



ECONOMIC AND POLITICAL APPRAISAL OF LATIN AMERICA

Dr. John C. Dreier

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Reviewed by Col R. W. Bergamyer USAF on 17 May 1964.

INDUSTRIAL COLLEGE OF THE ARMED FORCES
WASHINGTON, D. C.

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Economic and Political Appraisal
of
Latin America

6 April 1964

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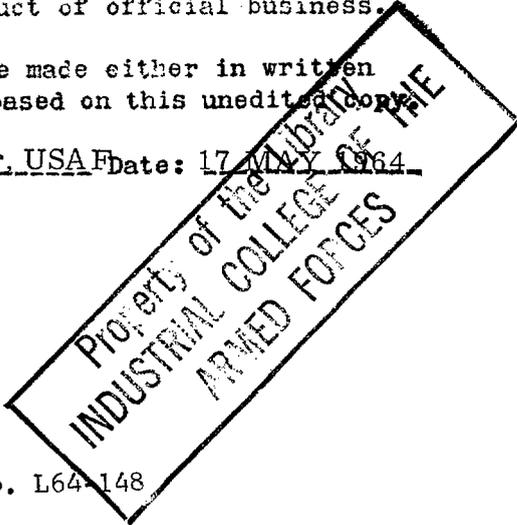
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MR. FREERS: If I'm a little breathless this morning it's because I suffered an extreme shock of humiliation. I ran out of gas on the parkway.

The events of the past week have added a special note of timeliness to the subject of our lecture this morning, which is, as you know, an "Economic and Political Appraisal of Latin America."

Our speaker has spent 20 years as an active participant in the conduct of our relations with Latin America, nine of these as our Ambassador to the Organization of American States. At present he is the Director of the Inter-American Center and Visiting Professor of Latin American Affairs at the School of Advanced International Studies of Johns Hopkins University.

It is a pleasure to present to the Class of 1964 for his first lecture here at the Industrial College, Mr. John C. Dreier.

MR. DREIER: Gentlemen:

I'm very glad to be here even on this very dark and rainy morning. And I'm going to discuss a very cloudy and obscure subject. I must say I'm a little shocked too to here one of the prominent members of the Industrial College Staff has such logistic problems that he can't get here without assistance from the police. We'll hope that is not typical of the standards which this institution follows.

Mr. Freers and I spent some time collaborating together in various

international undertakings, particularly in the United Nations. I'm sorry he wasn't one of those who is entitled to introduce me as a prominent S.O.B. There are such people who were with me at the conference in Bogota in 1948. And those who went through the rioting, shooting and fires of that April 9th are entitled to be called by each other, S.O.B.s because they're survivors of Bogota.

The subject that I'm going to discuss today is to try to give you a general overall view of the Latin American situation, recognizing that I do so as of the situation last Friday. I find that in discussing this part of the world it's always important to fix your deadline for the events which you're going to take into account. Things have happened very recently there which I won't attempt to evaluate, but namely I want to talk in broader terms that do not have to do so much with the immediate situations, although some of those might be covered in the question period afterward if you prefer.

Generally speaking I'd like to start by talking of the significance of this Latin American area to the United States and on the world scene. Historically, we have always recognized that it was an important area to us, although our recognition has been subject to various situations, going to high points and low points. In the early part of our history it was responsible for the development and statement of the Monroe Doctrine which was certainly one of the most important fundamentals of our foreign policy. Later on, as we became interested in the Panama Canal in the early days of the 20th Century, we developed an even greater interest in protecting our southern flank and had a very active interest

Caribbean area.

Later on, in World War II, the development of strong Nazi activities in South America and in other parts of the Latin American area were responsible for our development of, in part, the Good Neighbor Policy, and the collective security system. And finally, when the cold war became more intense with the capture of Cuba by the communists, we developed a new policy known as the Alliance for Progress, which marks one of the important steps in our relations with this area.

