LATIN AMERICA: THE ECONOMIC AND POLITICAL CLIMATE

1 April 1963

CONTENTS

Page

INTRODUCTION--Colonel Lewis S. Beall, USAF
Member of the Faculty, ICAF 1

SPEAKER--Professor Kalman H. Silvert, Professor of
Political Science, Dartmouth College 1

GENERAL DISCUSSION 14

NOTICE

This is a transcript of material presented to the resident students at the Industrial College of the Armed Forces. As such it represents the views of the author and not necessarily those of the Industrial College or the Department of Defense. Members of the College may quote it only in student reports or publications for use within the College. Other persons may not quote or extract for publication, reproduce, or otherwise copy this material without specific permission from the author and from the Commandant, ICAF, in each case.

Publication No. L63-150

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D.C.

Professor Kalman H. Silvert, Professor of Political Science, Dartmouth College, was born in Bryn Mawr, Pennsylvania, on 10 March 1921. He received his B.A. (1942), M.A. (1947), and Ph.D. (1948) from the University of Pennsylvania. He has held teaching appointments at Tulane University and has done extensive field research in Guatemala, El Salvador, Costa Rica, Mexico, Chile, Argentina, Uruguay, and Brazil. He has been a member of American Universities Field Staff since 1955 and is now Director of Studies of AUFS. From 1942-1945 Professor Silvert served with the U.S. Army Air Forces in the Africa-Middle East Theater. He is author of "A Study in Government: Guatemala," (1955), and "The Conflict Society," (1961). The latter was published in Spanish under the title of "La Sociedad Problema." He has also published numerous articles in European, Latin American, and U.S. journals. "Expectant Peoples: Nationalism and Development" is to be published by Random House in April or May 1963. This is Professor Silvert's first lecture at the Industrial College.

LATIN AMERICA: THE ECONOMIC AND POLITICAL CLIMATE

1 April 1963

COLONEL BEALL: Tremendous changes are taking place in the political and economic structure of Latin America. They are changes which have an important and direct influence on the current international conflict.

To discuss Latin America with us this morning--the economic and political climate--we have as our guest, Professor K. H. Silvert, Department of Government, Dartmouth College. Professor Silvert has done extensive research while a resident in many of the Central American and South American countries. He has published numerous books and articles on Latin America, and is a recognized authority on this part of the world.

It is my pleasure to introduce Professor Silvert. Sir, Welcome to the Industrial College.

PROFESSOR SILVERT: Colonel, and Colleagues in Puzzlement about Latin America:

I submit that there really isn't much to worry about in Latin America, that things are going well, that they will continue to go well. And I also submit that this is April Fool's Day. A recent policy declaration by someone who may as well go nameless--a declaration probably made for political purposes--stated that Latin America constituted the number one foreign policy problem of the United States. Despite the fact that my academic career has been devoted almost exclusively to Latin American affairs, I cannot agree with this statement. I continue to think that Soviet Russia is our number one problem; that Europe is rather more important than Latin America; and that China and Southeast Asia still make more of a difference in terms of real power, in terms of the real determination of what the world is going to look like in the next several generations, than does my own fondly-liked, but not totally-liked Latin America.

There are, after all, still three times as many persons in China as there are in all of Latin America. From an academic viewpoint, however, not from a political power or a foreign policy viewpoint, there are certain things about Latin America which are extraordinarily intriguing. In today's discussion, instead of giving you a rundown of the economic and political factors in development as they stream into confluence in the 20 Latin American republics--or the 19 of them, with Cuba in abeyance for awhile--instead of giving you this normal kind of straight rundown, what I should suggest to you is that there are now many books on the market which do this job for you. It might be better to attempt to group these 20 countries in certain kinds of patterns for certain purposes, so that we can make them a little bit more manageable in conceptual terms. And in the act of this grouping I'll point out some of the intellectually interesting things which are going on and which also make a policy and a power difference.

If it is not my opinion that Latin America is our number one policy problem--and I don't think it's the government's opinion either--that does not mean that it makes no difference; Latin America obviously makes a big and significant difference. It almost--in the case of Cuba--made a crucial difference. But Cuba itself did not make that difference; obviously, it was the cold war which made the difference, with Russian opportunistic use of an American hemispheric difficulty.

The economic problems of Latin America from one point of view are simple enough and have been explicated enough so that I need not bore you with repetition. We know that 16 out of 20 republics depend for one--or at most, two--products, either agricultural or mining in origin, for most of their foreign exchange. We know that the rate of increase of the population is the largest in the world. We know that per capita production spurted up after the war, and that beginning around 1951-1952 the rate began to level off, and that as now looked at for the area as a whole, great difficulties in the continuance of an increase in productivity are promised.

These facts are really not as significant as they look on the surface. To strike an average for 20 extraordinarily different republics--at least economically different ones--is not a very meaningful exercise. To make the presumption that what occurs in the foreign exchange and foreign trade fields is the key to Latin American development is also, in my opinion, a drastic mistake. Let us play with this last idea for just a few minutes.

If you ask persons, for example, "What is Guatemala's most important crop?" some will tell you it is a banana republic. The more sophisticated will tell you that it produces coffee. And the really sophisticated will tell you that it produces corn. The major domestic money crop of Guatemala is, of course, corn, a product which is also more important than coffee in political terms inside of Guatemala.

If you wanted to strike another one of these meaningless totals for all of Latin America, of course the most important crop from an economic as well as a political point of view is corn, even for Argentina in many years. If I had asked the question of anybody before--if I could have tapped one of you and said, "What does Argentina produce?" the answer would have been, "Wheat and meat." And I would probably have had to push you for quite a while to get you to say that one of the most valuable crops raised in Argentina is corn. Even in such a highly industrialized, highly urbanized country is this true.

