panama	202.6	175.9	86.8	26.7	13.2
Paraguay	81.6	80.0	98.0	1.6	2.0
Peru	225.5	200.1	88.7	24.4	11.3
Uruguay	67.0	51.9	77.4	15.2	22.6
Venezuela	72.3	72.3	100.0	---	---
Totals	5,646.7	4,666.2	---	979.6	---

[a]Agency for International Development and its predecessors.

[b]Current commitments.

Source: U.S. Agency for International Development, Operations Report, annual volumes dated June 30th.

progressive forces for change in Latin America. They maintain that while the United States has spread propaganda about how its economic aid has been revitalizing the underdeveloped economies, it has actually been funneled into police forces, military equipment, and support of corrupt right-wing dictatorships.

This certainly has not been true in the case of AID. Fully $82 out of $100 have been put into development projects in Latin America. Given that our time frame includes the height of the Cold War and the Cuban missile crisis, it is remarkable that no more than 17.4% of U.S. AID funds have gone for security. Table 3-10 suggests that even Venezuela and Colombia, which had guerrilla uprisings in the 1960s, still received little security assistance. Even the conservative Somoza dictatorship in Nicaragua only received three tenths of one percent in security funds between 1956 and 1973. Foreign aid from AID truly has been devoted in large part to economic and social development.

By dividing data for development and security (Table 3-10) into historical periods (Table 3-11) one can examine in more detail issues involved in finding meaning in the statistics. First, during the mutual security period, even though 61% of the funds went to security projects as one would expect, very few Latin American countries drew support. Two countries, Bolivia and

Table 3-11

AID[a] Commitments to Individual Latin American Countries for Development or Security Purposes During Three Historical Periods, 1956-1958, 1959-1966, and 1967-1974
(Millions of Dollars)

Country	Mutual Security Years 1956-1958		Peak Years of the Alliance for Progress 1959-1966		Years of Congressional Disillusionment 1967-1974	
	Development	Security	Development	Security	Development	Security
Argentina	.2	---	127.7	20.0	7.8	---
Bolivia	5.2	65.2	120.7	84.0	77.3	7.4
Brazil	12.1	---	697.3	76.9	640.1	---
Chile	7.4	.8	343.7	24.8	130.2	---
Colombia	3.7	---	301.3	2.2	612.1	---
Costa Rica	2.9	2.0	48.4	.5	54.9	---
Cuba	1.5	---	.6	---	---	---
Dominican Republic	.6	---	39.1	139.6	87.3	48.6
Ecuador	5.3	4.3	84.9	17.7	59.5	---
El Salvador	3.0	---	45.3	2.3	41.0	---
Guatemala	6.5	41.5	40.4	13.9	90.4	2.2
Haiti	4.0	8.0	10.7	40.0	9.6	10.0
Honduras	8.9	3.0	38.0	6.0	42.9	---
Mexico	2.2	---	70.3	.7	.6	---
Nicaragua	2.2	---	56.4	.4	77.6	---
Panama	3.5	2.0	59.1	14.2	112.3	10.4
Paraguay	4.8	1.0	35.8	.6	38.3	---
Peru	8.1	2.0	113.6	10.0	78.1	7.4

Table 3-11 (cont'd.)

Country	Mutual Security Years 1956-1958		Peak Years of the Alliance for Progress 1959-1966		Years of Congressional Disillusionment 1967-1974	
	Development	Security	Development	Security	Development	Security
Uruguay	.6	---	21.7	.2	29.6	7.4
Venezuela	.4	---	64.7	---	5.7	---

[a]Current commitments from the Agency for International Development and its predecessors.

Source: Table 3-10.

Guatemala, received over 82% of the security funds for the whole region. Ten of the remaining Latin American nations did not receive any security monies at all. What is equally surprising is that at a time when John Foster Dulles was finding a communist behind every bush, a small but consistent amount of funds for economic development was being received by every Latin American country.

During the peak years of the Alliance for Progress (1959-1966) the proportion of security assistance drops from the previous 60.9% to only 16.3%. Yet even though the percentage drops, the number of Latin American countries receiving security assistance increases from 10 to 18 and the amount of money increases from $129.8 thousand to $453.3 thousand. In several ways, then, one can call the Alliance years more security-oriented than the earlier Cold War years.

Of all the countries in the 1959-1966 period, the Dominican Republic received by far the most security assistance, 30% of the total for all of Latin America. In fact, of all the AID funds received by the island republic during this era, 78% were for emergency purposes, most related to the occupation by U.S. marines in 1965. Other countries receiving tens of thousands of dollars in security assistance during this period include Argentina, Bolivia, Brazil, Chile, and Haiti.

During the period of declining interest in foreign aid to Latin America (1967-1974) the split between development funds and security funds looks more like the mid-1950s. That is, few countries (only seven) received any security allotments at all, and every country except Cuba received development aid. In percentage terms, security assistance was at its lowest level during the postwar era, only 4.4% of AID funds.

FOOTNOTES

[1]See David Green, The Containment of Latin America: A History of the Myths and Realities of the Good Neighbor Policy (Chicago: Quadrangle Books, 1971).

[2]See James Stanford Bradshaw, "The Lost Conference: The Economic Issue in United States - Latin American Relations, 1945-1957" (unpublished Ph.D. dissertation, Michigan State University, 1972).

[3]U.S. Congress, Senate, Special Committee to Study the Foreign Aid Program, Foreign Aid Program: Compilation of Studies and Surveys 85th Cong., 1st Sess., S. Doc. 52, 1957, p. 222.

[4]Technical assistance has been in use in Latin America for many years before 1949. See Philip M. Glick, The Administration of Technical Assistance, Growth in the Americas (Chicago: The University of Chicago Press, 1957).

[5]One factor that moved the Eisenhower administration to urge Congress to increase foreign aid allotments was a book by Max Millikan and Walt Rostow, A Proposal: Key to an Effective Foreign Policy (New York: Harper and Bros., 1957). The thesis of the book was that a proper infusion of foreign assistance combined with certain internal reforms would propel the underdeveloped country into an "economic take-off" in which the country would quickly attain self-sustaining economic growth. It was a pioneering effort that related economic development aid to U.S. political interests.

[6]A former U.S. ambassador to Latin America maintains that Richard Nixon provoked the incidents to enhance his political career. In his view it was a mistake, therefore, to assume the whole region was under the influence of communists and hostile to U.S. interests. See chapter one of Williard Leon Beaulac, A Diplomat Looks at Aid to Latin America (Carbondale: Southern Illinois University Press, 1970).

[7]Congressional reluctance to support the president's foreign aid program could be measured by tracing the cuts

Congress has made in the annual foreign aid bill. Unfortunately this has not been done. For a partial statistical treatment of the issue see Congressional Quarterly Almanac, volume 19, 88th congress, 1st session (Washington, D.C.: Congressional Quarterly Service, 1963), p. 256.

[8]Milton S. Eisenhower, The Wine is Bitter; The United States and Latin America (Garden City, New York: Doubleday, 1963), pp. 67-68.

[9]Simon Gabriel Hanson, Dollar Diplomacy Modern Style; Chapters in the Failure of the Alliance for Progress (Washington: Inter-American Affairs Press, 1970), pp. 4-5.

[10]Philip Agee, Inside the Company: CIA Diary (New York: Stonehill, 1975), p. 222.

[11]This graphic portrayal underscores the usefulness of statistical history, for it enables political scientists or other interested scholars to identify the pivotal years of decision making. Once the issue has been clearly delineated in this manner, it is much easier to trace the pressures for or against an issue in Congress.

[12]U.S., Congress, House, Committee on Foreign Affairs, Mutual Security Act of 1959 Hearings on Draft Legislation to Amend Further the Mutual Security Act of 1954, as amended, and for other purposes, 86th Cong., 1st sess., 1959, p. 188.

[13]In 1963 and 1964 there was an attempt in Congress to increase interest rates and reduce the periods of maturity. Until 1963 development loans were made at a minimum interest rate of three quarters of one percent. In 1965, the Agency for International Development was loaning at a rate of interest from 1 to 4 3/4 percent with maturity of 15 to 40 years, interest and principal repayable in dollars. See U.S. Agency for International Development, Principles of Foreign Economic Assistance (Washington, 1965), pp. 17-18.

[14]U.S. Agency for International Development, Principles, p. 2.

[15]Robert E. Asher, Grants, Loans, and Local Currencies, Their Role in Foreign Aid (Washington, D.C.: The Brookings Institutions, 1961), p. 69.

[16]H. W. Singer, "External Aid: For Plans or Projects?", The Economic Journal, 75 (September, 1965), p. 544.

[17]Hollis B. Chenery, "Objectives and Criteria for Foreign Assistance," in Why Foreign Aid?, ed. by Robert A. Goldwin (Chicago: Rand McNally, 1962), p. 34.

[18]U.S. Agency for International Development, Principles, p. 19.

[19]U.S. Agency for International Development, Principles, p. 19.

[20]Harold A. Hovey, U.S. Military Assistance, A Study of Policies and Practices (New York: Frederick A. Praeger, 1965), p. 118.

[21]U.S., Congress, Senate, Special Committee to Study the Foreign Aid Program, Foreign Aid Program: Compilation of Studies and Surveys 85th Cong., 1st Sess., S. Doc. 52, 1957, p. 222.

[22]Hovey, U.S. Military Assistance, p. 117.

[23]Chenery, Why Foreign Aid?, pp. 33-45.

[24]Separation of aid according to function is at best risky, for economic and security assistance are in many ways interchangeable. One can seldom be sure that money intended for a dam or a steel mill has not really been used for military or budget support. In economic circles this is called the fungibility issue. If a Latin American government, for example, intends to build a dam and the United States then loans it the money, the recipient nation can then release an equal amount of money it would have used anyway to support whatever purpose it chooses.

[25]See James W. Wilkie, The Bolivian Revolution and U.S. Aid Since 1952 (Los Angeles: UCLA Latin American Center Publications, 1969).

CHAPTER IV

U.S. PUBLIC LAW 480

The decade of the 1950s disclosed a problem within the United States almost unique to the history of mankind: U.S. farmers had produced far more food than the country could either consume domestically or sell abroad. As a consequence, millions of tons of wheat, corn, and dairy products accumulated in government storage facilities at tremendous economic and political expense. Public outrage over such an extravagant waste of resources forced politicians to find a solution.

One proposal given serious consideration was a plan to give food to the people around the globe who suffered from malnutrition. This seemingly simple and altruistic gesture resulted in a new foreign aid program called Public Law 480. As the history of food aid to Latin America will suggest, however, the distribution of surplus foodstuffs was anything but simple and altruistic. The program has been administered by dozens of congressional and executive committees; has used loans, barter agreements, and concessional sales as forms of repayment; and has been motivated by many concerns, few of which have anything to do with altruism. These and other complexities will be examined as we now look at food as a form of economic assistance to Latin America.

Food aid is not new. The donation of food to victims of natural and manmade disasters started in the early nineteenth century when the United States fed Venezuelans left homeless by an earthquake.[1] What made post-World War II policy so different from its earlier history was its scale and motivation: millions of tons of grain was shipped annually to scores of countries, not in response to an emergency, but as a routine foreign aid allocation. This was made possible, even imperative, by the surplus created by the bountiful harvests of the American farmer and the government price support system, both of which started well before World War II.

Increased productivity has been a consistent theme in American agriculture. In the 1820s, of the 10 million inhabitants in the United States, seven out of ten were farmers; by the 1950s, less than one person in ten fed a nation fifteen times as large. Mechanization, the use of chemical fertilizers, the improvement of seeds, and the opening up of fertile western plains had dramatically improved agricultural yields.

Ironically, this increased productivity did not bring stability and prosperity to the American farmer. Over-production, coupled with periodic recessions, pushed farm income downward, one of the worst periods occurring during the Depression, when farm prices plummeted more than 50%.[2]

President Franklin D. Roosevelt rescued the farm sector by signing into law the Agricultural Adjustment Act of 1933, which sought to raise farm income in several ways. First, it paid farmers to reduce crop acreage. And second, when a bountiful harvest did occur, the Commodity Credit Corporation purchased and stored part of the crop to maintain an artificially high price.[3] These measures were of significant help to the American farmer; by 1937, prices were 86% higher than in 1932.[4]

The attempt to control production and prices was not a complete success, however. Farmers on the whole were a conservative group, and many of them resisted government interference by refusing to reduce planted acreage. And, more importantly, because of the ever-increasing use of modern farming techniques, overall agricultural production continued to rise even though farmers voluntarily left fallow millions of acres. As a result, surpluses increased inexorably.

The outbreak of World War II in September 1939 temporarily masked this overproduction. Increased demand by the Allies for American foodstuffs not only depleted Commodity Credit Corporation stocks, it also forced the government to drop production controls. Thus, despite the fact that many men left rural America to join the war, farmers produced record crops. When European agriculture returned to normal after the war, the demand for American food declined, while the supply continued unabated. A crisis quickly emerged. By 1952 government-owned surpluses were valued at $2.5 billion;[5] two years later they had soared to almost $6 billion (see Table 4-1).

This enormous surplus touched off a groundswell of negative public opinion, for it offended people's economic and moral sensibilities. The government was using taxpayers' money to encourage farmers to overproduce, and at the same time paying more than a million dollars a day to store the excess. More poignantly, while the glut was being encouraged, countless people around the world were going hungry. There was a clamor to end the price support system and let farm prices be set according to market demand. Only then, it was reasoned, would government-owned surpluses begin to fall to reasonable levels.

Responding to public pressure, President Dwight D. Eisenhower requested that part of the Mutual Security Program funds of 1953 be used to purchase surplus food for distribution abroad.[6] Then, in 1954, the concept was formalized with the passage of the Agricultural Trade Development and Assistance Act of 1954, better known as Public Law 480. The use of surplus food as a foreign aid tool had officially begun.

Table 4-1

Value of Agricultural Surpluses Held by the U.S. Commodity Credit Corporation[a], 1954-1974
(Millions of Dollars)

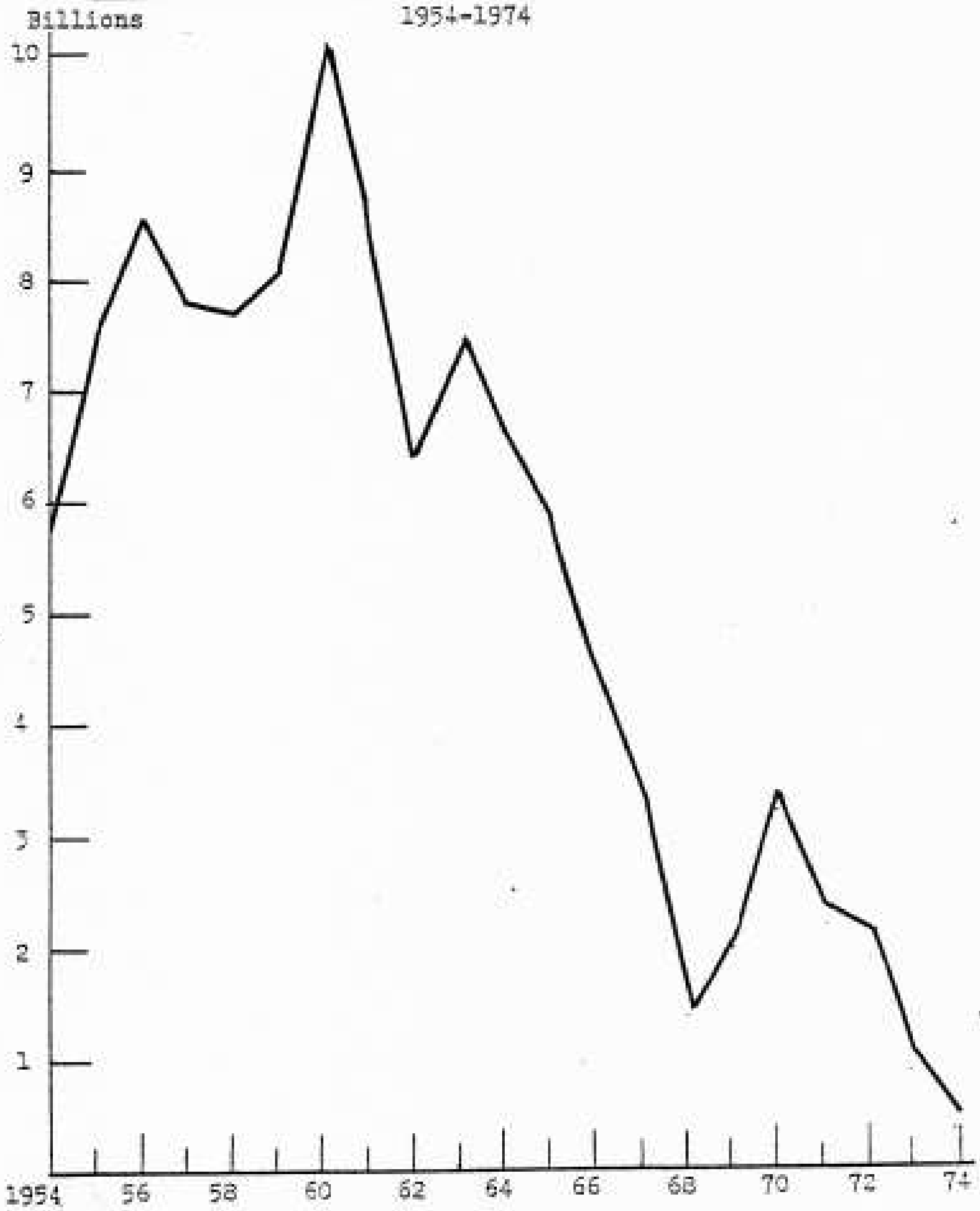
Year	Amount	Year	Amount
1954	5,826	1965	5,897
1955	7,557	1966	4,653
1956	8,534	1967	3,209
1957	7,824	1968	1,512
1958	7,702	1969	2,183
1959	8,061	1970	3,376
1960	10,041	1971	2,335
1961	8,629	1972	2,037
1962	6,443	1973	1,055
1963	7,497	1974	516
1964	6,643		

[a]Total includes value of commodities owned plus cost of annual acquisitions.