Now, these were some of the high points during which we turned and paid a lot of attention to this area. And in between there were periods when we tended to disregard the area. One noted Brazilian authority has called these intervening periods "periods of residual treatment and perilous lull"- very good words; residual treatment in that they got the last of the attention of foreign affairs as compared with other parts of the world; and perilous lull because during these periods of residual treatment things looked calm on the surface but in fact were full of peril underneath.

Taking a look at this area, let's note some of the outstanding characteristics that have to do with our interest in it. First, from the standpoint of geography we could note two important things; first, the location of Latin America in the world as a whole. It's a rather isolated and remote location, which means that it has tended to live a rather isolated existence as compared with other parts of the world where, for example, the major wars have been fought, etc. This has contributed somewhat to an isolationism in the attitude of those countries and perhaps

a lack of concern about world events in other parts of the globe which have been of greater concern to us. Communism is one example of that.

At the same time, the location in the Western Hemisphere has linked the Latin American area very closely to the United States, from the standpoint of security. This has led to the development of special security arrangements in this hemisphere which are quite unique, namely the collective security system under the Treaty of Rio de Janeiro and the Organization of American States.

Now, to be sure, this presents us with an example of how time usually passes by human achievement. The collective security system and the whole concept of the security link with Latin America, has been based upon the traditional problem of defending the Western Hemisphere; defending our southern flank, shall we say. And this was high-lighted, of course, at the time of World War II, when it was feared that some invasion might take place from Africa to the so-called "Hump of Brazil" and thereby attack us.

Today our problems of security, of course, are entirely different, with the nature of attack being different. And we have not yet, perhaps, worked out a true security or defense doctrine to take fully into account the different types of attack that we face and what the role of Latin America therein should be.

Now as to economic interests. This is an area of tremendous resources of land, minerals, petroleum; virtually all the countries of South America produce petroleum to one degree or another, and Venezuela is, of course, one of our major outside sources. Mexico, of course, also pro-

duces it. There are tremendously important basic mineral resources in Brazil and the West Coast of Latin America; from Chile up to Colombia, and in Mexico. This has led to a great deal of American investment which, of course, has contributed a great deal to trade. So, this area represents now probably Area No.3. Sometimes it's No. 2; sometimes it's No. 3 in importance to the United States in terms of foreign investment and in terms of our foreign trade; the other two areas being Canada and Western Europe; Western Europe having risen in very recent times.

At the same time, there are some very important characteristics of this area that are not beneficial, in a sense. One is that the very rough terrain creates problems of contacts, communications and transportation. It limits the exploitability of resources. And more importantly, it limits the contact in communications within individual countries. It has been pointed out, for example, that it's easier to communicate, let's say between Lima, Peru, and Santiago, Chile, the two capitals, because of air transportation, than it is among the various parts of each of those two countries. And this has important political consequences in the lack of national unity, as we will see.

Finally, let's mention the people. This area now has a population of somewhere around 180 million people. It is the fastest-growing population of any area of the world, and will, by the end of the century, be estimated somewhere in the neighborhood of 500 million, if it continues at the present rate of growth; a very serious problem, of course, from the standpoint of economics and therefore of politics.

Now as to who these people are. Generally speaking, these countries must be understood to consist of two very important strains of national or racial origin, one being the European, which is predominant in some countries, in number, and virtually predominant in a political sense in all countries, notably Portugese, Spanish and Italian. But in some areas, notably Mexico, parts of Central America, and again, the West Coast of South America from Colombia to parts of Chile, although, Bolivia, we might say, particularly, have very strong elements of indigenous people who have, in a historical sense, been largely submerged in the past, but who are emerging under the present revolutionary condition of society, and who are contributing very different ideas, very different concepts and attitudes together with the predominantly European ideas which had been implanted upon them during their colonial times.