To examine Latin America's economic situation from the viewpoint merely of what happens in foreign commerce, is, then, I would submit, to make an important error of misplaced emphasis. It is true that without foreign exchange gained from one or another source--earned by exports, borrowed, invested, or whatever it may be--that Latin American economic development is severely inhibited. But it is also true, gentlemen, that slice the foreign aid cake or slice the private investors's cake as you will, most development comes out of the efforts of persons in their own country.

Mexico, which had one of the highest rates of economic development in the world after the Second World War, got 90 percent of its capitalization from where it had to get it--from Mexicans themselves. There is no country in the world to reach self-sustaining economic development which has not paid the overwhelming cost of it by itself. Peripheral funds from abroad can be very carefully invested in strategic areas to push economic development, but most of the mass-cost must come from the savings of persons inside their own country.

It is not enough to point to foreign exchange difficulties and say that is why Latin American economic development is faltering. We must go beyond this to ask, "Why is there so much capital exported from the Latin American countries? Are they, in truth, investing as much as they could in their own countries, and if not, why not?" The answers, of course, as to why they are not are quite obvious.

There is another problem which, upon a more imaginative look at Latin America, becomes intriguing. It is this. Latin America, of course, is not, taken as a whole, so underdeveloped as we like to think that it is. If we look at the area in its full complexity it is quite obvious that there are extremely important sectors in almost every country which indeed are highly developed economically. Although the figures are somewhat questionable, it is probably that if one were to make a list of the 12 or 15 most developed countries in the world in 1930--measuring that development by the old fashioned way of per capita income--that Uruguay and Argentina would have been on that list.

If we cease looking at averages which add up persons of such different cultural worlds as Indians and Mestizos and Europeans, and instead look at population centers, and at the difference between the urban and the rural areas, we will find many millions of persons in Latin America living in situations which are economically and culturally modern by almost any definition of the term aside from a political-psychological one.

Ex-President Frondizi of Argentina, in a public speech, said, "We are poor; we are underdeveloped. As long as we remain poor and underdeveloped we cannot have full political sovereignty." He said this in a city which, in its greater metropolitan extension, has over 7 million population; which has four subways; which is laced to the interior of the country with the seventh largest rail network in the world; which includes one of the world's major ports; which only 20 or 25 years ago was, from the viewpoint of its port organization, one of the most modern in the world. He said this in a city which has four television channels, a dozen and a half radio stations, the largest opera house in the world, and three symphony orchestras; and which is plugged into all of the latest cultural and intellectual currents of the world.

What does he mean by trying to tell us that Buenos Aires, which includes one-third of all the Argentines, is poor? If Buenos Aires is the definition of poverty, then let us rapidly get the same for Burma, Indonesia, Southeast Asia in general, and, of course, for North Africa, not even to speak of Central Africa.

In a faculty lounge a couple of weeks ago somebody said to me very seriously, "Why doesn't Latin America diversify like they're doing in Central Africa?" Here we have the confusion of lumping all underdeveloped countries together, of neglecting the total economy

for the foreign market picture, of swallowing the words instead of looking at the actuality. When we have a country like Chile--to move out of Argentina--in which almost a quarter of the population lives in one city; in which two-thirds of the population lives in towns and cities of over a thousand population, and is culturally somewhat urban; in which over half the population is engaged in undertakings which are industrial or urban-service in character, then we are clearly not dealing with a typical agrarian-based, village-oriented, semi-tribal, underdeveloped society.

Latin America is the world's only area which for over 400 years has been under Western culture influence, and which has not become developed in a fully modern, self-sustaining way. There are certain Latin American countries as a whole, and in other countries certain areas which are right up against becoming modern. By all economic definitions, by all sociological definitions of a demographic and ecological urban nature, and by all cultural definitions concerning literacy, communication, media-participation and the like, urban, modern, industrial Latin America is with us in the 20th century and not in the 18th and 19th centuries. But still the area does not respond to the definition of full modernism.

The result of a close look at Latin America, then, is that we are driven back to ourselves, to Western Europe, to the Commonwealth countries, for an explanation of what it is which constitutes full modernism. How can a city like Buenos Aires, a city like Montevideo, or regions like Southeast Brazil with Sao Paulo and Rio where the economic, social, and cultural characteristics of modernism are found to a great extent, exist without the political characteristics of modernism? How is it to be explained? Let me hurriedly say that I do not presume to be able to give you a full answer. I can only suggest, and the suggestions must come from the only places which can provide a conceptual baseline to learn what full modernism is.

If we are to look at those countries which we know are unequivocally modern--Western Europe and its cultural off-shoots--we find certain characteristics among all of them which are not only of an economic nature. They are all nation-states. They are all nation-states which prove it operationally by applying the rule of law. And they are all more or less democratic in organization in the sense that there is a periodic intervention of an electorate in the policy affairs of government.

Soviet Russia is still, as we know by any economic definition, only intermediately developed. We know, too, that any country which can have the crises of succession which Russia went through after the death or the killing of Stalin is an immature, puerile, juvenile, backward state. We know perfectly well from a political point of view that any country which has A-bombs and H-bombs and at the same time cannot pass executive authority peacefully and institutionally from one to another individual and group, is a warped, twisted, lopsided and dangerous country.

Happily, the Latin American countries don't have A-bombs and H-bombs, but they suffer from exactly the same difficulty that Soviet Russia suffers from. When they get close up to modernism they must begin to make certain choices concerning how they will organize the economic and the urban machinery which, in large part, they have toward the end of organizing change in an institutional fashion. Modernism involves self-sustaining growth, as the economist puts it, or the institutionalization of change, as the sociologist puts it, or, a set of rules of the game guaranteed by the political power, as a political scientist would put it.

The crisis in Latin America concerns an inability to take an already going economic machine--which is not nearly so bad as we think--and an already going modern ecological distribution, and ordering continuing change. I should like to argue that there is a one-to-one correlation which we cannot blink between democratic national organization and continued modern development. If any one of you in the question period can think up an exception I would be eternally grateful; it would change the nature of certain research I'm going to do in the future. But it would make me blush, also, about certain articles I have published in the past.