Source: The 1954-1970 figures are from U.S. Bureau of Census. Historical Statistics of U.S., Colonial Times to 1970, Bicentennial Edition Part I. Washington D.C., 1975, p. 488. The 1971-1974 statistics are from U.S. Bureau of Census. Statistical Abstract of U.S., 1971. Washington D.C., 1977, p. 691.

Graph 7

Value of Agricultural Surpluses Held by the U.S. Commodity Credit Corporation, 1954-1974



Source: Table 4-1

While the 1954 Congress hoped that Public Law 480 would be a temporary program, it entered its third decade in 1974. Through a combination of sales, loans, and donations it has shipped millions of tons of foodstuffs to scores of countries around the globe. One region involved in the program from the start was Latin America.

Table 4-2 and Graph 8 indicate Latin America's share of Public Law 480 commitments from 1954-1974. Over the twenty-one-year period Latin America received a little over $2.5 billion, or an average of about $121 million worth of food a year. Only during three of those years did the total move above $200 million, while it failed to reach the $100 million mark seven times.

When one examines Latin America's 2.5 billion in relation to the total Public Law 480 program, Latin America's share seems paltry. Table 4-3 shows total world-wide commitments to have been over $24 billion. Thus, Latin America has received only 10 percent of Public Law 480 funds.

A similar appraisal of Latin America's position in the Public Law 480 program can be found if one examines the regional distribution of the program's commitments. A study of Table 4-4 shows Latin America's average share is roughly equal to that of Europe and Africa, is one-half as large as East Asia, and is only one-quarter that of the Near East and South Asia. Only once, in 1964, did Latin

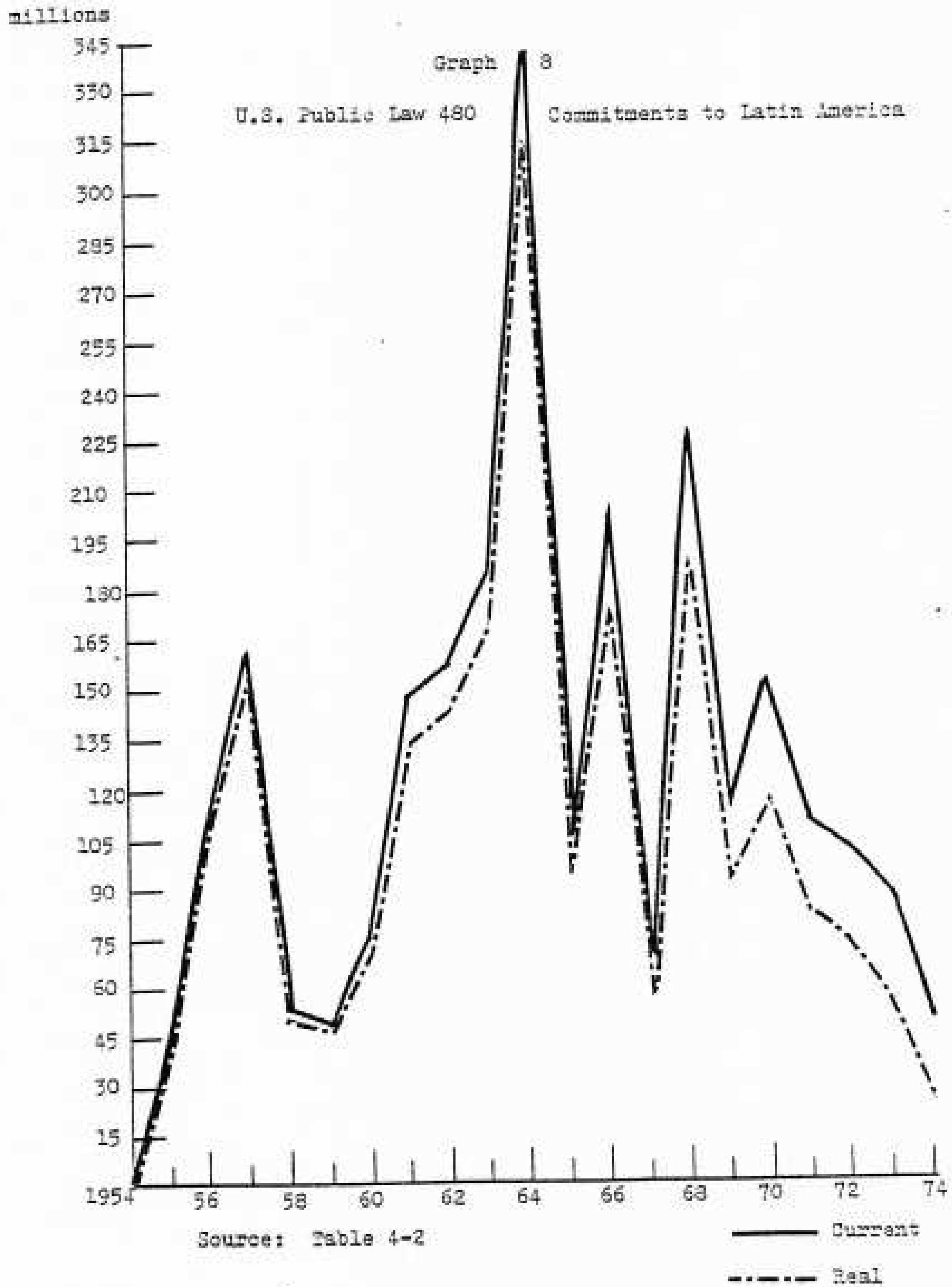
Table 4-2

U.S. Public Law 480 Commitments to Latin America,[a] 1954-1974 (Millions of Dollars)

Year	Current Price Commitments	U.S. Export Price Index 1955=100	Real Price Commitments
1954	.8	99	.8
1955	42.8	100	42.8
1956	110.7	103	107.5
1957	161.8	106	152.6
1958	53.0	106	50.0
1959	48.4	106	45.7
1960	75.7	107	70.7
1961	147.7	110	134.3
1962	156.5	109	143.6
1963	182.9	107	170.9
1964	341.2	109	313.0
1965	106.7	113	94.4
1966	202.2	116	174.3
1967	69.5	118	58.9
1968	228.1	120	190.1
1969	114.6	124	92.4
1970	152.6	131	116.5
1971	110.4	135	81.8
1972	102.6	139	73.8
1973	88.9	162	54.9
1974	50.5	206	24.5
Total	2,547.4	--	2,193.5

[a]Includes Caribbean and ROCAP.

Source: Current commitments compiled from the annual U.S. Agency for International Development, U.S. Overseas Loans and Grants. U.S. Export Price Index figures are from James W. Wilkie and Peter Reich, Statistical Abstract of Latin America, Volume 19 Table 2506 (Los Angeles: UCLA Latin American Center Publications, 1979).



Source: Table 4-2

Table 4-3

Worldwide U.S. Public Law 480 Commitments, 1954-1974
(Millions of Dollars)

Year	Current Price Commitments	U.S. Export Price Index 1955=100	Real Price Commitments
1954	69	99	70
1955	507	100	507
1956	875	103	850
1957	1,152	106	1,087
1958	709	106	669
1959	758	106	715
1960	1,112	107	1,039
1961	1,347	110	1,224
1962	1,563	109	1,434
1963	1,790	107	1,673
1964	1,762	109	1,616
1965	1,527	113	1,351
1966	1,726	116	1,488
1967	1,040	118	881
1968	1,408	120	1,173
1969	1,230	124	992
1970	1,166	131	890
1971	1,236	135	916
1972	1,223	139	880
1973	1,118	162	690
1974	973	206	472
Total	24,291	---	20,617

Source: Current commitments from the annual U.S. Agency for International Development, U.S. Overseas Loans and Grants. U.S. Export Price Index from James W. Wilkie and Peter Reich, Statistical Abstract of Latin America, Volume 19, Table 2506 (Los Angeles: UCLA Latin American Center Publications, 1979).

Table 4-4

Regional Distribution of U.S. Public Law 480, Commitments, in Percentage Terms, 1954-1974

Year	Latin America	Europe	East Asia	Near East and South Asia	Africa	Oceania
1954	1.2	53.0	3.7	41.6	.5	...
1955	8.4	45.1	16.6	28.9	1.9	...
1956	12.8	36.3	26.8	23.6	.5	...
1957	14.4	28.3	12.4	42.7	2.0	...
1958	7.8	40.8	16.4	33.0	2.0	...
1959	6.7	29.1	14.6	46.0	3.6	...
1960	6.9	9,9	9.6	74.5	3.0	...
1961	11.2	8.7	11.2	55.5	13.4	...
1962	10.3	11.9	16.5	54.0	7.2	...
1963	10.5	8.9	18.2	49.2	13.3	...
1964	20.0	7.4	18.3	45.4	9.0	---
1965	7.2	8.0	14.2	62.5	8.0	---
1966	12.1	12.3	17.6	49.4	8.5	---
1967	7.5	1.6	14.9	58.0	17.9	---
1968	18.6	1.6	14.6	53.1	12.1	---
1969	10.6	1.2	36.5	39.0	12.8	---
1970	15.2	.7	28.0	45.2	10.8	---
1971	11.0	.9	24.5	51.0	12.6	---
1972	8.7	2.5	40.8	39.1	8.8	.2
1973	8.3	.1	51.2	33.8	6.6	---
1974	5.5	---	53.2	26.0	15.3	---

Table 4-4 (cont'd.)

Year	Latin America	Europe	Asia	Near East and South Asia	Africa	Oceania
Average	11.1	10.8	22.0	47.1	8.9	---

Source: Regional totals gathered from annual U.S. Agency for International Development, U.S. Overseas Loans and Grants.

America's proportion of funds reach 20% of the total, while the Near East and South Asia once took in 74% of the funds and eleven years out of the twenty-one it received over 45% of all commitments. Obviously, Latin America has never been considered a priority region of Public Law 480 administrators.

Given that Latin America's proportion of Public Law 480 funds has been small, compared to the rest of the world, what can we deduce by looking closely at the years Latin America's share was allotted? In other words, how can one characterize the pattern of funding to Latin America? Or, what factors influenced the shape of Graph 8?

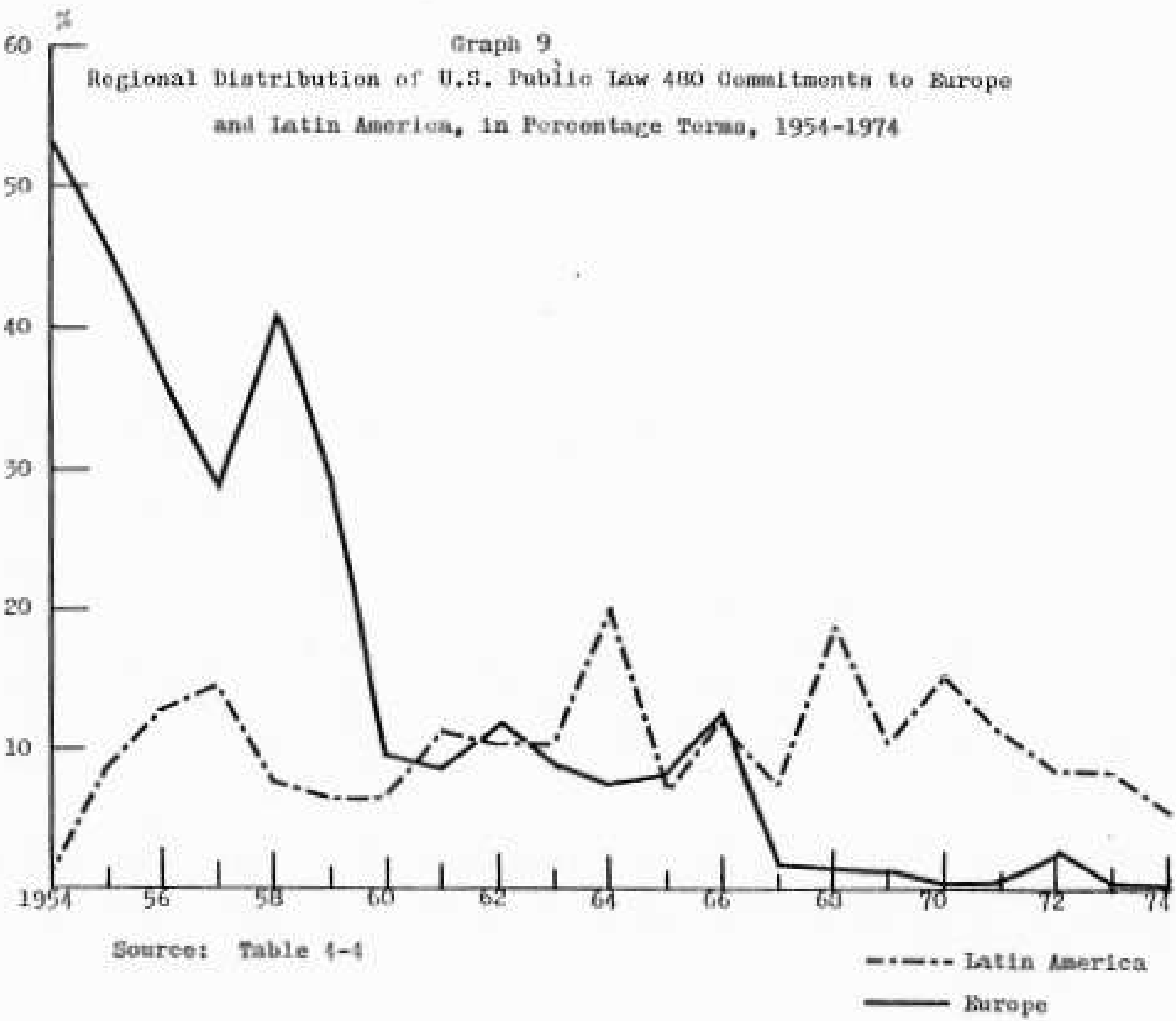
Graph 8 shows that the $2.5 billion worth of food was given to Latin America in unequal installments. Its up and down configuration indicates that large quantities of food were allotted to Latin America in one year and followed by drastic curtailment of goods in the next. During the first four years of the program, commitments slowly rose to the $160 million level, only to drop sharply in 1958 and 1959. One then finds a dramatic ascent during the first four years of the 1960s and a see-saw movement until 1970, when Public Law 480 started a downward slide that continued until 1974.

One may hypothesize that the shape of Graph 8 might have been caused by variations in the level of surpluses held by the Commodity Credit Corporation. It seems reasonable that if the available surpluses were to dwindle, this might cause a reduction in the amount given to Latin America. A look at Table 4-1 suggests this was rarely the case. As U.S. food surpluses grew steadily from 1954 to 1960, Latin America experienced two downturns in commitments in 1958 and 1959. Similarly, from 1964 to 1968, when the value of commodities owned by the Commodity Credit Corporation fell, Latin America's share surged upward in three of the five years. With the exception of the 1970s, when the two graphs have a similar shape, there seems to be no similarity between the size of the surplus and the direction of the Latin American program.