As you all know, these areas were part of the Spanish and Portugese Empires up to the beginning of the 19th Century. For about 300 years they lived under a practically feudal system which was implanted by those two European countries, and practically no change took place in their social structure, their social structure being based upon the ownership of land in large areas, and the political control of military land-owning classes supported by a church aristocracy.

When these countries won their independence they had what they called "revolutions," but the revolutions were revolutions without a change except in the transfer of political control. In the United States we had very important economic and social changes accompanying our revolution; the striking down of innumerable traditional social institutions such as

a prima geniture, an established church, etc. None of this took place in the Latin American countries. They entered the 19th Century carrying along with them virtually intact, this feudal system which had persisted for several centuries under the colonial status.

Then, under the influence of modern forces this situation began to break down slowly. And it's only in recent times that there have been serious changes taking place in this traditional, firmly-established pattern of society. Therefore, we really can consider the Latin American countries as young countries, despite the fact that they are old in other senses; they're old, and most of them won their independence about 140 years ago. They are old in that many of their institutions such as universities, etc., are old. But they are young in that they are now emerging into a new period of their growth and evolution, which is quite distinct from anything that has happened in the past, that is their effort at entering into the modern age of the 20th Century.

Now, this process of modernization has gone through quite a number of different stages, and there is no such thing as a common denominator for the 20 Latin American countries. We tend far too often, by virtue of necessity, to talk about the area as a whole. We tend far too frequently to neglect the individual differences which are very great between them. For example, to contrast Haiti on the one hand, a republic in the Caribbean, which is composed largely of illiterate people who are ruled by a very simple and elementary kind of tribal dictatorship, with extremely backward conditions in every measurement of social progress.

On the other hand, Argentina and Chile, Argentina having one of the

highest literacy rates of the area, with beautiful cities, with considerable industrial progress, educational institutions, scientific and technological development, etc. The contrast is tremendous, and this is typical of the area. You can go through all the 20 countries and indicate the numerous contrasts of development. So that, we have to bear in mind that this is an area in turmoil, but in varying stages of turmoil, with some far ahead of the others.

Also, the changes that are taking place there have generally followed two courses. There have been the evolutionary changes, and there have been the changes by violent revolution. By and large the southern Republics of Argentina, Chile, Uruguay and Brazil, which were settled largely by Europeans, people who found little in the way of a persistent or strong indigenous race to contend with and therefore established a pretty thoroughly Europeanized society, developed along the evolutionary line for quite some time, with a tendency to seek the solution to problems by constitutional and legal methods, and gradually began to change this deeply entrenched social system to which I referred.

Brazil, I've noted down in my outline, is one of those which has generally followed a peaceful method, and it is interesting, of course, that we see the application of a very mild form of violence in the last few days in Brazil. I would hasten to point out that that doesn't change the validity of my fundamental thesis. Because, what we've seen taking place in Brazil in the last few days is not a fundamental change in their social and political system; it is a transfer of power from one group to another by forceful means which, in a sense, rather than being revolu-

tionary, is counter-revolutionary, and therefore is not to be confused with what I have in mind when I say that there have been few cases in Latin America where so far a violent revolutionary change has taken place.

Those cases are, first of all, Mexico, which in 1910 experienced one of the great revolutions of history; something we do not always understand, but it's the revolution we should think of in the same terms for Latin America as the Russian, French or Chinese Revolutions. And this completely altered the social and economic system which had persisted up to that time from colonial times, and went through a period of at least seven years of virtually unrestrained violence and civil war, finally settling down to a new Constitution with new concepts, new ideas, new political institutions, and a new basis for economic progress. This was a terrifically destructive operation. It's estimated that the population of Mexico may actually have been reduced during this period of civil war despite the rapid reproduction rate of the Mexican nation both before and after.