Let us relate what I have been saying so far to certain standard views of how you treat of development and what the Alliance for Progress is all about, and then return for a roundup categorization of the Latin American Republics by political type.

There used to be a theory, still believed by many of us, which derives from a search for easy solutions as well as an unquestioning swallowing of certain social and political views of the last century. This view, quite simply put, is that the way to work social change is to start with an economic shift. Rapidly, the idea is, "Let us inject industry into Latin America. If you inject industry you change the occupational structure," which is indubitably true.

"If you change the occupational structure, then you must educate the persons into this changed occupation, which means a changed way of looking at things. If you add new occupations, ratified by new educational procedures, this means that you complicate the social structure and inject a middle class. If you do this you then have persons who develop an interest in their community. They have a stake, so to speak, in their country. Having a stake in their country they seek to defend it." (This is a kind of "dog-in-the-manger" theory of social change.)

"Having this stake to defend, they then proceed to organize themselves into interest groups, pressure groups, and political parties, for their interests' defense." Now, if you have all of these things--complicated class structure, industrialism, interest groups, pressure groups and parties--you have pluralism, and everybody knows that pluralism equals democracy. Therefore, inject industry, and at the other end of the sausage machine out will pop democracy. But the process does not work this automatic way. In the very long run work this teleological, quasi-religious view of social change may so operate. But, really, gentlemen, as we all know, in the long run we're all dead.

Why does this procession break down in Latin America, at least in the short and intermediate runs? Well, it breaks down, first of all, because quasi-Marxist determinism is a bad theory. The theory, naturally, is not what causes the breakdown; it's just a bad explanation. And we are using quasi-Marxist determinism when we run an economic deterministic explanation of that nature. What has happened in Latin America is that, yes, new industry has created new occupations. New occupations have been supported by appropriate education. But these factors do not add up to creating the kind of middle class that we have here, or that Great Britain or the Low Countries have. It is perfectly possible to be in a middle occupational group, to have a middle income and a middle life-style, but not to have middle class values as we have them in the United States.

Class is not in a one-to-one relationship with occupation in communal life-style. Class has something to do with culture, world view, and with a value system. When we do inject industry into Latin America, or it injects it into itself, and a changed occupational structure results, that does not mean that the rest of the procedure goes automatically.

Let us stand this process on end and look at it in terms of the trickle theory, which is what is used, incidentally, for inflationary control measures in Latin America. The same developmental argument, looked at from this point of view, holds that if a stimulus is injected from the top it trickles down the social order; that effective demand is increased in the middle; that result increases a demand for labor at the bottom, and if the demand for labor at the bottom rises then labor's effective demand goes up. This general priming of the pump--if you remember the words of the '30s--will suck more capital back into the economy to meet the increased effective demand. And this flow going around and around and around institutionalizes the economic change. But, obviously, the trickle system doesn't trickle all the way. In Latin America it trickles down to the middle and stops. It affects certain groups on the bottom, but only marginally, for class lines are so rigidly drawn in those societies.

In Chile if a laborer is engaged in a menial or a manual occupation, even of an artisan nature, he is thrown together in both categories: working class and lower class are, from the viewpoint of the middles and the uppers, the same thing. If he is a plumber, a carpenter, a shoemaker, a printer, or whatever, he may be in the labor aristocracy, but he is not in the bottom of the middle class. The laborer is not in the middle in terms of dress, accent, or style; and he is only very marginally in it in terms of what his children can do, which is one of the most important measures of an open society. So that, even if there is an economic shift upward, and extremely long and dangerous period of time can often pass before social and political power equals the new economic power which has been brought about by partial development.

In order to chip away at this shield of social separation the Alliance for Progress has dedicated itself not to a different proposition, but to an amended proposition, which says, in effect, that they (the Latin American entrepreneurs) and we must continue to assist, and so must the Europeans, in building the new capital structure and in encouraging the trickle system to go on. But in order to increase the flow we must short circuit the long process and, punching in at the bottom of the middle and the top of the bottom, change life-style, real power, and political power specifically, so that the trickle can speed up. That is why the Alliance for Progress is concerning itself with education, housing, with food, shelter, and so on. The reasons for this policy enlargement are not bad; they are obviously very good. But there are problems involved in this change from the American point of view.

Such expenditures for social purposes, for example, are a drain on foreign exchange. And, as you know, we have our own foreign exchange difficulties. Nevertheless, the mere statement of the case, as well as the planning which has followed from that statement, as well as preliminary expenditures, are beginning to make the kind of structural difference in Latin American societies which should, if carried out consistently and well, permit Latin American countries to become rather more self-starting, and once started, more self-sustaining than certain of them have been in the past.

The other difficulty, of course, is that when countries which already have started--which have taken off, in Rostow's term--and which then have crashed, are to be patched together and put at the beginning of the runway again, the situation becomes much more complicated than cleaning up water supplies in primitive villages.

Latin America's three old economic leaders--Uruguay, Argentina and Chile--have all taken off and have all either crashed, as in the case of Argentina, or gone halfway down the runway and aborted, which is the case of Chile and Uruguay. Getting started again demands recipes which at least we in the academic world have not yet worked out.

In order to organize our notions concerning Latin America from an economic as well as a political point of view, then, let me suggest certain categories of countries which will respond to generally different rules. There are those Latin American countries which--economically, socially and politically--are ready to begin the last long extremely hazardous march into modern organization. There are Argentina, Chile and Uruguay, which as I said started and stalled, and Mexico, Costa Rica, Brazil, and Cuba. (I'll return to the Cuban case in a moment.) These are the countries whose crises in one or another direction all concern the organization of the nation-state, of impersonalism and the rule of law, and of complex national economies to which a major part of the population has real and effective access.