This is further confirmed by a closer examination of the regional distribution of funds. One might expect, for example, that as the funds to other regions increase in any given year, there would be a drop in the proportion given to Latin America. This might explain the see-saw movement in the funding to Latin America from 1964 to 1969. This also is incorrect. Five of the six regions in Table 4-4 gather a fairly even proportion of Public Law 480 funds over the entire period, with Latin America being the most consistent. Throughout the entire twenty-one years, the Latin American line of Graph 6 stays around 10%. Juxtaposing Europe's proportion (which fluctuates more than any region) next to Latin America's, one can see the percentage of funds received by Latin America was rarely

Graph 9

Regional Distribution of U.S. Public Law 480 Commitments to Europe and Latin America, in Percentage Terms, 1954-1974

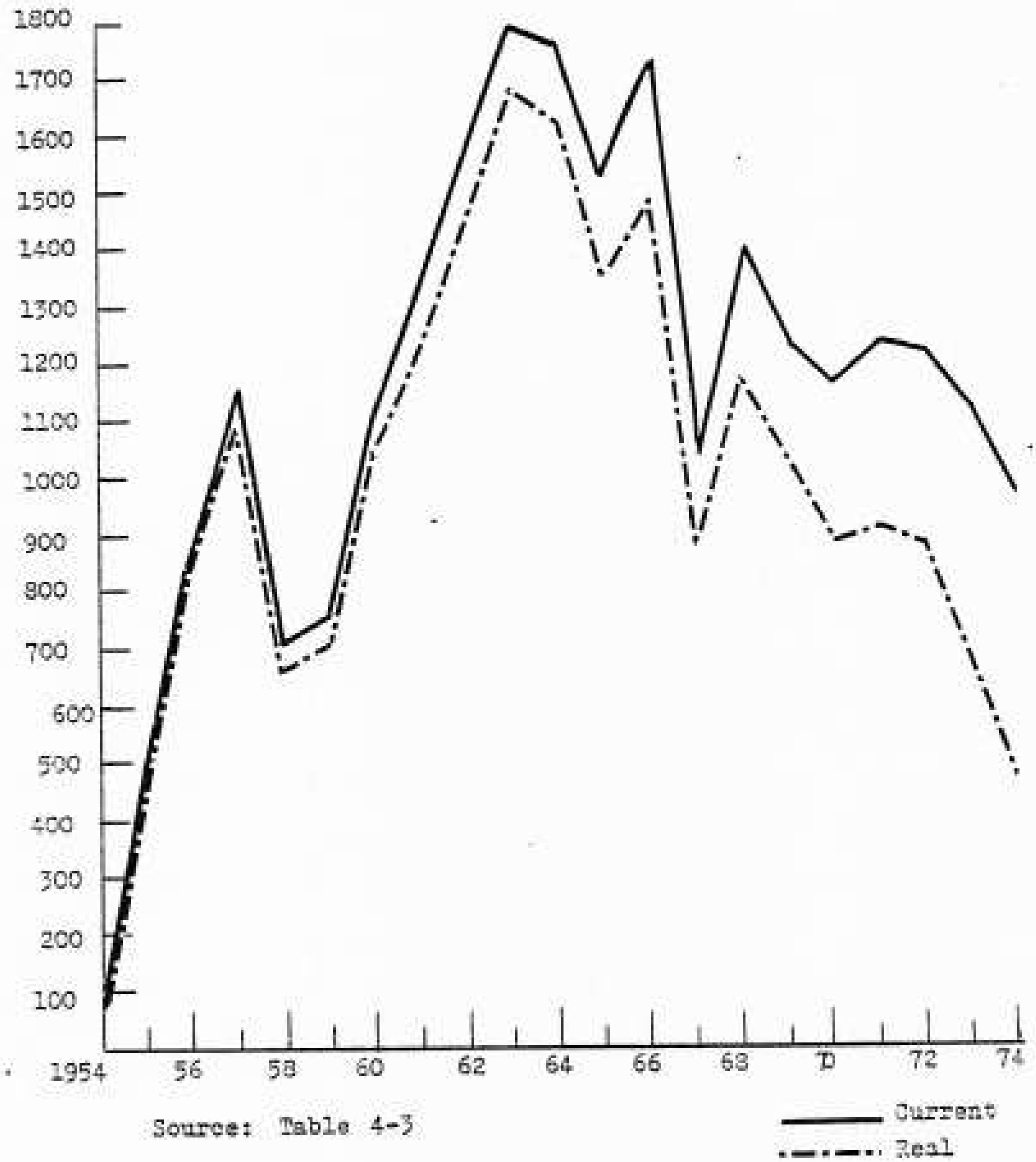


affected by Europe's total. The same holds true if we compare Latin America's share with that of Africa, East Asia, or the Far East.

A more complete answer to our query about the shape of Graph 8 is found when we compare the graph to the size of the entire Public Law 480 program. Since Latin America's average share has been around 10%, an increase in the size of the pie would mean an upward movement of the line on Graph 8. A contraction of the program would of course have an opposite effect. If one superimposes a graph of Latin America's share of Public Law 480 (Graph 8) on a graph of the entire program (Graph 10), he will find an almost identical shape to the lines representing the years 1954-1959 and 1972-1974. It is highly likely that the tentative nature of Public Law 480 during its first years and the sharp contraction of the program in the early 1970s has been mirrored in the amount of funds authorized to Latin America during those same periods.

Unlike the first and last years of Graph 8, the shape of the line for the middle years cannot be explained by the size of the entire program. The sharp peaks of 1964, 1966, and 1968 and the troughs of 1965, 1967, and 1969 do not occur in Graph 9. The level of funding to Latin America seems to have an internal rhythm all its own. It is necessary to turn to a more detailed examination of how Public Law 480 functioned within Latin America to better

Graph 10
Worldwide U.S. Public Law 480 Commitments, 1954-1974
(Millions of Dollars)



Source: Table 4-3

Table 4-5

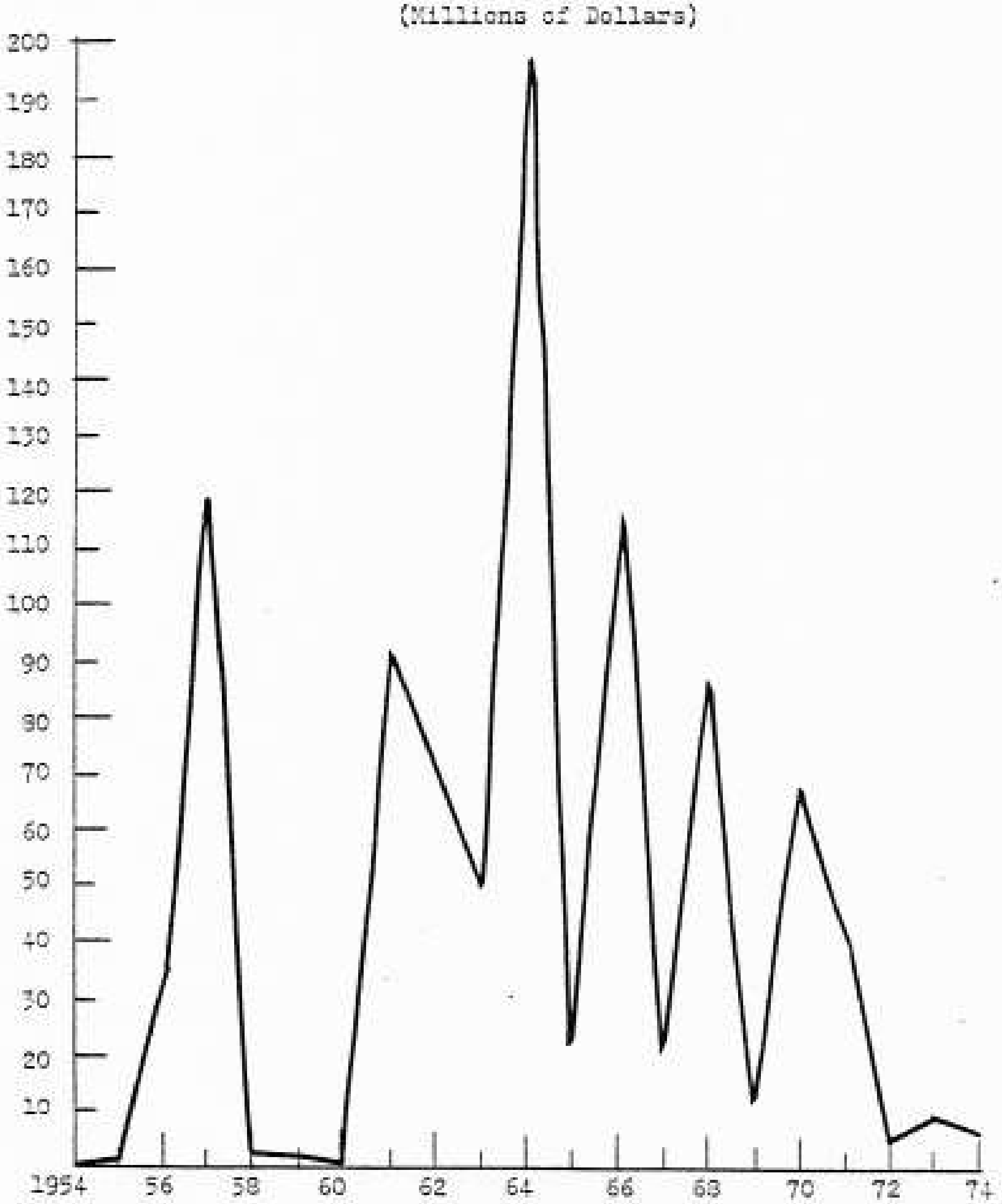
U.S. Public Law 480 Commitments to Individual Latin American Countries, 1954-1974, in Descending Order

	Country	Millions of Dollars	Percent
1.	Brazil	969.5	38.9
2.	Chile	315.0	12.6
3.	Colombia	295.9	11.9
4.	Dominican Republic	162.3	6.5
5.	Peru	140.2	5.6
6.	Bolivia	139.1	5.6
7.	Uruguay	80.1	3.2
8.	Ecuador	70.1	2.8
9.	Mexico	64.3	2.6
10.	Venezuela	40.8	1.6
11.	Paraguay	40.1	1.6
12.	Argentina	34.8	1.4
13.	Guatemala	29.9	1.2
14.	Haiti	26.3	1.1
15.	El Salvador	25.9	1.0
16.	Nicaragua	15.5	.6
17.	Panama	14.1	.6
18.	Costa Rica	13.6	.5
19.	Honduras	12.6	.5
20.	Cuba	.6	---
	Total	2,490.7	99.8

Source: Table 4-8.

Graph 11

U.S. Public Law 480 Commitments to Brazil, 1954-1974
(Millions of Dollars)



Source: Table 4-8

understand the complex historical patterns of food aid to Latin America.

Surplus foodstuffs have been unevenly divided among Latin American countries. Table 4-5 lists the recipients in descending order and clearly demonstrates this inequity. Of the twenty Latin American republics, one country, Brazil, stands above the rest; it has received almost 40% of the total. Put another way, with commitments totaling $969.5 million, Brazil has received more food aid than seventeen of the remaining countries combined! With such a disproportionate share having gone to Brazil, it seems likely that the timing and the amount of funds received by Brazil would strongly influence the shape of the total Latin American program. That is indeed the case. A comparison of a graph of Public Law 480 to Brazil (Graph 10) and one of Public Law 480 to all of Latin America (Graph 8), makes this unmistakably clear. They look almost identical for the years 1964-1970. The peaks of the even years and the valleys of the odd years are the same. Therefore, if one wanted to understand the inconsistency of the United States program to Latin America during much of the 1960s, he would start with an examination of the U.S. program to Brazil.

While it is outside the scope of this work to explore the U.S. program within Brazil in any detail, the large proportion of funds received by Brazil directs our attention to several broader questions: Why is it that the top six countries have a combined total of over 80% of the food aid, while on the other end of the scale, the last six countries received little more than 3% of the funds? What accounts for such an unequal distribution? To answer these questions with any sophistication, it is necessary to understand the complex nature of Public Law 480 to Latin America.

Public Law 480 is not and has never been a simple homogeneous program in Latin America. From its inception in 1954 it has been divided into three separate titles, each one providing a different way to dispose of the U.S. surplus.[7] Put most simply, Title I provided for the sale of surplus goods in return for local currency. Title II granted food to countries for famine relief and other emergencies. Title III authorized the donation of food supplies to charitable organizations for distribution overseas and for barter of an equivalent value of materials. And in 1959, a Title IV was added which provided for the sale of agricultural commodities on long-term loans repayable in U.S. dollars.[8]

Hence the annual figures can be broken down into four separate and revealing categories (Table 4-6). Such a division indicates that of the $2.5 billion to Latin America, $784 million, or 30.8%, was received in Title I sales; 14.1% in Title II; 31.9% in Title III; and

Table 4-6

U.S. Public Law 480 Commitments to Latin America, by Title, 1954-1974
(Millions of Dollars)

Year	Title I	Title II	Title III	Title IV	Total[a]
1954	---	---	.8	...	.8
1955	13.8	20.2	8.2	...	42.2
1956	86.7	6.6	17.4	...	110.7
1957	136.1	11.4	14.3	...	161.8
1958	18.2	0.7	34.0	...	53.0
1959	22.8	---	25.6	---	48.4
1960	57.4	---	18.3	---	75.7
1961	119.4	0.2	28.1	---	147.7
1962	82.4	19.1	39.6	15.4	156.5
1963	51.5	10.0	81.7	39.7	182.9
1964	163.4	32.5	118.0	27.3	341.2
1965	10.0	26.5	56.1	14.1	106.7
1966	22.7	45.9	48.7	84.9	202.2
1967	---	16.8	42.1	10.6	69.5
1968	---	22.2	46.4	159.5	228.1
1969	---	14.7	40.9	59.0	114.6
1970	---	66.4	40.1	46.1	152.6
1971	---	15.4	47.0	48.0	110.4
1972	---	24.9	45.9	31.8	102.6
1973	---	14.6	31.6	42.7	88.9
1974	---	11.5	28.8	10.2	50.5

Table 4-6 (cont'd.)

Year	Title I	Title II	Title III	Title IV	Total[a]
Total	784.4	359.6	813.6	589.3	2,547.0
%	30.8	14.1	31.9	23.1	

[a]Slight discrepancy because of rounding.

Source: Figures come from regional summary table in U.S. Agency for International Development, U.S. Overseas Loans and Grants and Assistance from International Organizations.

23.1% in Title IV.

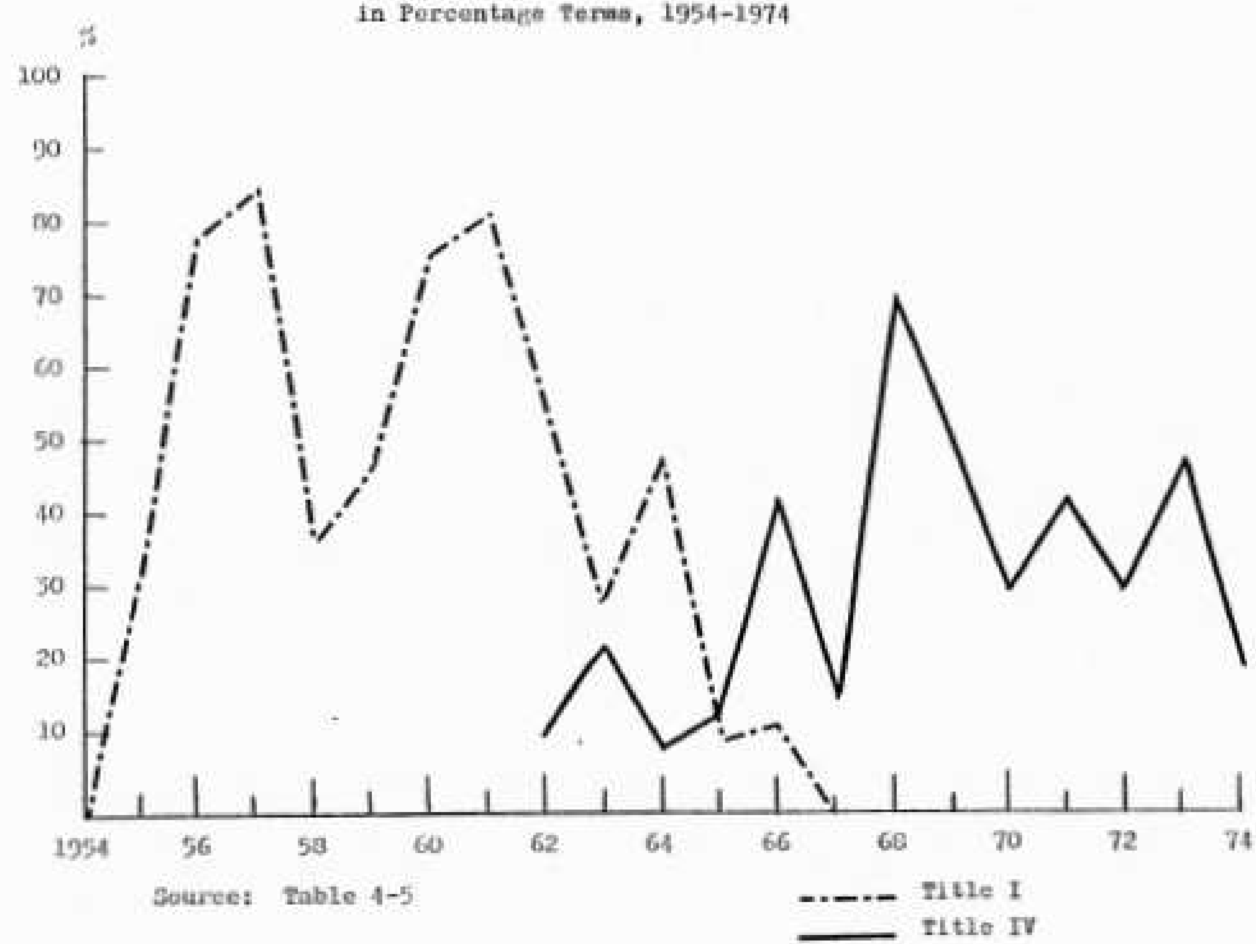
Graph 12 shows that the sale of food for local currency (Title I) was the most popular form of distribution from 1954-1964. Normally around 40%, the percentage rose to over 75% of the total food aid four of the eleven years. In 1967 local currency sales suddenly stopped and were replaced by food for dollars (Title IV). The use of Title IV reaches a peak of 70% in 1968 and remains above 30% until 1974. The remaining two titles (Graph 13) seem to have less in common. Food for floods, earthquakes, and famine have been the smallest portion of food aid to Latin America, while Title III usage has been inconsistent but substantial, generally remaining above 20% and rising to over 50% five times.