On the other hand, the other revolutions of this type that have taken place, were those in Bolivia in 1953 when a similar traditional system was overthrown by a national revolutionary movement and then finally, the Cuban Revolution under Fidel Castro in 1959. Otherwise, the tendency has been, in Latin America, to move along more evolutionary lines, despite the frequent occurrence of the type of political change; that is, the transfer of political power by force, which we saw in Brazil and which we've seen within the last few years in Peru, Argentina and Hon-

duras, the Dominican Republic and Ecuador; changes which do not involve fundamental change, but merely the transfer of political control from one group to another.

Now, what are the main forces and factors that are contributing to this movement of change in Latin America? First of all, we should take account of industrialization and consequently urbanization of the life of these countries. Beginning in the early part of the 20th Century, around World War I, we began to see the development of industry in, particularly Mexico, Argentina, Chile and Brazil. The industries were somewhat stimulated by World War I, and the difficulties which they had in obtaining supplies, and then began to grow during the '30s, but more particularly under the influence of World War II and subsequently. So, industrialization has now spread to a very large percentage of the Latin American area.

Industrialization is a completely revolutionary influence in this area because it breaks down the traditional systems of social control and social allegiance of people. The feudal land-owning society was a closed society, virtually living outside any international economy except as to the sale of basic products such as coffee, wheat or bananas. The industrialized society broke down this relationship which had its strong social aspects as well as its economic and political aspects. The allegiance of the peon to the land-owner was one similar to a European feudal relationship. The patron, the land-owner, was essentially the law-giver and the dispenser of justice. He ran the politics; he told people how to vote if they had elections; and if they didn't have elections he took

care of the situation. And he generally commanded the life of his community.

The industrialization, of course, drawing people from these rural areas into the cities, creating a proletariat uprooted from these firm social relationships and obligations and responsibilities, freed from the direction and control of the patron, who I must describe as not only the man who actually owned the land, but the symbol which was repeated in other areas of life - the leader, the boss - the creation of these proletarian groups in the cities and the growth of these city populations, broke down all this familiar pattern. And this was very largely responsible for a great period of turmoil and political upheaval, which started in the '30s and was repeated in the period of the war. It was repeated with increasing intensity right up to the present time.

The growth of these cities has been tremendous. You have Buenos Aires, Mexico, Sao Paulo, Rio de Janeiro, as some of the largest cities in the world. And very often, the percentage of population now living in cities, which include not only the capitals but some of the large industrial cities - for example, Sao Paulo is not the capital of Brazil but it is its fastest-growing and main industrial center. In Mexico you have centers like Monterey, which is a large industrial center; Vera Cruz. And in Colombia you have not only Bogota the capital, but Medellin, Cali and other cities which are centers of rapidly-growing industry.

This has tended to make a much more strongly urban character, although by and large the Latin American area remains essentially primarily rural. But its vocal and articulate element is urban.

The second thing, that has been closely related to this - and this I think is the most important single factor operating in the area today from the standpoint of its significance to us, is the tremendous growth of nationalism that has accompanied this change. Now, nationalism is a most fascinating phenomenon, as you no doubt know. And it is something about which, I think, we have a lot to learn yet, because we haven't yet, in my opinion, learned what it really is and how to cope with and manipulate, use or exploit it in our interest as our enemies have.

But, essentially, nationalism is the transfer of allegiance of people to the concept of a nation, as something new, important and overwhelmingly hopeful to them. And if you will bear in mind this picture I gave you of the uprooting of people from familiar social patterns of control and allegiance and responsibility, and transfer all of that feeling to the new concept of the nation, of which they never were a conscious part, we see the tremendous force of this nationalism.

Nationalism makes of the nation the symbol of the unity of people, of progress, of capability, of independence, self-esteem and self-respect. And that is the tremendous force that has been growing and sweeping through the Latin American area. It is related to the fact that these countries, as I mentioned earlier, were never integrated nations. And many of them are not yet. You can go out to a little country like Guatemala and find large areas where people hardly speak Spanish; where they dress, talk and live much as their ancestors did over a hundred years ago before the White men ever came to that area.