Then there are those countries caught in the middle: Venezuela and Colombia, Bolivia, Guatemala, the Dominican Republic, Peru and Ecuador, the last being on the border line. And then there are the slow ones: not much change at any social level, but some pushing, unhappiness, and upset among leaders but still, no great general search. At the top of this list, which is to say, closer to transitional, I would suggest El Salvador, and Panama, followed by Nicaragua, Haiti, Honduras, and Paraguay.

From the viewpoint of American policy it is clear that this list is in some correlation with the degree of worry besetting us. We worry most about the countries in the first category and on the margin between the first and the second. Whether Venezuela and Colombia should be in that first category is almost a matter of taste, given our present lack of data, but they are certainly two extremely risky, very dangerous countries, from the viewpoint of U.S. national interest. Certainly the following countries in Latin America not only have the most population, but they also have the potentially greatest threat element to the U.S.: they are Argentina, Chile, Uruguay, Brazil, Mexico, Cuba, Costa Rica, Venezuela and Colombia.

Let us look extremely rapidly at some of them to find a common denominator. What we see is that Argentina, once South America's leader, can go in a number of different directions at this moment, no one of which can be predicted with any degree of surety by any expert. The only thing that can be predicted for Argentina is that there is no stability in the foreseeable future; that as of this moment, and the present division of political forces, it is impossible to see that Argentina will continue to grow with any kind of enthusiasm and public participation--without blood. That is an extremely unhappy thing to have to say about any country; especially because the shedding of blood is not only an unhappy business, but also an extremely risky one.

Chile may return a Marxist coalition government to office in the next national elections, as we all know. The leftists are tough and quite smart for this kind of group, which at least in Latin America is not notorious for its independence and intelligence. The Chilean leftists split into three gross groups, with about seven or eight more finely divided Marxist persuasions. They have a popular front organization; they've had one for a long time. Just as a historical footnote, you will remember the Popular Front movements of the '30s. The Chilean Popular Front lasted longer than any other one in the world's history. And even when it cracked in December of 1941, only a piece broke away, and in effect there has been a coalition among socialists of various stripes and Communists ever since 1936. They have been a little bit on-again-off-again, but much more on than off.

Chile is a small country with somewhat over seven million population. But Chile is like Sweden: it is a population-exporting center. It probably has Latin America's best national university

and certainly its best Catholic university. It sends engineers, lawyers, physicians and economists all over Latin America. Chile is an important leadership producing area.

Uruguay is the least important of this group to the United States. It used to be an intellectual leader, but it has become quite empty in recent years. Nevertheless, as the buffer state between Argentina and Brazil, and as a country of some tradition which in the past has been Latin America's consistently most democratic, if Uruguay crumbles, the symbolic importance of the collapse will not be small.

Brazil is typical of how to go from the ridiculous to the sublime in Latin America, from the 2 1/2 million of Uruguay to the 70 million of Brazil, which, the day after tomorrow, is going to be 100 million; to a country which feels that it is rapidly overtaking France and whose leaders make the presumption, "We are on the way to becoming a world power, and in anticipation of that, we are going to start acting as though we are a world power." As one Brazilian sociologist told me recently, "Give us a couple more years and we're going to be white too." When somebody with the skin color of that sociologist has the self-confidence to make a crack of that nature it indicates something about the country. With all of the inflationary difficulties and all of the political turmoil--which, incidently, has caused no deaths--with all of this, the dynamism of Southeastern Brazil continues. The rate of capital investment has dipped a little bit, but is tending to recuperate itself. Brazil is not following the normal laws of development--or, at least the laws as a lot of us would somewhat carelessly enunciate them.

Brazil dreams of itself not alone as a Latin American leader; it dreams of itself as a world power of the second rank. In this day and age that is a high aspiration. They are probably not as far from that position as many of us think. From the viewpoint of the U.S., Brazil is an interesting, fascinating, difficult and most important case. In all of Latin America it probably is the most important case, from the viewpoint of American foreign policy and national interest.

Mexico is in a time of some possible difficulties. Their rate of economic growth is leveling off, although it by no means has flattened out. There are social rumblings. They are not integrating their population sufficiently rapidly into national life. Their numbers are increasing at an enormous pace. There were over 17 million

Mexicans in 1940; there are over 37 million Mexicans now. There were over 1 million Mexicans in the national capital in 1940; there are over 4 million in that city at this moment. That 37 million population also includes about 6 million Indians.

There are also probably 17 or 18 million persons in toto in the countryside (including the Indians) who are not effectively in the national sphere. That figure can be varied upward or downward by a million or two million, depending on what the criteria may be. But it is not a violation of what we know statistically to say that the Mexican nation in a social, economic, and political sense is composed of only about half of the Mexicans. They are coming up to the same kind of crisis of social integration which all developed countries have faced at one or another time in their histories.

In the beginning of the economic developmental process only persons in the middle and the upper groups are needed to make things go. And the supra class indentification which holds those persons together in an interest which is larger than a class interest--and, incidentally, which gives the lie to Marxist class conflict theory--is enough of an organizing device; they comprise enough of a political and an economic market place for certainly the first part of the development process.

Then when there must be greater effective demand at the bottom, when more persons must be pulled into mass production, as what we unhappily call "mass society develops," then there must exist the mechanisms to introduce the rest of the people into the nation in an orderly, unrevolutionary fashion. It is this extremely difficult and subtle transaction which the British and Americans have managed almost all of the way; which, of course, the Scandinavian countries have managed; which is what all of the modern mass democratic societies have done. This is why we say we are all middle class--which is, incidentally, not true.

What we really mean to say is that for certain important functions we are all equal before the law; we are all citizens; that discrimination among us occurs at a secondary and not at a primary level; that we cannot tell what a man's social position is merely by looking at him, or merely by hearing him open up his mouth. The person who pours gas into your car can walk down the street at 6:00 o'clock that night, enter a restaurant and sit down right beside you, and you will never know or care that he is the man who puts gas into your car. There are certain social, political, and economic

functions before which we are all equal, and concerning which we all start from a relatively common trampoline.