The manner in which the four titles have been used in Latin America can best be explained within the context of fluctuating congressional support for Public Law 480. Congress has wholeheartedly supported food assistance when it thought the program benefited U.S. agricultural interests. When the level of surpluses fell or when Public Law 480 was perceived as a foreign policy tool, congressional support has dwindled. This has had a direct effect on the kinds of food aid received by Latin America. The use of Title I is a case in point.

Public Law 480 was passed by Congress in 1954 primarily because of the intense pressure applied by the

Graph 12

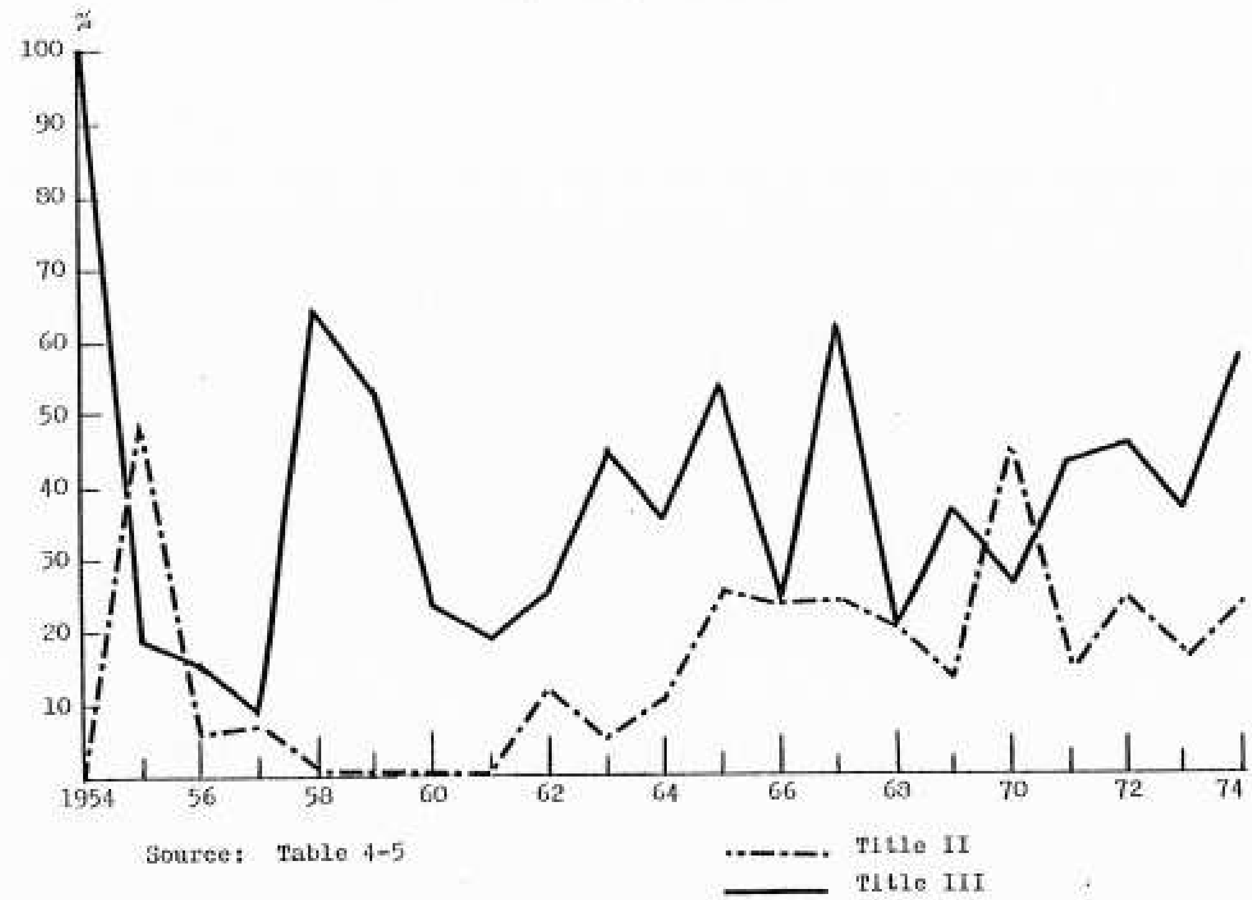
U.S. Public Law 480 Title I and Title IV Commitments to Latin America in Percentage Terms, 1954-1974



Source: Table 4-5

Graph 13

U.S. Public law 480 Title II and Title III Commitments to Latin America in Percentage Terms, 1954-1974



Source: Table 4-5

powerful farm lobby to save the lucrative price support system.[9] But the only way Latin America or the rest of the third world would be able to afford large quantities of U.S. foodstuffs was if they could pay for them in their own currencies. Under normal circumstances Brazil and Chile, for example, were unwilling to pay for the extra food in hard currency because they needed the dollars to import capital goods for industrialization. Only if the United States accepted cruzeiros or escudos as payment would they accept excess grains.

At the outset this seemed like an acceptable plan. As originally envisioned the bulk of those local currencies would be loaned back to the countries and the remainder would be used to defray U.S. government expenses in Latin America.[10] Since it was a popular idea, Congress aggressively pushed the sale of food for local currency.[11] As a consequence, one finds Latin America received the bulk of its food aid in Title I sales in the 1950s.

Congress quickly became disillusioned with local currency sales, for it soon became painfully obvious that the United States could only use a small fraction of the billions of dollars worth of foreign currency it owned.[12] The United States Treasury, for example, owned tens of millions of cruzeiros, a fact that embarrassed both Brazil and the United States. While it caused State Department officials some discomfort, it infuriated U.S. congressmen, who, when they realized foreign currencies could not be used, charged the Public Law 480 program was a boondoggle, a giveaway. As one Congressman plainly put it:

> Who did we pass this for? I voted for the bill, I was one of those who wrote the first bill, and I did it because I thought it would help the people of America. But if this thing is actually a program designed merely to help foreigners, then I cannot vote to continue it.[13]

But the "giveaway" program continued despite congressional misgivings because agricultural interests were determined to save the price support system.

While Congress did not dismantle the program, its insistence on a monetary return reshaped the content of Public Law 480 to Latin America. The change was gradual. First, Congress added Title IV in 1959. Second, Title I and IV sales were combined in 1966 (which in effect disguised the phasing out of local currency sales). And finally, the complete elimination of Title I sales to Latin America were completely eliminated in the early 1970s.

A linking-together of evidence presented above indicates the reason behind these changes and underscores the self-serving nature of food aid. The United States food surplus began to decline precipitously in 1965 and 1966,as shown by Table 4-1. The decrease was due, in part, to the success of the acreage retirement program,[14] but more importantly to the depletion of world food reserves.

A drought in Asia in mid-1960s, massive crop failures in large parts of the world in 1972, and the increase in the price of energy and fertilizer caused by the Arab oil embargo raised the demand and the price of U.S. food. In addition, the growing affluence of Europe, Japan, and Russia was accompanied by an increased demand for meat in their citizens' diets. This pushed up the price of U.S. grain even further, because more meat consumption meant a rise in the demand for cattle feed. A combination of all these factors quadrupled the price of food on the world market between the mid-1960s and 1973.[15] This may have caused a hardship on the food importing countries of Latin America, but it was a boon to U.S. agribusiness. Table 4-7 shows the salutary affect the price rise had on commercial sales. While the level of agricultural exports remained around $3.5 billion annually from 1960-1963, it jumped in large increments to $4.6 billion in 1964, $5.3 billion in 1966, %5.6 billion in 1970, and all the way to $20 billion in 1974. Even taking inflation into account, that is an impressive growth rate. With the large grain companies selling all the commodities they could acquire to foreign customers, there was little surplus purchased by the Commodity Credit Corporation and hence fewer foodstuffs available to Latin America.

Table 4-7

Value of U.S. Agricultural Exports,[a] 1955-1974
(Millions of Dollars)

Year	Current Value	U.S. Export Price Index 1955=100	Real Value
1955	2,309	100	2,309
1956	2,157	103	2,094
1957	2,809	106	2,650
1958	2,795	106	2,637
1959	2,492	106	2,351
1960	3,236	107	3,024
1961	3,444	110	3,131
1962	3,573	109	3,278
1963	3,608	107	3,372
1964	4,627	109	4,245
1965	4,501	113	3,983
1966	5,359	116	4,620
1967	5,513	118	4,672
1968	5,086	120	4,238
1969	4,775	124	3,851
1970	5,650	131	4,313
1971	6,674	135	4,944
1972	6,922	139	4,980
1973	11,864	162	7,323
1974	20,350	206	9,879

[a]Commercial exports only. This excludes any food shipped under Public Law 480 or AID.

Source: Agriculture figures from Lawrence Witt, "Food Aid, Commercial Exports, and the Balance of Payments," in Food Policy, ed. by Peter G. Brown and Henry Shue (New York: The Free Press, 1977), p. 83. U.S. Export Price Index from James W. Wilkie and Peter Reich, Statistical Abstract of Latin America, Volume 19, Table 2506 (Los Angeles: UCLA Latin American Center Publications, 1979).

The contradictions in the food aid program then become clearly visible. At the very time Latin America most needed food assistance because of increased prices and a burgeoning population, the United States reduced the program so U.S. agribusiness could reap windfall profits. If feeding the malnourished in Latin America truly had been a priority concern of the U.S. government, then as the surpluses declined, the Commodity Credit Corporation would have purchased food in the open market and shipped it to Latin America. This did not happen. The overriding motive of the Public Law 480 program is clear--to satisfy the interests of U.S. farmers.

One might object that I am forgetting to take into account the donation of food through Titles II and III. Do not these have strong humanitarian justifications? Aside from the portion of Title III that has been used to obtain strategic materials,[16] it is true that food for disaster relief and food donated through charitable organizations like the Catholic Relief Service or CARE has been given with the best of intentions. It must be pointed out, however, that no matter what the intention, the size of the charitable programs has been dependent on the level of U.S. surpluses. When surpluses were depleted in 1973 because of the highly publicized grain sales to Russia, many of the directors of these agencies had to worry about the very existence of their programs.[17]

Thus, food aid to Latin America has been strongly influenced by larger issues, such as the level of U.S. food surpluses or regional lending patterns. Keeping this in mind, let us return to an appraisal of food aid to separate Latin American countries.

Table 4-8 provides a time-series for Public Law 480 funds to Latin America from 1954 to 1974. One notices immediately that consistency has been a characteristic of Public Law 480 funding. There are few gaps in the table. Once the food program started in a country it was rarely cancelled. The exceptions are intriguing and deserve further examination.

In the Argentine case, for example, the United States gave food aid in only three years, 1955, 1956 and 1959. Admittedly Argentina has one of the best-fed populations in all of Latin America and probably did not need food assistance, but it is still surprising that it received nothing from 1960 to 1974. Only Cuba, a country the United States blockaded, has had a similar history.

Three countries--the Dominican Republic, Nicaragua, and Venezuela--also have interesting patterns. In each case they do not start receiving food aid until the early 1960s. All three of the countries border on the Caribbean, and one can surmise that the start of food aid was a response to Castro's rise to power. Not wanting to see Castro's rebellion exported to any other Caribbean

Table 4-8

Annual Public Law 480 Commitments to Individual Latin American Countries
1954-1974
(Millions of Dollars)

Country	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Argentina	---	2.3	16.0	---	---	16.5	---	---	---	---	---
Bolivia	.3	16.0	2.7	4.0	---	.4	.2	2.9	4.6	21.4	15.3
Brazil	---	2.5	35.6	119.8	3.6	2.9	1.8	92.0	70.1	50.9	197.7
Chile	---	4.1	27.2	1.1	15.0	11.6	8.7	30.4	23.8	26.5	30.5
Colombia	.2	3.1	10.0	15.1	10.5	4.0	26.2	4.9	13.8	18.4	13.6
Costa Rica	---	---	.3	.4	.3	.1	---	---	---	1.6	1.6
Cuba	---	---	---	---	---	---	.6	---	---	---	---
Dominican Republic	---	---	---	---	---	---	---	---	.8	14.4	13.2
Ecuador	---	.2	2.7	3.4	1.4	.8	.3	3.3	2.2	6.1	4.4
El Salvador	---	---	.2	.6	.1	.1	---	.1	2.3	2.6	3.5
Guatemala	---	3.0	.5	.3	.2	.3	.3	.4	.7	1.0	3.0
Haiti	---	3.1	.6	1.1	.5	1.3	1.1	1.1	.7	.9	2.2
Honduras	---	.8	.1	.7	.5	.2	.2	.3	.2	.3	.7
Mexico	---	---	.4	.6	11.7	1.1	1.3	3.2	5.2	15.5	18.0
Nicaragua	---	---	---	---	---	---	---	.2	.7	1.4	1.9
Panama	.1	.4	1.2	1.6	1.4	.5	.1	.4	.4	.7	.8
Paraguay	---	.2	2.3	.2	.2	.3	.5	1.1	6.9	3.4	2.9
Peru	.2	6.3	8.7	11.5	6.2	1.0	9.9	3.4	9.0	6.9	14.7
Uruguay	---	---	---	---	---	6.3	23.3	2.7	1.8	.6	1.0
Venezuela	---	---	---	---	---	---	---	---	11.9	1.2	10.3
Annual Total	.8	42.0	108.5	160.4	51.6	47.4	74.5	146.4	155.1	173.8	335.3

Table 4-8 (cont'd.)

Country	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	Total
Argentina	---	---	---	---	---	---	---	---	---	---	34.8
Bolivia	4.6	6.2	1.5	10.6	15.4	3.2	6.8	4.4	10.3	8.3	139.1
Brazil	23.6	118.5	22.0	87.5	10.3	68.6	40.6	5.7	9.6	6.2	969.5
Chile	12.9	17.8	8.0	36.9	35.0	7.6	6.3	5.9	2.5	3.2	315.0
Colombia	11.4	20.5	15.2	22.5	7.5	38.2	12.1	21.0	17.6	10.1	295.9
Costa Rica	1.7	.9	1.2	.7	1.1	.5	.8	1.1	.8	.5	13.6
Cuba	---	---	---	---	---	---	---	---	---	---	.6
Dominican Republic	16.4	10.2	4.2	20.2	16.2	15.0	14.3	19.0	14.2	4.2	162.3
Ecuador	6.9	1.8	3.0	1.4	6.3	1.7	6.6	3.2	11.1	3.3	70.1
El Salvador	1.9	2.6	1.9	.7	1.8	2.0	1.7	1.4	1.1	1.3	25.9
Guatemala	1.1	.9	1.9	3.0	2.4	2.6	2.0	3.4	1.7	1.2	29.9
Haiti	.7	.7	.7	1.6	1.3	2.3	1.5	1.7	1.2	2.0	26.3
Honduras	.4	1.0	.6	.4	.8	1.0	1.1	1.2	.9	1.2	12.6
Mexico	7.2	.1	---	---	---	---	---	---	---	---	64.3
Nicaragua	.9	1.2	.8	.2	.4	.4	.3	1.7	3.0	2.4	15.5
Panama	.5	.5	.6	.3	.6	1.0	.6	1.2	.5	.7	14.1
Paraguay	2.5	3.4	.6	3.1	3.6	.6	5.4	1.7	.9	.3	40.1
Peru	6.5	8.2	2.4	7.0	7.8	4.6	6.9	11.1	4.2	3.7	140.2
Uruguay	.7	.5	.6	23.9	.3	2.4	.4	8.6	7.0	---	80.1
Venezuela	4.2	3.9	2.3	1.7	.6	---	---	4.7	---	---	40.8
Annual Total	104.1	198.9	67.5	221.7	111.4	151.7	107.4	97.0	86.6	48.6	

Source: Appendices B-U.

nation, the United States generously supplied these countries with food in the hopes of thwarting any popular uprisings. This was especially true of the Dominican Republic, where so much food was given that in only thirteen years of assistance the Dominican Republic ranks fourth in total Public Law 480 funds.