You can find large areas of Peru and Bolivia and Ecuador, where

people speak indigenous native languages and hardly any Spanish; and who live outside the economy; who have no thought of participation in the politics of the country. Well, this is changing. And these people, having been uprooted and brought to the cities in increasing numbers, are seizing and participating in this fervent nationalism as a means of feeling themselves part of something that is important, powerful and capable, in comparison to the miserable lives that they have known before.

Now, this nationalism is essentially a revolutionary force in Latin America. I say essentially a revolutionary force, because it is not always completely a revolutionary force. There are people who are traditionalists, conservatives, reactionaries, and who are also nationalists, because they identify nationalism with their own personal interest, which, in turn, is a conservative or reactionary one. But by and large the overwhelming character of this nationalism is a revolutionary character and it aims at two very broad objectives; or, let's say, three very broad objectives. One is, the development of better economic and social conditions; the improvement of the life of the average man in terms of jobs, social security, opportunity, income, housing etc.

And secondly, as a means of achieving that, the development of popular government; government responsive to these popular demands. Both of these movements are essentially revolutionary in that they imply first, what Latin Americans like to call "Social Justice," which means a better distribution of the national wealth, striking at the traditional privileges of a small elite which sits at the top of the social and economic pile; and it is revolutionary in that it strikes at the often corrupt and often

controlled governments which are incapable of responding to demands for social change which come from the people.

The third characteristic of this nationalist movement is its international character. And that is, its strong element of anti-foreignism; its desire to achieve independence in world affairs; and its opposition especially to the influence of the United States. It's worthwhile explaining just briefly why nationalism in Latin America is inevitably anti-U.S. The simple fact, without going into it - which we can't do in the time involved - is that it is a reaction against the tremendous influence and predominance of the United States in that area; an influence which goes back, of course, to the early days when we did intervene with force in many countries; where we proclaimed that our word was law throughout the hemisphere; where we assumed a unilateral responsibility for the protection of the hemisphere whether others liked it or not; and goes on to the period where, although we relaxed from this period of unilateral direct domination, we expanded our economic interests; and where the influence and the daily evidence of the power and resources and presence of the United States were constant.

This nationalism is therefore a reaction against that, somewhat like a young generation just having to declare its independence of an older tutelary power. And it's something which I'm afraid we can't escape, even though I feel that we could do better in dealing with it.

Now, the fourth main characteristic in addition to this industrialization - nationalism - that I'd like to mention, is political instability. Because, this, again, is a very serious factor influencing our relations

with the area, our capabilities in the area, and our future outlook. I don't have to say that the area is characterized by political instability, because everybody recognizes that. Very few countries have had records of legal and constitutional changes of government on any regular basis. Many of them have had extraordinary records of periods when they averaged more than one President a year.

Why is this true? In the first place, under present conditions it's obvious that the economic and social pressures under which this area is suffering now are bound to create serious political problems which would test and strain the best of political systems. When the people are calling for fundamental social changes through political measures, laws, changes in constitution etc. and being blocked by very rigid opposition from traditional interests, there is bound to be produced tremendous internal political tension which would strain any system.

But this is augmented by the fact that the democratic political system, procedures and institutions, which have been adopted in the Latin American countries in the past, have by and large not succeeded in doing the job they were designed to do. The countries, when they became independent, adopted political forms modeled largely after the Constitution of the United States. They have Congresses; they have Executives; and they have judicial systems; they provide for elections, etc.

However, these systems developed under the very different circumstances of the English colonies, proved completely unsuitable to the Latin American environment; to their large indigenous populations; to their system of control through the patrons - the bosses that I mentioned;

through the widespread illiteracy; and the complete absence of experience at self-government which we in the English colonies have had over a period of several decades.

So that, the democratic forms, instead of being adapted to the different situations in Latin America, were really corrupted and perverted by a ready resort to violence, by going through the formal character of democratic government, the holding of corrupt elections, the election of a subservient Congress, and the election of virtually dictatorial Presidents; or sometimes the frank abolition of the whole experiment for emergency purposes and the installation of dictators regardless of elections.