This means that in modern self-sustaining societies a very effective means has been found for the development of individuation, that we can become more truly individual on top of this trampoline than can persons in underdeveloped lands. The Mexicans are up against this problem of further opening their society. It is the necessity which the Argentines rammed up against in the '30s and could not meet. It is what is stalling Chilean and Uruguayan development. With IBM machines and with modern steel mills, one of which can exhaust all of the internal markets of Chile for steel--with this kind of technological development there is no escape from the necessity to develop universal, participant, democratic national societies. And it is the failure to pass this test which is what makes the difficulties in the more advanced Latin American countries fully understandable only in terms of our own experience.

What I am arguing is that there is a functional relationship between freedom and development, and that it is in the best policy interests of the Latin American countries as well as the United States to recognize this relationship.

If I am to make a prediction concerning Cuba, then--and there isn't any reason that I should duck one, --it is that if our past experience tells us anything--in the West as well as in Soviet Russia--it is that the more personalistic, the more dictatorial, the more violative of privacy that the Cuban Government becomes, the less able will it be to continue development. The Cubans took their particular path for reasons which fit the Latin American mystique and the history of the moment. Then they were driven by the cold war and became captives of their own decisions. But part of the costs which the Cubans are going to pay for the euphoria of the past 3-1/2 years, and for the lunacy of playing the cold war, is an inability to do what presumably was their basic purpose: to drag themselves into the 20th century, which also means to drag themselves into a situation which would permit them to continue to change without having to indulge in violence and institutional collapse.

From a scientific point of view it would be fun to see what happens in a Cuba treated as a scientific "control." From a political point of view, what happens in Cuba depends on what happens in the cold war. The Cuban affair there escapes the competence of a mere Latin Americanist. There are many dimensions to it, but some of

them do not have anything to do any longer with persons who are specialized in the Latin American area. Under those conditions I can only applaud the practical way in which policy vis-a-vis Cuba has been made in Washington; made by persons not only involved in Latin America, but by persons involved in questions of global strategy. What I am telling you is that I ceased to be an expert on Cuba the moment that the cold war entered into the situation, introducting elements outside the professional competence of the Latin Americanist.

There can be no doubt--and really none at all--that we are in for some difficult, probably sanguinary, revolutionary times in Latin America. But I should suspect that in the coming trials we will have many more friends than we think. I should further suspect that most Latin Americans no more want to go fidelista than we want them to go that way. Our problem, however, is an extraordinarily difficult one. And as an academician I should not like to stand here and criticize others for not doing what we have not been able to do ourselves.

We are being asked not only by Latin America, but by other parts of the world, to offer them not only the material means for modernization, but also a theory of modernization. How does development work? What does it mean? What are the dynamics of the change? How, in the practical administrative sense does a land go about doing it? An academician has no right lightly to criticize the government for being inefficient or wrong, because the truth of the matter is that we really don't know very much about how to go about developing a country, about how these things can be done rationally and in orderly fashion, without blood and relatively efficiently. We are working on the problem but we really don't know. It would have been pleasant and useful had the academic world had at its disposal a capital stock of theory ready for the world when it began to advance the question now being posed, "How do we go from underdevelopment to modernism without killing ourselves off in the process?"

Thank you very much.

QUESTION: Sir, would you elaborate a little further on your statement that Argentina is going to need a bloodbath before she continues? When will this take place.

PROFESSOR SILVERT: Well, let's think back into Argentine history a little bit. It has been another one of these easy explanations that everything wrong with Argentina is the fault of Peron. But let us go back beyond this and ask what went wrong which induced a country of this nature to choose a fellow like Peron. And after all, he was chosen democratically and freely in 1946, after some military pushing in 1943 and after. Argentina is a country that transformed itself after 1870, and went from virtually nothing to a quite modern, industrially-oriented (in a cultural sense) Liberal state, with a new upper class based on the Pampa and not on the old colonial arc running from Mendoza all the way around.

I think this point is worth a little time. Chile was settled, as you know, from the Pacific. Argentina, on the other hand, was an area of tertiary settlement out of Chile, and of secondary settlement out of Peru and Upper Peru, or what is now Bolivia. The old colonial arc runs around like this, from Mendoza (pointing to map) right across from Santiago, up to places like San Juan and Tucuman, all the way down to Santa Fe, with Cordoba in the middle. This is what the effective Argentina was in the colonial period. Then, late, a little before independence, really, Buenos Aires began gaining a fair amount of power. The usual split in Latin America between the Liberal and Conservative elites is here defined by the difference between the land-oriented, land-based peasant economy people in the colonial arc, and the somewhat European-oriented city commerce, industrially-oriented persons in the capital.

The struggle between the two groups defined much of Argentine history until quite recent times. With the new population which poured in after 1870, and with leaders who were very apt for the running of a new modern country, things went along well during the whole early phase of the developmental period. With the election of a Radical government based on the French Radical Socialists--which means middle class secularists of mixed economic views--with the emergence of this group in 1917, after a change in the electoral laws in 1914, Argentina was all set to take the next step--reform; not revolution--the development of reasonably decent tax legislation and public administration, of all of those things which order a larger participation, and which characterize a country no longer in need of the tutelage of a small aristocratic elite. It didn't work.

The Radicals did not reform. They did not create the institutional mechanisms for integrating the new migrant. In the United States when we received the same migratory currents we had a

sufficiently strong domestic culture so that after a period of adjustment even the immigrant himself became Americanized in terms of his public actions; even though his value systems may have been something else, the way in which he lived and operated was as though he had a modern value system. And his children were "in." This acculturation did not happen in Argentina. Nine out of ten immigrants to Argentina never took out citizenship. It was only by default that their children became citizens.