The final anomaly is Mexico. It received food assistance continuously from 1956 through 1966, and then all of a sudden food shipments stopped. Even a severe drought in northern Mexico in 1971, the worst in thirty years, did not warrant a resumption of the program. A combination of Mexican nationalism and conflicts in U.S.-Mexican relations put an end to the Public Law 480 program in Mexico. Mexico has been very sensitive about receiving food from the United States. In April 1956, Tomás Valle, director general of Mexico's food distributing and price-regulating agency (Compañía Exportadora Importadora Mexicana), resigned in a dispute over a proposed rise in U.S. surplus food imports. Sr. Valle was concerned about Mexico's image in the upcoming Mexican presidential election and strenuously objected to further imports of U.S. food.[18] While this rift in the Mexican government surfaced in 1956, I suspect it remained an issue, for in 1965 the Mexican government curbed its importation of condensed and canned milk from the United States. This miffed the U.S. Department of Agriculture, which then recommended a decrease in the Public Law 480 program to Mexico. But the final political squabble which led to the termination of the program was Mexico's decision, against U.S. advice, to sell wheat to China in 1964 and 1965.[19] When Mexico insisted on following an independent foreign policy, Public Law 480 shipments were ended.

In the case of the three largest recipients--Brazil, Chile, and Colombia--one can see evidence of strong support throughout the entire twenty years. There were generous periods like 1964 and 1966 for Brazil, 1961-64 in Chile and 1966-68 and 1970 for Colombia. And there have been a few years where assistance has fallen off, like 1972-74 in Brazil and Chile; but, on the whole, it has been the consistent support that has put these three countries at the forefront of Latin American recipients.

The overriding question is what factors have put these three countries at the top of the list of recipients? Perhaps it has been necessity; of all the republics, maybe these have had the most severely malnourished populations. To test this hypothesis I have listed the twenty countries according to per capita daily caloric intake (Table 4-9). The results are interesting. If food aid had been distributed solely by need, El Salvador, which has one of the poorest-fed populations in all of Latin America, would have received a sizable portion of funds. Not so--it ranks 15th in funding. Honduras fits the same pattern.

Table 4-9

Latin American Daily Per Capita Caloric Intake

Country 1961-1965		Calories Per Capita	Country 1974		Calories Per Capita
1.	Argentina	3,241	1.	Argentina	3,406
2.	Uruguay	2,928	2.	Uruguay	3,070
3.	Chile	2,579	3.	Chile	2,825
4.	Mexico	2,568	4.	Mexico	2,725
5.	Paraguay	2,509	5.	Paraguay	2,714
6.	Cuba	2,430	6.	Cuba	2,712
7.	Brazil	2,419	7.	Costa Rica	2,535
8.	Panama	2,341	8.	Brazil	2,515
9.	Peru	2,256	9.	Venezuela	2,422
10.	Nicaragua	2,243	10.	Panama	2,419
11.	Venezuela	2,221	11.	Nicaragua	2,387
12.	Costa Rica	2,199	12.	Peru	2,359
13.	Colombia	2,139	13.	Dominican Republic	2,212
14.	Haiti	1,974	14.	Colombia	2,182
15.	Guatemala	1,956	15.	Ecuador	2,123
16.	Dominican Republic	1,939	16.	Honduras	2,041
17.	Honduras	1,937	17.	Haiti	2,026
18.	Ecuador	1,895	18.	Guatemala	1,994
19.	El Salvador	1,817	19.	El Salvador	1,912
20.	Bolivia	1,637	20.	Bolivia	1,849

Source: Food and Agriculture Organization of the United Nations, FAO Production Yearbook, Volume 30, 1976 (Rome: FAO, 1977), pp. 243-244.

Its population also consumed less than 2,000 calories a day, yet only Cuba, a country receiving no funds at all, received less Public Law 480 loans than Honduras. On the other end of the scale, Chile and Uruguay, which are among the very best countries in food consumption in Latin America and therefore should need food assistance the least, ranked 2nd and 7th respectively in the total amount of funds received between 1954-74. It appears the old maxim--the rich get richer--holds true in the case of Public Law 480.

One might argue that a strict comparison of caloric intake and aid is unfair because it does not take population size into account. Honduras might be in great need of food, but its 1970 population was only 2.5 million. It is only reasonable then that the Public Law 480 program there would be proportionally smaller than in Brazil, where the population was almost 100 million. Table 4-10 makes such an adjustment and lists countries according to Public Law 480 funds received per capita. This list appears somewhat different from Table 4-5. Some of the countries--such as Brazil, Mexico, and Argentina with the largest populations--do drop down in the rankings. Mexico loses the most ground, falling from ninth to nineteenth place. On the whole, however, things remain the same; four of the top six recipients in Table 4-10 remain in the top six even when taking into account per capita size.

Table 4-10

Per Capita[a] U.S. Public Law 480 Commitments to Latin America, 1954-1974

	Country	Dollars Per Capita
1.	Dominican Republic	39.91
2.	Chile	35.55
3.	Bolivia	28.21
4.	Uruguay	27.75
5.	Paraguay	16.81
6.	Colombia	13.99
7.	Ecuador	11.51
8.	Brazil	10.45
9.	Peru	10.32
10.	Panama	9.85
11.	Nicaragua	7.85
12.	Costa Rica	7.84
13.	El Salvador	7.33
14.	Guatemala	5.76
15.	Haiti	5.39
16.	Honduras	4.88
17.	Venezuela	3.92
18.	Argentina	1.50
19.	Mexico	1.31
20.	Cuba	.07

[a]1970 population.

Source: Calculated from data in Table 4-8 above and 1970 population figures in Kenneth Ruddle and Kathleen Barrows, Statistical Abstract of Latin America, 1972 (Los Angeles: UCLA Latin American Center Publications, 1974), pp. 48-49.

Moreover, the poorest countries--like Honduras, Guatemala and Haiti--average $5.34 in aid for every person; while relatively wealthy and well-fed Chile received over $35 per capita. The only glaring exception was Bolivia, the country with the hungriest population; it ranked third in per capita aid.

Since no pattern between need and supply emerges, one must look elsewhere to discover why certain countries have been so predominant in the Public Law 480 program. The answer is essentially political. All three top recipients, for example, have been important countries in the broad scheme of inter-American relations. Brazil, the most populous and powerful country in Latin America, has been catered to by successive administrations. Chile, while small in population, has been important to U.S. Latin American policy, the CIA's attempt to subvert the election of Salvador Allende underscoring the importance of Chile to U.S. policy planners. Colombia likewise has been important to the United States because of its size and influence in Latin America. It has been a consistent supporter of U.S. foreign policy in the Organization of American States and was one of the few countries that received Nelson Rockefeller without incident in 1969. As a reward for such loyal support, the United States has attempted to make Colombia an example to the rest of Latin America of what a well-organized and-funded foreign aid program can accomplish.

These general foreign policy outlines are well known to students of inter-American relations. What is more difficult to perceive is the way these foreign policy goals have been transmitted to Public Law 480 allocations. Although there is little known about decision making within the bureaucracy, the bureaucratic organization of Public Law 480 suggests there have been strong connections between Public Law 480 and foreign policy considerations.

Since Congress failed to provide an independent agency (such as the Agency for International Development) to administer Public Law 480, there has been a bureaucratic struggle to gain control of the program. As a result, at least eight federal agencies have had a hand in deciding policy. They include: (1) Department of Agriculture, (2) Department of State, (3) Agency for International Development, (4) Bureau of the Budget, (5) Department of the Treasury, (6) Department of Commerce, (7) United States Information Agency, and (8) Office of Emergency Planning.[20] Over the two decades the White House and the Department of State have emerged as the strongest influences in the development of the program. They exert their influence and channel other agency suggestions through an Interagency Staff Committee.[21] Through this committee, the State Department has made sure that foreign policy considerations have been taken into account in every

Public Law 480 agreement signed with a Latin American government. One can be sure that the priority given to Brazil, Colombia, and Chile has not been haphazard, but rather consistent with overall goals of inter-American relations.

Once the decision has been made to send food to a Latin American country and a formal contract signed that denotes an obligation, who benefits from the transaction? Which parties have had the most to gain from Public Law 480 and which the most to lose?

For United States interests there have been many advantages in supporting a program like Public Law 480. First, individual farmers have been able to sell their surpluses at artificially high prices to the Commodity Credit Corporation. Second, large grain companies, which handle the actual transfer of food to Latin America, made a substantial profit. Third, the U.S. government has significantly reduced its storage costs and, finally, U.S. businesses in Latin America have received local currency loans as a result of the sale of surplus foods.

There have been costs to the United States as well. The U.S. government has absorbed a large portion of the shipping and administrative costs of food aid. More significantly, the U.S. taxpayer has paid for the food purchased by the Commodity Credit Corporation and has spent additional billions of dollars in artificially high food bills because of the price support system.

For Latin America there have been advantages and disadvantages to Public Law 480. Certainly, millions of hungry families suffering from natural disasters have been helped by food distribution under Title II and III. Title I and IV sales have not been as beneficial as charitable grants because food sold through these two titles has been distributed through normal marketing channels in Latin America. Those most in need cannot afford to buy U.S. grains. Title I and IV sales are not without some merit, however. First, they are sold at below commercial interest rates, and they increase the food supply of the underdeveloped world. This addition to the national food stock may lower the price and make food more accessible to the poorer families. Second, Title I saves scarce foreign exchange, which would have had to have been used to import needed food anyway. This in turn provides the added benefit of reducing inflation and alleviating the balance of payments pressures experienced by most Latin American countries. And finally, Latin American governments have been able to receive local currency loans from Title I sales and use them for development projects.

Unfortunately, even these benefits have proven elusive in the long run. There has been evidence that food aid has had strong negative effects on the national economy. It has lowered the domestic price of some crops so much that it provides a disincentive to Latin American agricultural production.[22] In the long run some countries have become more dependent on U.S. food than before Public Law 480 began. Food sales may help the government in power, but they also reduce the need for the same government to face up to difficult issues like land reform.

While the sale of food for local currency has often been hailed as a significant goodwill gesture on the part of the United States, a closer examination shows it to be of limited value to the Latin American country. At the heart of the matter, local currencies are inconvertible, that is,they do not provide access to external goods and services. If Brazil wants to buy an aircraft from Boeing Corporation, for example, this local currency is almost valueless. Boeing will not accept cruzeiros as payment for a 747. Local currencies,then,are not an additional resource, but instead represent a shifting around of resources that already exist. (In fact, they can actually cause a depletion of hard currency when the United States uses cruzeiros instead of dollars to defray local costs.) If the United States recommends or insists Brazil buy back its own currency to finance an irrigation project, it means cruzeiros are being diverted from one segment of the Brazilian budget and put into another. Moreover, why would Brazil want to borrow its own currency at 2 to

3% interest when it could easily print the money? About the only purpose they served was to give the American Congress and public the illusion that Public Law 480 was not a giveaway program.

In sum, Public Law 480 has had a mixed history. Hailed as a significant contribution to the feeding of the world's poor, it certainly has not lived up to its billing in Latin America. Receiving only 10% of Public Law 480 funds between 1954-1974, Latin America has been left on the fringes of Public Law 480. Moreover, of the $2.5 billion it has received, much of it has been diverted for political considerations, not nutritional need.

Public Law 480 has never been a simple homogeneous program in Latin America, but rather a mixture of grants, sales for local currencies, and sales for dollars, with most of the grants and soft loans coming in the 1950s and early 1960s. When in the late 1960s all food sales to Latin America had to be paid for with dollars, Public Law 480 moved another step away from being a foreign aid program. It had become an extension of regular U.S. agricultural exports. The terms of these loans were better than regular commercial loans, but that was the only concession. With the end of the U.S. food surplus, even this became of little value, for less and less food was available for shipment to Latin America.

Within Latin America, Brazil has dominated the food aid program, receiving over $969 million worth of food. Most Latin American countries have received a moderate amount of aid every year for the full twenty-one-year period, with Mexico, Argentina, and Venezuela being the exceptions. The Central American nations and more generally those countries most in need of food have not been among the primary recipients.

Viewed from a broad perspective, it appears food aid has been distributed in accordance with overall foreign policy goals. From the country level, however, a series of complex factors enter into the decision to give food to a Latin American country in any given year. The historical statistics provided in this chapter provide a framework with which to explore those decisions to those interested in food aid to Latin America.

FOOTNOTES

[1]See Harold A. Bierce, "The First Instance of U.S. Foreign Aid: Venezuelan Relief in 1912," Inter-American Economic Affairs, 9:1 (Summer, 1955), pp. 47-59.

[2]Don Paarlberg, American Farm Policy (New York: John Wiley and Sons, 1964), 13, and Arthur Schlesinger, The Coming of the New Deal (Boston: Houghton Mifflin, 1957), 27.

[3]Primarily the crops that became known as the "basic commodities": wheat, corn, cotton, rice, peanuts, and tobacco.

[4]William Edward Leuchenberg, Franklin D. Roosevelt and the New Deal (New York: Harper and Row, 1963, and Henry Bamford Parkes, The United States of America, a History, third edition (New York: Alfred A. Knopf, 1968), 636-6.

[5]David S. McLellan and Donald Clare, Public Law 480: the Metamorphosis of a Law (New York: McGraw Hill, 1965), 1-2.

[6]These Mutual Security funds were appropriated annually until 1962. They were insignificant compared to food aid under Public Law 480. See Robert G. Stanley, Food for Peace (New York: Gordon and Breach), 62-63, and George Thompson Brown, Jr., "Foreign Policy Legitimation: the Case of American Foreign Aid, 1947-1971" (unpublished Ph.D. dissertation, University of Virginia, 1971), 122-123.

[7]Elmer L. Menzie and Robert G. Crouch, Political Interests in Agricultural Export Surplus Disposal Through Public Law 480, University of Arizona Experiment Station, Technical Bulletin #161 (Tucson: University of Arizona, 1964), and Peter A. Toma, The Politics of Food for Peace, Executive-Legislative Interaction (Tucson: The University of Arizona Press, 1967).

[8]U.S. Statutes at Large Vol. 68, Pt. 1 (1955), "Public

Law 480," July 10, 1954, Ch. 469, pp. 454-459.

[9]McLellan and Clare, Metamorphosis.

[10]U.S. Statutes at Large, Title I, Section 104, pp. 456-457. After 1957 local currencies could be used to buy strategic materials, develop new markets, or be loaned to U.S. businessmen in Latin America.

[11]McLellan and Clare, Metamorphosis.

[12]New York Times, 29 March 1966, 14:7.

[13]Quoted in McLellan and Clare, Metamorphosis, 14.

[14]Lester R. Brown, The Politics and Responsibility of the North American Breadbasket, Worldwatch Paper 2 (Washington, D.C.: Worldwatch Institute, 1975), 7.

[15]Lawrence Witt, "Food Aid, Commercial Exports and the Balance of Payments," in Food Policy, ed. by Peter G. Brown and Henry Shue (New York: The Free Press, 1977), 88-89.

[16]Unfortunately the published statistics do not distinguish which portion of Title II has gone to private charities or which to the bartering for strategic materials.

[17]New York Times, 11 March 1956, 24:1; New York Times 23 August 1973, 36:2.

[18]New York Times, 11 March 1956, 24:1

[19]New York Times, 17 July 1965, 3:4.

[20]Toma, The Politics of Food, 45-51, and Stanley, Food for Peace, 75.

[21]McLellan and Clare, Metamorphosis; New York Times, 21 October 1965, 53:1; New York Times, 2 December 1966, 1:6; New York Times, 24 February 1967, 16:7; New York Times, 17 March 1967, 5:1.

[22]Jitendar S. Mann estimated that for every pound of Public Law 480 cereals imported by India, there was a net decline in Indian domestic production over the following two years of almost one-half pound. See Jitendar S. Mann, "The Impact of P.L. 480 Imports on Prices and Domestic Supply of Cereals in India," American Journal of Agricultural Economics, 49 (1967), 131-46. For treatments of this same issue in Latin American countries see Melvin

Burke, "Does 'Food for Peace' Assistance Damage the Bolivian Economy?", Inter-American Economic Affairs, 25:1 (Summer, 1971), 3-19, and Leonard Dudley and Roger Sandilands, "The Side Effects of Foreign Aid: The Case of Public Law 480 Wheat in Colombia," Economic Development and Cultural Change, 23:2 (January, 1975), 325-36.