But, the tendency to violence unfortunately is a characteristic of the area which makes it very difficult to achieve that tolerance which is essential to any democratic form of government, and which is certainly essential to any stability, so long as your political opposition is determined not only to adopt certain policies which are different from yours, but is determined to liquidate you and all the others who are associated with you in the sense of throwing you out of jobs and frequently taking even firmer measures than that. Then politics becomes a last-ditch fight for survival. And no consensus in the sense of a popular consensus of basic principles, can be developed within which you can have a government and a loyal opposition.

So that, this has been the case in Latin America and it has contributed along with other things to the development of the widespread practice of military dictatorship to which the Armed Forces have lent themselves,

but which, however, in many cases, were seen to be the only response to an otherwise anarchic and chaotic political situation.

Now, in this general picture of upheaval and change, which I've tried to give a historical perspective on, we find emerging a certain indication of a new and indigenous type of society in Latin America of which we must be very much more aware. First, in the political sphere I think we must recognize that reasons of social experience, of temperament and other factors are contributing to the development of a political system in Latin America which is certainly going to be very different from the type of democracy which we know and which is characteristic of Western Europe. I don't mean to say that this type of Western democracy will never take place anywhere in Latin America.

I again recall to you the tremendous variety within these countries. And there are some who have made great progress in that direction. But, the most interesting thing is the signs of a different type of political system which will involve a great deal more of leadership, shall we say, or authority; a great deal more emphasis upon basic human rights than upon electoral and political procedures, than we would consider characteristic of democracy.

I point to Mexico as a very interesting example of what has happened after this revolution that I mentioned; where we have formed a democracy, a President, a Congress, a court system, etc., and elections. But, the whole country is run by one party. This party is the only one that has any chance of winning any election. It is presided over by the President. The President and ex-President select the next President with due consulta-

tion among the various branches of the party. They go through the nomination procedures; they go through a campaign and everything of that sort. And they come out with an elected President who is known the minute his name is presented in the early days of the campaign; and he becomes a tremendously powerful Executive who controls virtually every branch of the Mexican Government; many of the states; determines who is going to be elected to Congress and the Senate; establishes the foreign policy; and is without question the boss of Mexico; a very different situation from the check and balance that we have in our system.

Well, this type of thing is a characteristic of the way in which within rather familiar forms, new ideas are emerging in the Latin American scene.

In the economic sphere the same thing is taking place. We have traditionally in Latin America, both from the Spanish point of view and from the indigenous native cultural standpoint, a very much stronger acceptance of authority of state intervention, therefore, in the economic life of the country. And this is seized upon and inflated by the nationalistic movement. Because, nationalism, as I say, exalts the state as the great object of allegiance. The state is the only power great enough to protect the nation against great foreign corporations, the pressures of foreign governments, etc. And the state, therefore, is viewed as the essential initiator and guide of economic development to a degree far in excess of what we would think desirable and what would be accepted in this country.

Now, in this period of change, and in the emergence of these new

ideas, of course, we have to appraise the significance of the opportunity which is given to our enemies on the communist side to intervene and seize control and influence this situation. Cuba, of course, has shown what can happen when the situation is left to drift; where no positive influence of a constructive sort was exercised either within the country or outside the country in order to save the country from a drift into communist hands. And the logic, of course, of the story of Cuba is that any genuine revolutionary movement in Latin America is bound to conflict with the interests of the United States; interests of investments and interests of property, as well as, possibly, of security.

And once this conflict is joined, there is only one opportunity for a revolutionary movement to succeed; and that is, to turn to the other power in the world which is capable of backing it against the United States. Our problem, of course, is to avoid that logic from manifesting itself and prevent the situation developing which would lead in that direction.