In 1930, as a result not only of the Great Depression, but also world currents of ideas, the Argentines were faced with the same kind of question which hit us in the '30s--"What do we do about organized labor here? What do we do about social security? What do we do about farm prices? How do we keep this very complex machine in some kind of balance?" Well, we had our difficulties and we solved them: not much civic trouble, not much violence, and a lot of intellectual and political work went into it. But, we solved our difficulties using fortuitous circumstances in an affirmative way.

The Argentines, instead, chose a kind of neo-corporativism. Now, that's a very convenient thing for Hispanic Americans to look to. They always do. When, shortly after Europe became disturbed about the initial cost of industrialization--when you had eight-year-old children working in British mines and that kind of thing, and little donkeys with their ears worn down, etc.--there appeared a series of writers to protest the cost of industrialization. And in the advanced industrial countries, through turmoil and the rest of it, institutional changes were made which reduced the cost in human terms of economic growth.

The Mediterranean peoples also began to develop schools of thought opposing mass industrial society, but their theories were always syndicalist ones. This is why anarcho-syndicalism, anarchism, falangism, and facism are all Mediterranean philosophies. Now, we are dealing with Mediterranean peoples in Latin America; Mexico, Argentina, and, in certain respects, Brazil are all playing with certain organizational notions of a syndicalist nature, in which a man is organized into society by his occupation. This is what is meant by "fascist." It's also what is meant by "sindicatos"--syndicates, or unions. It is what is meant by the old word "syndic" which is still a very commonly-used word in Latin America--"sindico," or in English, s-y-n-d-i-c. The man who manages a syndicate is a syndic. But, in our vocabulary these words are dead and our students of political philosophy don't know much about this kind of theory.

The notion is as follows. In the Middle Ages, as you remember, the reigning theory of public power was the so-called "Doctrine of the Two Swords," in which man was organized into two institutional spheres--the religious and the political one. And there were double sanctions; that is why two swords were involved. If you want to build a secular nation-state in which individuals as individuals, without regard to their occupation or other ascriptions (that is, labels or stamps) participate by anticipatory self-adjustment in society, then representation cannot be organized by occupational groups. Let me show you how this works in Argentina to the detriments of development.

Mr. Frondizi was par excellence a falangist, in my opinion. I've analyzed this contention to a fare-thee-well in published articles, and there is now a school of thought which more or less agrees with me. What I'm about to say is not really definitively established, but it is what I think the best explanation of the situation. After Frondizi committed the indiscretion of smuggling Cheguevara into Argentina and meeting with him privately, the military objected strenuously. Frondizi twice went on television to explain this maneuver. Both of these speeches were essentially identical, and in both he did the same: he literally bowed to the representatives of the Armed Forces. He bowed--and I mean lowered his head--to the clergy, to a group of industrialists, to landowners, to labor union members.

Now, what was he doing? He was recognizing the existence of institutional political power in which the state was not supreme, where there was no single group strong enough to enforce the settlement of secular disputes. Therefore, instead of having merely two traditional institutional pillars, in a complicated falangist situation there are six, seven, or eight of them. In Argentina there are first the industrialists and the landowners, who for certain purposes overlap, and for certain reasons don't. Then you have another group of conservative landowners who were, incidentally, pro-Peron. (It is not true that the upper class was entirely anti-Peron; they were split. The Pampa Liberal upper class was anti-Peron, but the conservatives grouped around Salta and Tucuman was pro-Peron. It is no accident that the Province of Tucuman returned the first Peronista government after Frondizi's return to office.)

And then, to continue the roster, you have the military, the church, and the trade unions, which should not be forgotten in this situation. And last, there are the political groups as a body. After all, one out of ten persons in Argentina works for the government as

a civil servant. There is no orienting this kind of antinational approach toward self-sustaining modern growth. There has to be a reason, gentlemen, that Europe stops at the Pyrennees. There has to be a reason for the inability to industrialize Spain, Portugal, and, until very recent times, most of Italy. There has to be an explanation in this cultural context for the kinds of difficulties which have almost cracked up France, which, from certain points of view, is the world's historically most modern state, prototypical for certain purposes.

It was the inability of Argentina in the '30s to cast its lot with modern, democratic nation-state organization, and its seeking for quasi-falangist solutions which did not permit it to organize itself with the rationality and the participation required to use the $1,700 million with which it came out of the Second World War in gold reserves; which did not permit it to do anything self-sustaining with that secondary industry which Peron introduced into the country between 1945 and 1951.

Between 1945 and 1951 the lower groups in Argentina saw their income go up by 35 percent. This increase dwindled until in 1958 the line was crossed and the lower group was making in real income what it was making in 1945. It is only making 70 percent as much now as it did in 1945, according to some recent estimates. This is the same picture in every Latin American country which is industrializing. The result of partial industrialization has been greater social distance as measured by the income distribution of the population after some degree of industrial development has been achieved.

This phenomenon is true even of Mexico. The only decent study of income distribution done in Mexico is by a woman called Nararette, who studied at Harvard. She found that in the ten-year period between 1950 and 1959 inclusive, the blue-collar worker was earning less in real income at the end of the decade than at the beginning. Now, let us remember, despite these figures, that man doesn't live by bread alone. This statement is important to an understanding of Latin American development. Blue-collar income can slump without immediate danger of political instability. Because if there is enthusiasm, happiness and this kind of thing, then the new parks and streets and the enthusiasm can be used as part of income. Thus just because personal income is going down does not mean that one becomes a revolutionary. This interpretation is true in most of Latin America's slums, where people come from the country to the city; so they have gone up, though for many purposes--including

certain economic ones--they have not. But they certainly have risen in a socio-psychological sense.