CHAPTER V

CONCLUSION

In the foregoing chapters I have presented the statistical history of foreign aid to Latin America from three U.S. programs: the Export-Import Bank, AID and its predecessor agencies, and Public Law 480. Given the tables and graphs presented above, we can now reflect on the role of foreign aid in inter-American relations.

Throughout this work, aid to Latin America has been viewed as a part of the history of the U.S. foreign aid establishment. To judge the size and significance of Latin America's place in this larger history two facts must be underscored. First, none of these three programs were established solely to serve Latin America. And second, the foreign aid agencies introduced in Chapters II, III,and IV represent only a portion of all foreign aid given to Latin America.

In the first instance, U.S. foreign aid has been worldwide in scope,with Latin America being only one small part. The proportion of funds given to various regions has changed over time according to Cold War needs; Europe, East Asia, Latin America, and Southeast Asia have each in turn received preferred treatment from U.S. agencies.

Latin America dominated worldwide lending patterns only once, in the 1960s during the anti-Castro hysteria. As an average, however, Latin America has received only 10.5% of Public Law 480 assistance, 11.8% of AID funds, and 33.8%[1] of Export-Import Bank loans.

Secondly, Latin America received assistance not just from the Export-Import Bank, AID and Public Law 480, but from international organizations and other U.S. programs as well. Table 5-1 compares these other forms of aid with the three presented in this work. During the twenty-nine-year period 1946-1974, Latin America took in $35.9 billion in foreign aid. Of that total, U.S. bilateral assistance contributed a substantial $20.9 billion, or 58.2%. Together the Export-Import Bank, AID, and Public Law 480 have committed 72.1% of all U.S. bilateral aid or 41.9% of foreign aid to Latin America from all sources.

Given the above information, several observations about the three programs and Latin America's place in the history of U.S. foreign aid can be made. First, funds from the Export-Import Bank, AID, and Public Law 480 constitute a large and representative sample of the U.S. aid program to Latin America. While one would have to examine international programs and other forms of U.S. assistance to gain a complete assessment of aid to Latin America, this work reveals much about the functioning of U.S. aid to Latin America. Second, the relative size of

Table 5-1

U.S. and International Foreign Aid
to Latin America, 1946-1974
(Millions of Dollars)

U.S. Bilateral Aid	
Export-Import Bank	6,481.0
AID and Predecessors	6,365.8
Public Law 480	2,238.6
Military Assistance	1,671.5
Other[a]	4,181.2
Subtotal	20,938.1
Major International Organizations[b]	15,036.9
Total	35,975.0

[a]Includes U.S. contributions to International lending organizations, Peace Corps, Social Progress Trust Fund, and a few miscellaneous programs in operation before 1953.

[b]Includes funds from International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, Inter-American Development Bank, United Nations Development Program, and other United Nations Programs and the European Economic Community. Does not include the U.S. contribution to these agencies.

Source: U.S. bilateral data from U.S. Agency for International Development, U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Loan Authorizations July 1, 1945-June 30, 1974, Latin American summary Table, p. 31. International aid figures from same volume, p. 174.

each of the three agencies' commitments to Latin America provides a rough measure of its involvement in Latin America. One may surmise that since Latin America took up one-third of the Export-Import Bank's business, that the Bank might have been more sensitive to Latin American issues and concerns than the Public Law 480 bureaucracy. Thus, if one wanted to further understand the interaction of a U.S. federal agency and Latin America, the Export-Import Bank would be a better place to start than Public Law 480 or AID. But I leave this speculation to future researchers of such problems.

Table 5-2 summarizes assistance to Latin America from the agencies we have examined. Listing the twenty Latin American countries in descending order by the total funds they have received, one notices that Brazil heads the list. Fully 30.6% of all funds have gone to that one country. The next three countries in order--Chile, Mexico, and Colombia--are the only other nations that have taken in more than 10% of the total commitments. This is consistent with what we found in the individual chapters: the allocation of assistance has been unevenly distributed, with a few countries receiving more than half the total monies, in contrast to the six Central American republics, which combined did not receive as much as 9% of all funds.

In addition to listing Latin American recipients

Table 5-2

Total U.S. Foreign Aid to Latin America from the Export-Import Bank, AID and its Predecessors, and Public Law 480, 1934-1974
(Millions of Dollars)

Country	Export-Import Bank[a]	AID[b]	Public Law 480[c]	Total[d]	%
Brazil	2,317.5	1,453.1	969.5	4,740.1	30.6
Chile	768.0	649.7	315.0	1,732.7	11.2
Mexico	1,495.1	78.9	64.3	1,638.3	10.6
Colombia	344.8	971.7	295.9	1,612.4	10.4
Argentina	892.3	135.9	34.8	1,063.0	6.9
Peru	385.1	226.7	140.2	752.0	4.8
Bolivia	42.6	460.6	139.1	642.3	4.1
Dominican Republic	85.4	350.2	162.3	597.9	3.9
Venezuela	385.1	72.0	40.8	497.9	3.2
Guatemala	114.8	206.4	29.9	351.1	2.3
Panama	118.7	208.5	14.1	341.3	2.2
Ecuador	57.3	181.8	70.1	309.2	2.0
Nicaragua	31.2	148.5	15.5	195.2	1.3
Costa Rica	41.8	115.4	13.6	170.8	1.1
Uruguay	17.6	71.9	80.1	169.6	1.1
Honduras	18.6	125.9	12.6	157.1	1.0
Paraguay	17.0	98.4	40.1	155.5	1.0
Haiti	35.6	87.4	26.3	149.3	1.0
El Salvador	16.1	100.4	25.9	142.4	1.0
Cuba	61.2	3.3	.6	65.1	.6

Table 5-2 (cont'd.)

Country	Export-Import Bank[a]	AID[b]	Public Law 480[c]	Total[d]	%
Total	7,245.8	5,746.7	2,490.7	15,483.2	100.3

[a]Includes the years 1934-1940 and 1946-1974.

[b]Includes the years 1949-1974.

[c]Includes the years 1954-1974.

[d]Current dollars

Source: Export-Import figures from Table 2-5, AID figures from Table 3-3, and Public Law 480 figures from Table 4-5.

according to total commitments they have received, Table 5-2 and Appendices B-U allow one to compare how each of the three programs have contributed to that total. Several interesting patterns emerge. Four countries--Argentina Cuba, Mexico, and Venezuela--have had over 75% of their aid in Export-Import Bank loans. The pattern is different in relation to AID funds; ten nations have received over 50% of their funds from this source. Public Law 480 assistance has given the smallest proportion of funds to individual countries; nineteen of the twenty countries received less than 30% of their funds from Public Law 480. Only Uruguay with 48.4% in Public Law 480 assistance, stands out as a major recipient. Thus, while the Export-Import Bank has been the largest provider of funds by volume, it has not been as important an influence in individual countries.

Brazil has been the primary recipient from each of the three agencies. It is this consistent support that puts it at the head of the list. In each of the other top countries, one and sometimes two agencies predominate. Mexico, for example, placed third in terms of total receipt of funds, but this was almost solely on the strength of commitments from one agency--the Export-Import Bank. In relation to the Bank's assistance, the funds from AID and Public Law 480 are miniscule. Similarly, Argentina and Venezuela have used Export-Import

Bank loans as the predominant form of U.S. assistance. The reverse is true for the Dominican Republic and Bolivia, where AID and Public Law 480 commitments overshadow Export-Import Bank loans and are responsible for putting these two countries seventh and eighth in Table 5-2.

The total volume of assistance is not the only measure, nor is it necessarily the most accurate, of the importance of U.S. aid within a country. An alternative and more precise method is to examine the proportion of funds received by a Latin American country from each agency. A country like Honduras, for example, might be overlooked as a nation with important links to the U.S. foreign aid community because it is ranked only sixteenth in total aid receipts. Yet, a look at where its assistance has come from reveals that one agency, AID, has provided 80% of Honduras' funds. This dependence on one source implies a close tie with the AID bureaucracy, and any study of Honduras-U.S. relations would certainly want to examine that link as a measure of U.S. influence in Honduran affairs.

Just as volume and proportion are important measures to consider when examining foreign aid to Latin America, so is the timing of the allocations. Appendix B shows the changing flows over time of aid to each of the twenty Latin American republics. These tables make it possible to identify sudden increases or decreases in assistance, to pinpoint gaps in the statistics, and to judge whether the three programs gave aid in coordination with one another or operated independently. There are many interesting anomalies in Appendices B-U that will be of interest to future researchers, but given the limits of time and space let me just point out a few representative cases.

Several things are noteworthy in the Brazilian table. The gap in Export-Import Bank loans in 1962, 1963, and 1964 cries for explanation. Without much doubt the sudden cessation of funds relates to U.S. concern over the leftist government of Joao Goulart. What is equally fascinating is that the other two agencies under consideration, AID and Public Law 480, did not suspend their funds at the same time. In fact, AID assistance in 1962 through 1964 was substantially higher than any previous year. This seems to indicate that U.S. policy as expressed through the different foreign aid programs has not been monolithic. The left hand has followed one policy while the right hand has done just the opposite. The volume of Export-Import Bank support has been sporadic. The years 1953, 1957, 1959,and 1961 were big years, followed by reduced support from 1962-1971 and then a reactivation of large sums in 1972, 1973, and 1974. The years 1964-1968 represent the era of major support from AID in Brazil, while Public Law 480 gave outstanding assistance in 1957, 1964, and

1966. And finally, even though Brazil was by far the largest recipient of funds, it only exceeded the $5 per capita level during one year, 1953. Students more deeply interested in food aid should begin to find out why 1957, 1964, and 1966 were such outstanding years. Similarly, any detailed study of AID in Brazil would have to account for the sudden spurt of 1964 through 1968.

Chile, like Brazil, was supported consistently throughout the postwar period. And it is just this consistency that makes the few gaps that do exist stand out. Why did the Export-Import Bank fail to loan money to Chile in 1953 through 1956 and again in 1971? I discussed this issue in Chapter III, but it should be pointed out here that U.S. policy, unlike what we witnessed in the Brazilian case, was consistent. The ascension of Salvador Allende to the Chilean presidency brought a diminution of funds from all three programs simultaneously. In terms of per capita aid, Chile was one of the most heavily supported countries in Latin America, averaging over $15 per person during the 1960s.

Appendix I indicates that 1962 was the turning point in foreign aid to the Dominican Republic. It was the first year the island republic received any Public Law 480 or Export-Import Bank funds, and it was the year AID assistance jumped from thousands to millions of dollars. Per capita aid increased impressively during the 1965-1968 period in support of the U.S. marine occupation of the country. Yet it is surprising that during such an emergency the Export-Import Bank gave nothing to the Dominican Republic in 1967.

Examining Appendices B through U one might notice that of the three programs I have investigated, AID was the most consistent contributor of funds to Latin America. That is, if one looks at the vertical columns, he will notice occasional gaps in the data of the Export-Import Bank and Public Law 480. Yet, scanning the AID column he cannot help being impressed with the almost total absence of dashes that indicate no funds for a particular year. In fact, only two countries, Argentina and Mexico, have had AID funds stopped once they began. Here certainly is a topic for further research.

The differences in the lending patterns of the three programs within Latin America brings to the fore the issue of a coordinated foreign aid policy. According to the formal organization charts, there has been and continues to be a great deal of coordination among the foreign aid agencies and the administrative and congressional branches of government. On paper at least, decisions to allocate foreign aid to Latin America have been made on the basis of committee decisions. Remember, for example, the Export-Import Bank decision-making team consisted of a five-man board of directors, secretary of state, secretary of commerce, secretary of the treasury, and chairman of the Federal Reserve. A similar procedure takes place when AID or Public Law 480 makes loan commitments. With so much cabinet-level input, one would expect parallel decisions being made about the timing and amount of loans to Latin America. The evidence in Appendices B through U would seem to suggest the contrary is often true. Whereas the behavior of the three aid agencies in Chile during the Allende regime indicates a coordination of policy, the examples of Brazil and the Dominican Republic show that the agencies pursued individual policies.

This issue underscores the complexity of foreign aid decisions. At the heart of the matter, each program receives its funds from different sources, and therefore how and why they spend their money in Latin America is subject to different pressures. The Export-Import Bank, for example, is an autonomous federal agency which borrowed its working capital from the U.S. Treasury long ago and is thus only subject to cursory congressional review. AID, on the other hand, is an executive agency that must annually plead for funds on Capitol Hill, whose actions are carefully scrutinized by countless congressional committees. Public Law 480 fits somewhere in the middle. Since the program was never given a formal bureaucracy to administer it, its budget has been a part of a larger U.S. agricultural budget. Consequently, it has been more accountable to domestic agricultural pressure than congressional scrutiny. Given such diverse sources of funding and administration, it is a wonder the three programs have any common policy in Latin America at all. Moreover, the executive departments, like state and treasury, are all equally subject to contradictory pressures within their own departments. Once one has read The Foreign Affairs Fudge Factory by John Campbell or Graham Allison's Essence of Decision, it is difficult to believe that economic assistance and diplomacy decisions are based on consensus opinions. Choices about when and how much aid to give a Latin American country are made under contradictory pressures and come from alternative frames of reference.

After assembling all the statistical evidence, perusing countless congressional documents, and reading deeply in the secondary literature on foreign aid, I find one fact that stands out above all else: the complexity of the foreign aid process. Given the myriad number of people and contradictory pressures that go into a decision to give a loan to a Latin American country, it would be sheer folly to assume aid policies are always clearly reasoned and coordinated. As more research is done on the internal workings of the federal bureaucracies, I think this complexity will be borne out.[2] The complexity within the decision-making process of foreign aid reflects an equally complicated issue--the role of foreign aid in foreign policy and, more specifically, inter-American relations.

Political scientists seem to agree that foreign policy is dictated by national interest. There the agreement stops, because there are as many views as to what constitutes the national interest as there are political scientists. And rightfully so, for it would be as simplistic to think there is one all-encompassing national interest as it would be to think there is one kind of foreign aid. To the businessman, national interest might mean keeping Latin America safe for U.S. investments. To an air force general, it might mean selling a U.S. fighter to Peru. And to some politicians, it might mean halting communist advance in the Western Hemisphere. What makes foreign aid so useful and complex a tool is that it can be used to serve all of the above examples of national interest and more. So trying to list some general criteria that would explain why the United States has given aid to Latin America is, in my view, a futile process.

All foreign aid is political; that is, political objectives underlie every foreign aid transaction. The United States may be trying to build a political relationship by financing a hydroelectric plant in Brazil, to weaken a political regime such as Allende's Chile, or even to buy an OAS vote like in Ecuador, but it is all political. So rather than arguing whether or not aid is political, I think it is more realistic to try to distinguish when the primary rationale behind its allocation has been political and when it has had more humanitarian overtones. I attempted to do something like that in Chapter III when I divided assistance into development and security categories. To argue otherwise is just too simplistic.

I do not want to use the above discussion to avoid confronting the moral issues swirling about foreign aid. Foreign aid is rich with moral overtones. I recognize that the human deprivation one sees in Latin America is tragic and morally reprehensible. It fills the issue of foreign aid with a sense of immediacy and purpose, for theoretically, economic assistance can lessen human suffering. Yet to be truthful, I find few moral imperatives behind U.S. foreign aid to Latin America. Moral concerns (President Carter's human rights stance notwithstanding) rarely dictate national interest. This is not to say there are not people in Washington who are not driven by altruistic motives; it is just that in the larger view I have not found moral concerns as one of the principal criteria for giving foreign aid to Latin America. I think our charitable motives have been overrated. It is true that the U.S. government can be very generous to those suffering from flood, famine, or earthquakes for it is always among the first to send supplies and medicine to the afflicted area; but, in the long run, the American people and Congress have found foreign aid a troublesome burden that they wish would just go away.

Alas, this statistical record of foreign aid to Latin America raises many more questions than it answers, demonstrating at once both the strengths and weaknesses of statistics as a source material for the study of inter-American relations. The statistics point out trends, patterns, and anomalies in the lending records,thereby providing readers with a new frame of reference with which to understand U.S. relations with any of the twenty Latin American nations. Future researchers can re-categorize the figures to examine other kinds of questions. A student of U.S. politics, for example, might rearrange the statistics to conform to presidential administrations, so as to compare Truman and Eisenhower, for example. But to breathe even more life into the statistics,additional knowledge is needed. A specialist in United States-Ecuadorian relations, for example, could use diplomatic dispatches and information about Ecuadorian politics and economic problems to interpret further the trends and patterns found in the study. Similarly, a student of U.S. bureaucracies who could gain access to internal memos and could interview past administrators could make the statistics yield interesting results.[3]

Ultimately, this work is a building block for a more complete examination of inter-American relations and foreign aid. Put together with studies of trade, investment, private bank loans, stabilization agreements by the U.S. Treasury, and international aid, we could piece together an important new look at U.S. relations with Latin America.