Within countries in Latin America, Cuba excepted, the force and political power of communism is very small. By and large, Communist Parties are weak. There is no place where they occupy an important position with respect to local government. In the biggest group, the biggest party and probably the most powerful party in Latin America, has been in Brazil, but even in Brazil it was not as a party a significant factor, although, through its leadership of radical left movements it became influential. And President Goullard, of course, tolerated and drew upon communist elements for political support.

Chile is another country where the Communist Party is playing a very

clever political game by joining in a popular front which supports a very respectable, but radical candidate who, at present, seems to be running a very good race in what will undoubtedly be one of the best-conducted elections which Latin America has seen. The candidate, Dr. Tendi (phonetic) in Chile, has assured people that he is not going to fall into the hands of communist control; that he considers that they have certain abilities to lend to the problem of social revolution and change, and he intends to use them, but not allow them to dominate him. That, of course, is a phrase which we have heard as a sort of famous last words from numerous people.

But, we have revolutionary situations threatening, of course, in other countries. And we can take satisfaction from what happened in Venezuela with the holding of an election under the leadership of a progressive left wing but strongly anti-communist government this past winter; the efforts of communists to destroy by terrorism the possibility of holding the election; and the determination of the Venezuelan people to put through the election, which they did with courage and vigor, and they have installed their newly-elected President.

I repeat that the greatest opportunity of communism is to become identified with this nationalistic movement, and that our attention should be a great deal more directed to this nationalism, to ways and means of working with it, to turning it against communist control, as it can be turned against U.S. control, and that our emphasis must be on strengthening this force in the interests of true independence if we are to safeguard the area against communist control.

QUESTION: Mr. Dreier, could we have your evaluation of the recent comment by Senator Fullbright, one, and two, our action at the United Nations concerning its impact on Latin America; our relations with Latin America?

DR. DREIER: I didn't get the second part of your question. The first was Senator Fullbright's comment.

QUESTION: I mean the U.N. and its thoughts about worldly thinking versus nationalist thinking on our part.

DR. DREIER: Well, personally I believe that Senator Fullbright has performed a very notable service in calling for a fresh and more realistic view of things, and to challenge the persistence of what he called "myths," the sort of accepted principles and thoughts which tend to give a rigidity after a period of years and interfere with our flexibility and capacity to deal with subjects realistically. I think the most controversial element, of course, in Senator Fullbright's speech was his reference to Cuba.

But I would like to say on the general subject of the fresher approach, I think, as I indicated, that we do need to take stock of where our interests truly lie and what the key elements are in any sound defense position. When I say defense I don't mean in the negative sense, but the promotion of our true interests. I have felt for some time that we have become overly concerned about the problem of communism in Cuba as compared with the concern that we should have of the large Latin American picture; the influence of this nationalism to which I referred; and the ways and means of coping with it.

I think that if we can assure ourselves that Cuba is not a military threat to the United States the problem becomes one of preventing the expansion of Castroism or communism in other countries. We have seen, I think, that the situation in Cuba has actually tended to waken people to a far more serious appreciation of this problem in other Latin American countries. I think the most recent evidence of that is what took place in Brazil where the government was drifting in the direction of a Castro-type regime and where elements of both the military and political took steps to stop it and to set the national state back on a more central course.

I feel that in this sense it is important for us to take a fresh look at the situation there. I think that we must consider the possibility that our interests may indicate that Castro will continue in power, or, to put it the other way around, our interests will indicate it is not desirable for us to take what appears to be the necessary steps to throw him out, namely a military invasion in which we participate; that the individualistic and nationalistic character of the Latin American and Cuban people will tend to weaken the bonds between Castro and the Soviet Union, and that this is a process which we should favor and which we could adapt to our own use.