So in many places there is time. But the Argentines have used up most but not all of their time. They have had 50 years to do something to make themselves into the modern secular, individualistic, relatively democratic state for which they are ready in all senses except the value one. There has not been since 1930 any government in Argentina dedicated to the combined principles of honesty (and plain honesty is extremely important), reasonably good administration, and impersonalism. These simple requirements for a kind of rustic faith in government--that is, that it isn't stealing you blind; that you don't have to have influence to get anything at all done--have been met by no government in Argentina, and I'm being generous, since 1930. In a situation, then, of total dissolution, of political parties which are in shards; of politicians, all of whom are stained; of military officers, most of whom are also stained, because they are not as clean as they could be either--in a situation of this kind it is difficult to see how anything can be done but rock along, rock along, rock along, until it gets so bad that somebody in desperation emerges and scrapes up this whole available mass of discontent and does something about it. When, I don't know.

Always when one predicts in politics, a lot of weight must be given to inertia. And Argentina still probably has a way to go. It is not a poor country--it still eats and dresses itself. So, inertia has room. I obviously can make no predictions concerning when, if ever, the situation will come unstuck. Many fortuitous circumstances are involved, and I would not even really try to stick to the idea that blood will be spilled. Some has already been spilled, and in not such inconsiderable amounts as we may think. But it has not been done in much of an organized way, all of which is good.

There is, then, still the room of inertia in the Argentine situation. I would suspect that Argentina, which is so sensitive to world currents, will have its fate decided for it to at least some extent by what happens outside of its own portals. If it can wait long enough for a resolution and an ordering in other places, then the Argentines may even escape without the mess of breaking themselves up any more than they already are.

QUESTION: Sir, I believe you said that there is the prospect that there still might be a Marxist coalition government in the next

election. Would you elaborate concerning Chile on that prospect and what such a coalition might mean to the rest of Latin America?

PROFESSOR SILVERT: I'll try to be shorter than I was on Argentina. Argentina is complicated and fun to talk about and it makes a difference for the rest of Latin America. So does Chile to a lesser extent. Chile's political parties follow the French pattern: Conservatives on the far right; Liberals right next to them--the same split as in Argentina; then come shades of the Radicals--a right group, a center group, and a left group accepting some kind of Marxist Doctrine; then, overlapping are the Christian Democrats, a party which dates back into the late '30s and early '40s, and which began to gain influence in the late '40s. It is a party of intellectuals and of Low Countries Jesuit influence, following notions of a semi-collectivistic economic nature, democratic, etc. Then there is a series of shadings of the Marxist left which have organized into the so-called Frap, or the Popular Action Front. In the last Presidential elections this group came within 32,000 votes of getting the first majority. The parties broke into four major groups. Alessandri, the incumbent, was an Independent who managed to scrape together Liberal as well as Conservative votes, plus some votes out of the Radicals. Then there was a Frap candidate, a Christian Democrat candidate; and then a Radical.

Chile, a country which is politically perhaps the most advanced in Latin America, has adopted the informal rule that when an election has to go into Congress, that party which has the first majority (plurality) will win. Now, when votes are split four ways, a majority of the popular vote is very difficult to achieve. There hasn't been one for years. I think the last time was 1936. Thus, to come within 32,000 votes of the first majority is most impressive, and the Frap did this. The Christian Democrats came in third and the Radicals came in a very poor fourth. The Frap would have had the first majority if a gentleman called "The Priest of Catapilco" had not defected. This person was a defrocked priest who joined his little personalistic party to the Frap, and then a couple of weeks before the election pulled out. If he had not pulled out his 45,000 votes, the Frap would have had the first majority.

What they are doing now is scraping up votes in the countryside, a very interesting tactic for this kind of movement, and something they learned from Cuba--another example of how dangerous Cuba is. This is a new kind of violent and technically fairly well-equipped revolutionary group, and they are very tough.

In the case of Chile, what the Frap did, and especially the Popular Socialists--who are more revolutionary than the Communist Party and are Fidelista-oriented--what they did was to go into the countryside and get peons' votes, which had never been done before, the first time that the Marxists got out of the city and into the country. That is why they came so close in 1958. They could do it again, conceivably. If they get the first majority we probably will see the Chilean Congress ratify the election of a Frapista President. Probably the Christian Democrats will go along. We will see a split--Christian Democrats and a few Radicals and the Frap on one side, and the center and right Radicals and Liberals and Conservatives on the other side.

Would you like to know what this means? Well, if it happens, which it might not--and hopefully it won't--the only way to stop it is a coalition among all the other parties, which sometimes is viewed favorably in Chile, and sometimes not. If it happens and the Frap does take office, I suspect that they will try for a long time to remain within Constitutional norms, and that the Communist will not take Ministerial positions. At least they have said that they would not. The Popular Socialists want them to, but the Communists say no, for very complicated international as well as local reasons.

The chances are good that the situation will rock along without all that much change in the international situation and the domestic one. They will probably follow Brazil's foreign policy line, which is to say, trade missions with the Iron Curtain countries, diplomatic recognition, and an attempt to get into some kind of nationalistic neutralism. Brazil's so-called neutralism leans toward the West. Chile's would probably, in words at least, not lean so much toward the West; it would tend to be more neutral under this government, but they probably wouldn't go all the way.

I would also suspect that for certain purposes, the government would also be a failure; that if they managed to live through the six-year period, their re-election is not that assured; that what I have just described is the best of all possible situations within the ill fortune of their winning. And under the worst conditions, there will be an uprising against them which can lead to turmoil which in turn can lead to a Chilean variant of Fidelismo. That's the worst possible. And the best possible in the event of their winning, I repeat, is the one I have just described.

QUESTION: Sir, you stated that the Latin Americans are looking to us for both the means and the methods. Are the methods which are being offered by their own universities still expounding a philosophy of syndicalist economical and political solutions?

PROFESSOR SILVERT: This varies with the countries. Syndicalism, this complication of the Doctrine of Two Swords, only becomes important in the more developed countries. In the case of Chile, Argentina, Uruguay and Mexico, the answer is yes, that one of the major streams of ideological thought still coming out of the university is one or another kind of syndicalist appreciation.