FOOTNOTES

[1]Because the 1941-1945 data on Export-Import Bank loans to Latin America is not available in published form, I estimated by extrapolating backwards from 1946 data that an average of $70 million a year went to Latin America during those five years.

[2]For a discussion of bureaucratic history see Louis Galambos, "The Emerging Organizational Synthesis in Modern American History," Business History Review, 44:3 (Autumn, 1970), 279-290. For an example of one of these studies see Frederick C. Adams, Economic Diplomacy: The Export-Import Bank and American Foreign Policy, 1934-1939 (Columbia: University of Missouri Press, 1976).

[3]For a study that examines U.S.-Latin American relations using internal memos and interviews see Jessica Pernitz Einhorn, Expropriation Politics (Lexington, Massachusetts: D. C. Heath and Company, 1974).

APPENDICES

APPENDIX A

FOREIGN AID CATEGORIES

I have found fifteen categories commonly used to describe aid funds: (1) presidential request; (2) congressional authorization; (3) Congressional appropriation; (4) gross commitment; (5) net commitment; (6) agency authorization; (7) gross obligation; (8) net obligation; (9) deobligation; (10) reobligation; (11) expenditure; (12) gross disbursement; (13) net disbursement; (14) allocation; and (15) pipeline funds. The subtle differences among them and the overlapping of some of their meanings make definitions hazardous, but the following is a good approximation.

The first three on the list refer to the executive and legislative ends of the aid process. An <u>executive request</u> refers to the amount of funds the president asks Congress to appropriate to foreign aid. The request, while a clear indication of the overall policy direction of the administration, is normally a larger figure than the president expects Congress to authorize because the president, knowing his request will inevitably be cut by Congress, enlarges the figures protectively. Once the request is sent to Congress, two committees, the Senate Foreign Relations Committee and the House Foreign Affairs Committee, examine the proposal for funds and decide on the overall maximum level of funding. This ceiling is called the authorization of funds. The Senate Appropriations Subcommittee on Foreign Operations then examines this authorization in detail to determine how much money can actually be spent; this total is called the aid appropriation.

In addition to the terms used in the legislative process, there is a specialized jargon used by the foreign aid agencies to describe their process of assistance. I have found twelve of these categories, and they are a bit more complicated.

Authorizations are loans approved by the U.S. aid agency and announced to the borrower. Obligations are the formal pledge of United States funds. The difference between gross and net obligations is that the former is what is projected to be spent, while the latter is the projected figure minus deobligations. Some of the obligated funds may not be expended for a variety of reasons, such as shortages of trained manpower, the agency removing those funds from the amounts to be given. These are called deobligations. Money obligated but not yet spent means that it is in the pipeline. This money can be held up temporarily or deobligated--meaning that they will be phased in when appropriate. In subsequent fiscal years some deobligated funds may be reobligated for new projects.

The next step in the process beyond the obligation stage is the commitment of funds. A commitment is a firm obligation supported by the availability of funds. When money or goods and services are committed there is usually a contract or agreement already made up that expresses the specific amount, financial terms, conditions, and purposes of the assistance. A commitment, then, is a firm obligation supported by an agreement and the availability of funds. These funds come from the obligational authority plus reobligations. A net commitment is a new obligation plus reobligations minus deobligations.

Expenditures, net disbursements, and authorized obligations are sometimes used interchangeably and refer to the actual payment of funds. Net disbursements are grant and loan disbursements minus amortization of the past loans. The expenditure, allocation, or gross disbursement categories are the actual international transfer of financial resources or payments for the shipment of goods and services against previous obligations. Expenditures shown for a certain period may not reflect when the obligation took place. It is even possible to find a negative expenditure in some tables, reflecting country refunds or previous United States overexpenditures.

APPENDIX B - ARGENTINA

Total Commitments from the Export-Import Bank, AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	.2	...	...	.2	.01
1948	---	...	...	---	---
1949	---	...	...	---	---
1950	96.5	...	...	96.5	5.64
1951	5.0	...	...	5.0	.28
1952	---	---	...	---	---
1953	---	---	...	---	---
1954	---	---	---	---	---
1955	60.0		2.3	62.3	3.30
1956		.1	16.0	16.1	.84
1957	100.0	---	---	100.0	5.10
1958	---	.1	---	.1	---
1959	129.2	25.2	16.5	170.9	8.42
1960	---	.8	---	.8	.04
1961	62.0	6.9	---	68.9	3.28
1962	51.9	21.9	---	73.8	3.45
1963	24.1	99.3	---	123.4	5.69
1964	1.4	9.5	---	10.9	.50
1965	22.7	-16.3	---	6.4	.28
1966	29.1	-6.3	---	22.8	1.00
1967	1.2	1.3	---	2.5	.11
1968	41.0	-8.9	---	32.1	1.37
1969	58.4	.9	---	59.3	2.50
1970	22.4	.9	---	23.3	.97
1971	38.7	.5	---	39.2	1.61
1972	44.7	---	---	44.7	1.81
1973	30.1	---	---	30.1	1.22
1974	41.2	---	---	41.2	1.64
Total	859.8	135.9	34.8	1,030.5	
%	83.4	13.2	3.4		

APPENDIX C - BOLIVIA

Total Commitments from the Export-Import Bank, AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	3.0	...	...	3.0	1.03
1948	---	...	...	---	---
1949	.3	...	...	.3	.10
1950	16.0	...	...	16.0	5.33
1951	---	...	...	---	---
1952	.2	1.5	...	1.7	.55
1953	---	1.3	...	1.3	.41
1954	---	7.5	.3	7.8	2.44
1955	4.7	11.0	16.0	31.7	9.61
1956	---	25.4	2.7	28.1	8.26
1957	---	23.3	4.0	27.3	7.80
1958	---	22.4	---	22.4	6.40
1959	---	24.5	.4	24.9	6.92
1960	---	14.8	.2	15.0	4.06
1961	---	27.9	2.9	30.8	8.15
1962	---	31.8	4.6	36.4	9.42
1963	---	35.5	21.4	56.9	14.40
1964	---	58.4	15.3	73.7	18.23
1965	---	2.4	4.6	7.0	1.69
1966	---	27.5	6.2	33.7	7.96
1967	10.1	14.3	1.5	25.9	5.98
1968	---	7.8	10.6	18.4	4.15
1969	8.3	8.0	15.4	31.7	6.97
1970	---	.6	3.2	3.8	.82
1971	---	3.7	6.8	10.5	2.19
1972	---	55.6	4.4	60.0	12.26
1973	---	17.0	10.3	27.3	5.12
1974	---	38.4	8.3	46.7	8.54
Total	42.6	460.6	139.1	642.3	
%	6.6	71.7	21.7		

APPENDIX D - BRAZIL

Total Commitments from the Export-Import Bank, AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	39.6	...	...	39.6	.84
1947	21.8	...	...	21.8	.45
1948	---	...	...	---	---
1949	9.6	...	...	9.6	.19
1950	14.4	...	...	14.4	.28
1951	26.1	...	...	26.1	.49
1952	56.7	2.6	...	59.3	1.07
1953	370.6	3.2	...	373.8	6.56
1954	1.9	2.5	---	4.4	.08
1955	46.6	3.0	2.5	52.1	1.16
1956	55.1	3.6	35.6	94.3	1.51
1957	195.0	4.5	119.8	319.3	4.97
1958	18.7	4.0	3.6	26.3	.40
1959	123.6	6.3	2.9	132.8	1.95
1960	6.9	7.2	1.8	15.9	.23
1961	204.9	7.5	92.0	304.4	4.20
1962	---	84.5	70.1	154.6	2.07
1963	---	86.3	50.9	137.2	1.79
1964	---	178.6	197.7	376.3	4.76
1965	6.0	230.7	23.6	260.3	3.20
1966	17.2	241.7	118.5	377.4	4.51
1967	31.3	212.6	22.0	265.9	3.09
1968	50.8	187.7	87.5	326.0	3.68
1969	29.1	-11.7	10.3	27.7	.30
1970	65.6	61.2	68.6	195.4	2.08
1971	74.0	79.4	40.6	194.0	2.01
1972	299.8	12.1	5.7	317.6	3.20
1973	142.3	40.6	9.6	192.5	1.91
1974	325.7	5.0	6.2	336.9	3.26
Total	2,233.3	1,453.1	969.5	4,655.9	
%	48.0	31.2	20.8		

APPENDIX E - CHILE

Total Commitments from the Export-Import Bank
AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	31.7	...	...	31.7	5.62
1947	10.4	...	...	10.4	1.81
1948	---	...	...	---	---
1949	21.4	...	...	21.4	3.59
1950	27.9	...	...	27.9	4.59
1951	1.8	...	...	1.8	.29
1952	11.2	1.1	...	12.3	1.94
1953	---	1.3	...	1.3	.20
1954	---	1.4	---	1.4	.21
1955	---	2.1	4.1	6.2	.90
1956	---	2.2	27.2	29.4	4.17
1957	43.9	3.3	1.1	48.3	6.68
1958	15.0	12.8	15.0	42.8	5.77
1959	29.0	3.2	11.6	43.8	5.76
1960	16.9	18.9	8.7	44.5	5.71
1961	77.0	31.2	30.4	138.6	17.36
1962	46.4	142.4	23.8	212.6	26.01
1963	15.5	40.4	26.5	82.4	9.84
1964	16.5	78.5	30.5	125.5	14.64
1965	8.2	99.0	12.9	120.1	13.67
1966	.1	85.6	17.8	103.5	11.49
1967	262.2	12.0	8.0	282.2	30.55
1968	14.5	53.9	36.9	105.3	11.12
1969	37.3	34.6	35.0	106.9	11.00
1970	3.3	17.2	7.6	28.1	2.82
1971	---	1.5	6.3	7.8	.76
1972	1.6	1.0	5.9	8.5	.81
1973	3.1	.8	2.5	6.4	.65
1974	57.0	5.3	3.2	65.5	6.50
Total	751.9	649.7	315.0	1,716.6	
%	43.8	37.8	18.4		

APPENDIX F - COLOMBIA

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	11.0	...	...	11.0	.99
1949	3.6	...	...	3.6	.32
1950	2.2	...	...	2.2	.19
1951	2.1	...	...	2.1	.18
1952	2.6	.7	...	3.3	.27
1953	4.5	1.0	...	5.5	.43
1954	---	1.2	.2	1.4	.11
1955	.6	1.4	3.1	5.1	.38
1956	.2	1.3	10.0	11.5	.83
1957	---	1.2	15.1	16.3	1.15
1958	83.7	1.3	10.5	95.5	6.53
1959	---	1.7	4.0	5.7	.38
1960	25.5	1.9	26.2	53.6	3.46
1961	56.6	28.2	4.9	89.7	5.64
1962	---	37.9	13.8	51.7	3.16
1963	3.4	93.4	18.4	115.2	6.80
1964	23.5	74.2	13.6	111.3	6.36
1965	6.8	3.6	11.4	21.8	1.21
1966	3.4	75.4	20.5	99.3	5.33
1967	20.4	104.3	15.2	139.9	7.28
1968	5.9	76.2	22.5	104.6	5.27
1969	19.8	99.1	7.5	126.4	6.18
1970	13.4	74.1	38.2	125.7	5.95
1971	6.5	84.0	12.1	102.6	4.71
1972	18.7	92.6	21.0	132.3	5.88
1973	.3	76.9	17.6	94.8	4.26
1974	19.3	40.1	10.1	69.5	3.03
Total	334.0	971.7	295.9	1,601.6	
%	20.8	60.7	18.5		

APPENDIX G - COSTA RICA

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	---	...	...	---	---
1949	---	...	...	---	---
1950	---	...	...	---	---
1951	---	...	...	---	---
1952	---	1.3	...	1.3	1.50
1953	---	.8	...	.8	.88
1954	---	.7	...	.7	.74
1955	3.3	.9	---	4.2	4.26
1956	9.5	.9	.3	10.7	10.44
1957	.2	3.0	.4	3.6	3.37
1958	---	1.1	.3	1.4	1.26
1959	5.0	1.4	.1	6.5	5.61
1960	3.0	1.3	---	4.3	3.56
1961	---	10.0	---	10.0	7.97
1962	4.5	1.9	---	6.4	4.90
1963	---	12.8	1.6	14.4	10.60
1964	---	9.9	1.6	11.5	8.14
1965	---	8.1	1.7	9.8	6.68
1966	10.2	1.6	.9	12.7	8.33
1967	---	6.2	1.2	7.4	4.67
1968	---	4.1	.7	4.8	2.92
1969	---	13.7	1.1	14.8	8.68
1970	.5	17.4	.5	18.4	10.40
1971	.5	6.4	.8	7.7	4.20
1972	.1	1.7	1.1	2.9	1.52
1973	.9	1.3	.8	3.0	1.60
1974	3.5	8.9	.5	12.9	6.72
Total	41.2	115.4	13.6	170.2	
%	24.2	67.8	8.0		

APPENDIX H - CUBA

Total Commitments from the Export-Import Bank
AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	---	...	...	---	---
1949	---	...	...	---	---
1950	---	...	...	---	---
1951	---	...	...	---	---
1952	---	.1	...	.1	.2
1953	---	---	...	---	---
1954	8.0	---	---	8.0	1.33
1955	---	---	---	---	---
1956	1.2	---	---	1.2	.19
1957	---	---	---	---	---
1958	16.3	---	---	16.3	2.50
1959	---	---	---	---	---
1960	---	---	.6	.6	.09
1961	---	---	---	---	---
1962	...	...	...	...	...
1963	...	...	...	...	...
1964	...	...	...	...	...
1965	...	...	...	...	...
1966	...	...	...	...	...
1967	...	...	...	...	...
1968	...	...	...	...	...
1969	...	...	...	...	...
1970	...	...	...	...	...
1971	...	...	...	...	...
1972	...	...	...	...	...
1973	...	...	...	...	...
1974	...	...	...	...	...
Total	25.5	.1	.6	26.2	
%	97.3	.4	2.2		

APPENDIX I - DOMINICAN REPUBLIC

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	---	...	...	---	---
1949	---	...	...	---	---
1950	---	...	...	---	---
1951	---	...	...	---	---
1952	---	.2	...	.2	.08
1953	---	.3	...	.3	.12
1954	---	.2	---	.2	.08
1955	---	.3	---	.3	.12
1956	---	.3	---	.3	.11
1957	---	.2	---	.2	.07
1958	---	.2	---	.2	.07
1959	---	.2	---	.2	.07
1960	---	.3	---	.3	.10
1961	---	.1	---	.1	.03
1962	9.6	26.0	.8	36.4	11.24
1963	---	29.6	14.4	44.0	13.13
1964	---	-.7	13.2	12.5	3.61
1965	12.7	52.9	16.4	82.0	22.85
1966	8.1	93.8	10.2	112.1	30.17
1967	---	53.2	4.2	57.4	14.92
1968	6.3	43.2	20.2	69.7	17.49
1969	4.3	11.3	16.2	31.8	7.70
1970	---	4.6	15.0	19.6	4.58
1971	---	13.5	14.3	27.8	6.27
1972	2.9	6.9	19.0	28.8	6.27
1973	8.8	1.0	14.2	24.0	5.42
1974	30.7	12.6	4.2	47.5	10.42
Total	83.4	350.2	162.3	595.9	
%	14.0	58.8	27.2		

APPENDIX J - ECUADOR

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	2.7	...	...	2.7	.89
1949	.3	...	...	.3	.10
1950	7.1	...	...	7.1	2.22
1951	---	...	...	---	---
1952	1.0	1.4	...	2.4	.72
1953	---	1.0	...	1.0	.29
1954	5.9	1.3	---	7.2	2.02
1955	2.7	1.4	.2	4.3	1.16
1956	.9	1.7	2.7	5.3	1.39
1957	.5	3.8	3.4	7.7	1.96
1958	---	4.1	1.4	5.5	1.36
1959	1.1	6.6	.8	8.5	2.03
1960	.9	7.9	.3	9.1	2.11
1961	.4	9.6	3.3	13.3	2.98
1962	---	19.9	2.2	22.1	4.83
1963	1.3	18.1	6.1	25.5	5.40
1964	---	19.2	4.4	23.6	4.84
1965	8.0	11.1	6.9	26.0	5.16
1966	6.3	15.1	1.8	23.2	4.46
1967	---	.4	3.0	3.4	.63
1968	7.5	3.2	1.4	12.1	2.18
1969	---	5.7	6.3	12.0	2.10
1970	3.0	23.0	1.7	27.7	4.69
1971	2.0	15.3	6.6	23.9	3.92
1972	1.1	4.9	3.2	9.2	1.46
1973	.1	4.6	11.1	15.8	2.35
1974	3.3	2.5	3.3	9.1	1.31
Total	56.1	181.1	70.1	308.0	
%	18.2	59.0	22.8		

APPENDIX K - EL SALVADOR

Total Commitments from the Export-Import Bank
AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	---	...	...	---	---
1949	---	...	...	---	---
1950	---	...	...	---	---
1951	---	...	...	---	---
1952	---	.5	...	.5	.26
1953	---	.7	...	.7	.35
1954	---	.5	---	.5	.24
1955	---	.8	---	.8	.37
1956	---	.9	.2	1.1	.50
1957	---	1.1	.6	1.7	.75
1958	---	1.0	.1	1.1	.47
1959	---	1.0	.1	1.1	.46
1960	---	1.0	---	1.0	.40
1961	3.7	2.9	.1	6.7	2.61
1962	6.0	3.1	2.3	11.4	4.30
1963	---	19.3	2.6	21.9	8.01
1964	---	10.9	3.5	14.4	5.10
1965	---	5.5	1.9	7.4	2.54
1966	2.5	3.3	2.6	8.4	2.79
1967	---	.9	1.9	2.8	.90
1968	---	8.1	.7	8.8	2.74
1969	1.0	10.4	1.8	13.2	3.99
1970	---	10.2	2.0	12.2	3.57
1971	1.0	2.5	1.7	5.2	1.47
1972	.5	6.0	1.4	7.9	2.17
1973	1.0	2.0	1.1	4.1	1.09
1974	.4	7.8	1.3	9.5	2.44
Total	16.1	100.4	25.9	142.4	
%	11.3	70.5	18.2		

APPENDIX L - GUATEMALA

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	----	...	...	----	----
1947	----	...	...	----	----
1948	----	...	...	----	----
1949	----	...	...	----	----
1950	----	...	...	----	----
1951	----	...	...	----	----
1952	----	.2	...	.2	.07
1953	----	.2	...	.2	.06
1954	----	.2	----	.2	.06
1955	----	5.6	3.0	8.6	2.64
1956	1.2	18.2	.5	19.9	5.94
1957	----	17.5	.3	17.8	5.16
1958	----	12.6	.2	12.8	3.61
1959	----	8.0	.3	8.3	2.27
1960	5.0	5.9	.3	11.2	2.97
1961	10.5	21.0	.4	31.9	8.25
1962	----	4.2	.7	4.9	1.23
1963	----	3.1	1.0	4.1	1.00
1964	4.6	5.6	3.0	13.2	3.13
1965	----	7.0	1.1	8.1	1.86
1966	----	-1.1	.9	-.2	
1967	6.5	11.1	1.9	19.5	4.23
1968	----	10.9	3.0	13.9	2.92
1969	70.0	5.8	2.4	78.2	15.96
1970	----	31.7	2.6	34.3	6.78
1971	2.9	14.2	2.0	19.1	3.66
1972	----	12.5	3.4	15.9	2.96
1973	13.5	9.5	1.7	24.7	4.30
1974	.6	2.5	1.2	4.3	.73
Total	114.8	206.4	29.9	351.1	
%	32.7	58.8	8.5		

APPENDIX M - HAITI

Total Commitments from the Export-Import Bank
AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	---	...	...	---	---
1949	4.0	...	...	4.0	1.20
1950	---	...	...	---	---
1951	10.0	...	...	10.0	2.90
1952	---	.7	...	.7	.20
1953	---	.6	...	.6	.17
1954	---	1.0	---	1.0	.27
1955	7.0	2.3	3.1	12.4	3.33
1956	6.0	6.4	.6	13.0	3.42
1957	---	2.1	1.1	3.2	.83
1958	---	3.5	.5	4.0	1.04
1959	---	11.4	1.3	12.7	3.24
1960	---	11.0	1.1	12.1	3.09
1961	---	10.7	1.1	11.8	2.90
1962	---	6.8	.7	7.5	1.81
1963	---	.2	.9	1.1	.26
1964	---	-1.4	2.2	.8	.18
1965	---	1.4	.7	2.1	.48
1966	3.0	2.4	.7	6.1	1.36
1967	---	1.8	.7	2.5	.55
1968	---	2.1	1.6	3.7	.79
1969	---	1.9	1.3	3.2	.67
1970	.1	1.5	2.3	3.9	.80
1971	---	2.8	1.5	4.3	.86
1972	---	3.2	1.7	4.9	.97
1973	---	6.3	1.2	7.5	1.69
1974	---	8.7	2.0	10.7	2.37
Total	30.1	87.4	26.3	143.8	
%	20.9	60.8	18.3		

APPENDIX N - HONDURAS

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	---	...	...	---	---
1949	---	...	...	---	---
1950	---	...	...	---	---
1951	---	...	...	---	---
1952	---	.7	...	.7	.46
1953	---	.7	...	.7	.45
1954	---	1.1	---	1.1	.68
1955	---	1.2	.8	2.0	1.20
1956	---	1.2	.1	1.3	.76
1957	1.6	4.3	.7	6.6	3.73
1958	1.1	6.9	.5	8.5	4.65
1959	.8	1.9	.2	2.9	1.54
1960	---	4.1	.2	4.3	2.20
1961	---	5.2	.3	5.5	2.73
1962	---	2.9	.2	3.1	1.48
1963	---	6.5	.3	6.8	3.15
1964	---	6.7	.7	7.4	3.31
1965	.4	2.2	.4	3.0	1.30
1966	---	11.9	1.0	12.9	5.38
1967	---	8.9	.6	9.5	3.83
1968	---	12.8	.4	13.2	5.14
1969	---	2.5	.8	3.3	1.24
1970	2.0	5.2	1.0	8.2	2.98
1971	.6	5.2	1.1	6.9	2.42
1972	1.6	3.6	1.2	6.4	2.17
1973	7.3	5.6	.9	13.8	4.96
1974	3.2	24.6	1.2	29.0	9.90
Total	18.6	125.9	12.6	157.1	
%	11.8	80.1	8.0		

APPENDIX O - MEXICO

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	1.5	...	...	1.5	.06
1947	50.0	...	...	50.0	2.13
1948	---	...	...	---	---
1949	1.5	...	...	1.5	.06
1950	.2	...	...	.2	---
1951	---	...	...	---	---
1952	4.0	.7	...	4.7	.17
1953	5.4	.7	...	6.1	.22
1954	1.4	1.4	---	2.8	.10
1955	---	1.4	---	1.4	.05
1956	51.5	.7	.4	52.6	1.73
1957	24.8	.9	.6	26.3	.82
1958	48.0	.6	11.7	60.3	1.83
1959	109.0	.7	1.1	110.8	3.27
1960	46.3	.7	1.3	48.3	1.38
1961	27.8	1.2	3.2	32.2	.89
1962	105.3	20.6	5.2	131.1	3.52
1963	25.8	.2	15.5	41.5	1.06
1964	54.0	22.4	18.0	94.4	2.37
1965	163.2	24.9	7.2	195.3	4.75
1966	127.9	.2	.1	128.2	3.02
1967	101.2	.3	---	101.5	2.31
1968	87.3	.1	---	87.4	1.93
1969	17.5	.2	---	17.7	.38
1970	40.4	1.0	---	41.4	.84
1971	41.2	---	---	41.2	.81
1972	51.6	---	---	51.6	.98
1973	143.0	---	---	143.0	2.55
1974	162.9	---	---	162.9	2.80
Total	1,492.7	78.9	64.3		
%	91.2	4.8	3.9		

APPENDIX P - NICARAGUA

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	---	...	...	---	---
1949	---	...	...	---	---
1950	---	...	...	---	---
1951	.6	...	...	.6	.55
1952	---	.6	...	.6	.53
1953	---	.6	...	.6	.52
1954	---	.5	---	.5	.42
1955	---	.9	---	.9	.72
1956	---	.8	---	.8	.62
1957	2.0	.7	---	2.7	2.03
1958	---	.8	---	.8	.58
1959	.5	1.7	---	2.2	1.54
1960	9.0	3.3	---	12.3	8.33
1961	2.0	8.3	.2	10.5	6.87
1962	---	3.5	.7	4.2	2.65
1963	---	3.4	1.4	4.8	2.93
1964	1.2	3.9	1.9	7.0	4.13
1965	---	16.2	.9	17.1	9.75
1966	2.8	16.0	1.2	20.0	11.02
1967	---	11.3	.8	12.1	6.44
1968	4.9	22.1	.2	27.2	13.98
1969	---	1.7	.4	2.1	1.04
1970	---	2.3	.4	2.7	1.30
1971	2.1	12.5	.3	14.9	6.91
1972	.1	2.5	1.7	4.3	1.93
1973	---	22.5	3.0	25.5	12.69
1974	3.4	12.4	2.4	18.2	8.75
Total	28.6	148.5	15.5	192.6	
%	14.8	77.1	8.0		

APPENDIX Q - PANAMA

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	---	...	...	---	---
1949	2.0	...	...	2.0	2.57
1950	---	...	...	---	---
1951	.5	...	...	.5	.61
1952	1.5	1.3	...	2.8	3.33
1953	---	.8	...	.8	.92
1954	---	1.1	.1	1.2	1.35
1955	---	1.4	.4	1.8	1.97
1956	---	1.1	1.2	2.3	2.45
1957	12.8	3.0	1.6	17.4	17.99
1958	---	1.4	1.4	2.8	2.81
1959	---	1.5	.5	2.0	1.95
1960	.3	1.6	.1	2.0	1.88
1961	---	15.7	.4	16.1	14.70
1962	2.0	12.4	.4	14.8	13.12
1963	---	8.1	.7	8.8	7.57
1964	7.4	8.9	.8	17.1	14.27
1965	3.5	10.9	.5	14.9	12.06
1966	---	11.7	.5	12.2	9.59
1967	---	33.9	.6	34.5	26.32
1968	.5	18.8	.3	19.6	14.52
1969	---	15.8	.6	16.4	11.80
1970	2.5	7.3	1.0	10.8	7.54
1971	2.7	11.1	.6	14.4	9.76
1972	30.1	22.8	1.2	54.1	35.59
1973	45.6	7.1	.5	53.2	33.88
1974	2.8	10.8	.7	14.3	8.83
Total	114.2	208.5	14.1	336.8	
%	33.9	61.9	4.2		

APPENDIX R - PARAGUAY

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	---	...	...	---	---
1949	---	...	...	---	---
1950	---	...	...	---	---
1951	---	...	...	---	---
1952	---	1.6	...	1.6	1.09
1953	---	.8	...	.8	.53
1954	---	1.2	---	1.2	.78
1955	7.7	1.8	.2	9.7	6.20
1956	---	1.8	2.3	4.1	2.54
1957	.1	2.5	.2	2.8	1.70
1958	1.3	5.0	.2	6.5	3.85
1959	---	5.3	.3	5.6	3.24
1960	1.3	2.4	.5	4.2	2.38
1961	---	9.7	1.1	10.8	5.96
1962	---	1.1	6.9	8.0	4.30
1963	---	3.0	3.4	6.4	3.36
1964	---	5.3	2.9	8.2	4.19
1965	---	2.3	2.5	4.8	2.39
1966	---	11.6	3.4	15.0	5.06
1967	---	3.9	.6	4.5	2.13
1968	---	2.4	3.1	5.5	2.53
1969	3.1	9.5	3.6	16.2	7.25
1970	---	7.1	.6	7.7	3.35
1971	---	6.9	5.4	12.3	5.21
1972	---	2.8	1.7	4.5	1.85
1973	---	6.0	.9	6.9	2.76
1974	---	4.4	.3	4.7	1.83
Total	13.5	98.4	40.1	152.0	
%	8.9	64.7	26.4		

APPENDIX S - PERU

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	---	...	...	---	---
1949	---	...	...	---	---
1950	---	...	...	---	---
1951	20.8	...	...	20.8	2.56
1952	.6	1.8	...	2.4	.29
1953	---	1.7	...	1.7	.20
1954	---	2.4	.2	2.6	.30
1955	101.2	2.4	6.3	109.9	12.50
1956	---	2.8	8.7	11.5	1.28
1957	.1	4.6	11.5	16.2	1.75
1958	11.6	2.7	6.2	20.5	2.16
1959	54.9	2.8	1.0	58.7	6.02
1960	8.1	7.3	9.9	25.3	2.52
1961	26.5	29.2	3.4	59.1	5.73
1962	17.1	26.6	9.0	52.7	4.96
1963	10.1	-3.0	6.9	14.0	1.28
1964	28.2	28.6	14.7	71.5	6.33
1965	14.2	6.3	6.5	27.0	2.32
1966	3.7	18.3	8.2	30.2	2.51
1967	5.7	22.0	2.4	30.1	2.43
1968	4.7	3.9	7.0	15.6	1.22
1969	16.0	3.6	7.8	27.4	2.08
1970	---	8.2	4.6	12.8	.94
1971	4.3	6.9	6.9	18.1	1.29
1972	---	31.7	11.1	42.8	2.96
1973	---	3.8	4.2	8.0	.54
1974	55.3	12.1	3.7	71.1	4.69
Total	383.1	226.7	140.2	750.0	
%	51.1	30.2	18.7		

APPENDIX T - URUGUAY

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	---	...	...	---	---
1949	---	...	...	---	---
1950	---	...	...	---	---
1951	2.6	...	...	2.6	1.17
1952	---	.4	...	.4	.18
1953	---	.2	...	.2	.09
1954	---	.2	---	.2	.09
1955	---	.4	---	.4	.17
1956	---	.2	---	.2	.08
1957	---	.3	---	.3	.12
1958	---	.2	---	.2	.08
1959	---	9.0	6.3	15.3	6.22
1960	---	.1	23.3	23.4	9.39
1961	---	.1	2.7	2.8	1.11
1962	2.1	.3	1.8	4.2	1.64
1963	5.0	7.9	.6	13.5	5.22
1964	---	6.2	1.0	7.2	2.75
1965	---	-1.5	.7	-.8	---
1966	---	5.8	.5	6.3	2.35
1967	---	2.4	.6	3.0	1.11
1968	---	13.2	23.9	37.1	13.50
1969	2.0	1.3	.3	3.6	1.30
1970	---	16.8	2.4	19.2	6.85
1971	1.1	4.9	.4	6.4	2.26
1972	---	1.4	8.6	10.0	3.49
1973	---	1.2	7.0	8.2	2.74
1974	.8	.9	---	1.7	.56
Total	13.6	71.9	80.1	165.6	
%	8.2	43.4	48.4		

APPENDIX U - VENEZUELA

Total Commitments from the Export-Import Bank AID, and U.S. Public Law 480, 1946-1974

Year	Export-Import Bank	AID	Public Law 480	Total	Per Capita Total
1946	---	...	...	---	---
1947	---	...	...	---	---
1948	---	...	...	---	---
1949	2.0	...	...	2.0	.41
1950	4.8	...	...	4.8	.96
1951	---	...	...	---	---
1952	3.0	.1	...	3.1	.58
1953	---	.1	...	.1	.02
1954	---	.1	---	.2	.02
1955	---	.2	---	.2	.03
1956	---	.2	---	.2	.03
1957	3.5	.1	---	3.6	.55
1958	---	.2	---	.2	.03
1959	.6	.1	---	.7	.10
1960	16.3	.1	---	16.4	2.24
1961	101.4	15.2	---	116.6	15.37
1962	---	11.1	11.9	23.0	2.93
1963	.4	33.1	1.2	34.7	4.26
1964	31.5	1.6	10.3	43.4	5.15
1965	12.5	1.6	4.2	18.3	2.10
1966	---	1.4	3.9	5.3	.59
1967	30.7	1.1	2.3	34.1	3.65
1968	65.3	1.2	1.7	68.2	7.04
1969	1.4	.9	.6	2.9	.29
1970	16.0	1.1	---	17.1	1.65
1971	18.7	1.0	---	19.7	1.83
1972	36.9	.8	4.7	42.4	3.80
1973	15.4	.4	---	15.8	1.40
1974	24.5	.3	---	24.8	2.13
Total	384.9	72.0	40.8	497.7	
%	77.3	14.5	8.2		

Source: The Export-Import Bank, AID, and Public Law 480 figures are all from the annual U.S. Agency for International Development, U.S. Overseas Loans and Grants and Assistance from International Organizations: Obligations and Other Commitments, and it was from this that I transcribed the 1946-1959 figures. I then used each subsequent volume to find the next year's total. The 1960 figures came from the 1960 volume, 1961 statistics from the 1961 volume, and so on. In other words, sixteen separate issues of U.S. Overseas Loans and Grants went into the makeup of each Appendix, B through U. The 1946-1972 annual population data is from James W. Wilkie, Statistics and National Policy, Supplement 3 (1974) UCLA Statistical Abstract of Latin America (Los Angeles: UCLA Latin American Center Publications, 1974). The 1973 and 1974 population figures are from United Nations, Department of Economic and Social Affairs, Demographic Yearbook (New York: United Nations, 1977), pp. 138-139.

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