There are also other streams; the Marxist stream is very strong in the universities. It is a kind of crude, unsophisticated Marxism, but it certainly is there. And it is not at all to be discounted because if affects many persons who are not particularly leftist. The style of economic determinism, the style of the idea "Our only troubles are economic and everything else will flow if we get that fixed up," this style is pretty well universal in Latin America, and it is pushed by the simplistic kind of social science training which goes on in many Latin American universities.

I could go into rather more detail if you like, but basically let me sum it up by saying that in terms of the social sciences there is nothing in Latin America which could parade as professional political science. Economics is fairly well advanced, obviously giving an economic deterministic attitude. Sociology is retarded. Anthropology, except for a few countries, doesn't mean much. They are massively unsophisticated in terms of this kind of thing. Therefore, the kind of social planning which you get--in governments as well as the Economic Commission for Latin America--is also terribly naive. And it has often lead to disaster, as in Chile.

QUESTION: Dr. Silvert, may I ask you to comment on British, Dutch and French Guianas? Where are they headed and what is their importance?

PROFESSOR SILVERT: I wish I knew enough to answer your question. I have the old prejudices of the Latin Americanist, and that is that those Guianas are not part of Latin America. The only one of them about which I know enough to venture a few statements is British Guiana, where the ethnic split is causing political difficulties which are not that different from other Hispanic countries in which you also have an ethnic division. The local British Guiana

split is causing an enormous amount of difficulty in politics, transcending questions of what the rational thing to do would be.

Jagan is a perfectly good example of how enormously wrong the left can be in Latin America. And I think that if the British Guiana situation is read aright in the U.S., it is another one of those straws in the wind which should give us optimism. I've indicated a couple of times that there is time. There isn't all the time in the world, but there is time, varying from country to country. One of the things which gives us time, sir, is the inefficiency and the inefficacy of the Marxist left. Again, we have this myth in the United States that they are supermen, that when they get in they're in forever and ever and ever.

Well, they're in forever and ever if they're under the guns of Russian tanks. But they have been in and out in Latin America for a long time. They have been in in Chile before. After the war, for example, they occupied Ministerial and other high positions. And they went very far out; all the way out to illegality under the Law for Defense of Democracy. They have been in in Brazil--and deeply in. And they were very far out for ten or twelve years. They have regained some power by our own inefficacy and the inefficacy of Latin Americans in developing their own developmental procedures.

They are certainly no better than we, and they are really a lot worse than we are in terms of the knowledge of the Latin American situation and what to do about it, with all our shortcomings. Jagan is an outstanding case of somebody in a small, easily managed, easily financed country who promised that, given great Marxist principles, he could override ethnic difference, get this development thing underway, achieve full sovereignty, etc., etc. And the country, of course, has been getting into increasing difficulties during the last 12 years. Now the parliamentary majority of the Jagan-supported group is slimmer than it has ever been. If one extrapolates the election figures and some not very well-known public opinion polls, they'll lose in the next election.

QUESTION: Sir, you indicated that the principle roadblock to modernism in Latin America is sociological rather than economical. Would you care to discuss any relation between this point and the fact that Europe ends at the Pyrenees and that Spain and Portugal are the cultural parents of Latin America?

PROFESSOR SILVERT: I would not like to leave the impression that I think that there is only one principal road or even roadblock. I've been arguing against a monistic approach and a deterministic one. Implicitly I have been arguing that the developmental process is global. Obviously, without economic development, there is no other general development either. These several facets are all necessary, but each one in itself is insufficient to explain the total phenomenon. Now, I think that there is the necessary and sufficient amount of economic and urban development in at least six or seven Latin American countries, so that the economic and ecological bases for further development exist. What is impeding them is an insufficient amount of the necessary set of social values and the institutions annex thereto, to permit the organization of the political institution with its appropriate social consequences.

I was not only talking merely about the sociological aspects; I was also talking about the political ones. I think that what it takes for modernism is a set of values which permits persons to look, for certain purposes, over their own particular interest group, whether it be class or occupation, this or that. As I said before, in one or another fashion, community must be extended to include all of the working nation. If that is done, then an efficiency in the organization of human resources is gained, so that, instead of having to choose politicians or Army Officers only from the top, an effective market place for recruitment is opened up including a wider range for selection.

Economic development has to do with a lot more than mere capital; it has also to do with the organization of human resources. Until the ability for mobility to take place is developed, then a reasonably good self-selection ratified by a reasonably decent educational structure is impossible, so that individuals can be fitted more or less in accordance with their own capacities into the appropriate positions in the economic, political and social structures. Until there exists a certain set of values which accepts relativistic decisions by a state as being ultimate, until the rule of law is accepted, the political requisites for complete development are at least partially lacking.

It is plain that in this view of law the Iberian Peninsula has been remiss. It is clear that one of the difficulties in France has been the development of national community often pointed to by observers as dividing the country from the city. You've heard so much about the French peasant--that he will not pay taxes, deliver milk, or grapes,

that he is not tied into the nation. You know how the French peasant acted in the Second World War. All of these things are evidence that there is not the ultimate commitment to the community as a whole. Or else, the law would be obeyed until such time as it could institutionally be changed. A national society assumes a relativistic acceptance of law, but acts as though it were ultimate. The modern man obeys law as though it were ultimate, knowing that it is only manmade. And he demands the institutional power to change it.

These statements are trite when we hear political speakers in the United States pronounce them on the 4th of July. They are not trite in developing countries. They are of the essence of the developed society.

COLONEL BEALL: Professor Silvert, thank you very much for a very fine presentation on the Latin American scene today.

(26 June 1963--7, 600)H/pd:gh

☆ U.S. GOVERNMENT PRINTING OFFICE: 1964 O—717-382