Now, I'd like to say that I personally do not have a clear solution to the problem of Castro. I don't think there is any simple and clear solution. I think it has to be thought of, though, at least on three levels. One is the relationship of the United States with Cuba. If that were all there were to it we could move in tomorrow and take

over the island and get rid of Castro, and face the very difficult problem of creating a political regime to succeed him, which we tried to do, you may remember, after the period of independence of Cuba, with great difficulty and repeated interventions on our part. But, we could do it.

Then, there is the hemisphere level which we have to consider. This involves our commitment to the other Latin American countries and the necessity for going through certain procedures to get an agreement before anything of this sort is done.

The third level is the worldwide level, and I think that in the last analysis the Cuban problem is not to be considered on the first and second levels, but as a facet of the cold war in the world as a whole; and that we cannot judge what should or could effectively be done there without appraising its relationship to our whole power situation with the Soviet Union, Berlin, Viet Nam and any other situations, all of which are pretty much beyond my first-hand knowledge.

But I do feel that a great deal more attention must be given to the area as a whole and to the issue of nationalism than we have so far.

QUESTION: Sir, it's some three years now after the inception of the Department of Defense' rather bold tenure program. Could you give us your estimate of what the progress has been along this line?

DR. DREIER: Well, I believe you're going to have a lecture by Mr. Adler on that tomorrow, so I'll leave the main question to him. But my view, briefly, is that the Alliance for Progress involves a far greater task than we had assumed at the beginning; far more difficult and therefore is going to take a longer period of time, with more resources, etc.

I feel that the most important basic development in regard to it has been a gradual recognition by the Latin American countries of an increasing responsibility for it on their own part. And we see in various countries, I think, signs that they are beginning to pay more direct attention to their own problems and what they can do about them. And once that attitude becomes powerful enough it will make possible changes.

I would think that there are so many factors that influence the economic change that they're aiming at in the Alliance, that it's too early to give any tentative judgment as to whether it's progressing or not. It obviously is not progressing very fast, but also, it's obvious, I think, that there are very great obstacles that would make it naive and silly to expect rapid progress.

QUESTION: Sir, would you give your analysis of the Brazilian situation, particularly as to whether the outgoing President was communist or merely socialist, and whether the new forces which are in power are a retrogression to the status quo?

DR. DREIER: Well, I will have to confess that I do not know enough about the details of the Brazilian situation as it has developed in the last few days, to be able to give any very authoritative statement. First, I'd like to say that there is probably no more complex political picture anywhere than in Brazil. And this goes for the last few years. There are a tremendous number of cross-currents; local versus national; international interests and influences at work.

By and large I have the impression, however, that Goulart was es-

essentially an opportunistic power seeker whose main consideration was the acquisition of political power himself with whatever allies or by whatever means he could work out and obtain. There is no doubt but what he felt himself increasingly obliged in this purpose to seek support from extreme nationalists of the Brazola (phonetic) type who are very closely linked to the communists and were unified with the communists by their antagonism to the United States, to our economic system, to our position in the world, etc.

In my view, Goulart's championing of social reform, which he did; he introduced land-reform legislation into the Congress, etc., was essentially an opportunistic and shall we call it, demagogic approach. He did not have the confidence of the people that he was going to proceed in a constructive and reliable way. And there was even division in the extreme Left as between those who favored him and those who would favor some other leader in the event that a Left Wing dictatorship was set up, which was what he apparently had in mind doing.

So that, the opposition to him, I imagine, was a very broad opposition. I would expect that it contained all kinds of constructive retrogressive elements. There were those who were perhaps genuinely interested in seeing progress in Brazil and felt that Goulart was standing in the way of progress, which he certainly was. There were others who probably supported this because they saw it as a means of checking the reform programs which he advocated and protecting their vested interests.

I think it's very difficult at this point to see what's going to

come out. But there will be, and I think it's rather a good thing, now a period of a little over a year which will be an interim period. Because, the next step under the Brazilian Constitution is for the Congress to elect an interim President to serve until the next election. And none of the candidates who wish to be elected for the full term in 1965 will accept this interim assignment because it would disqualify them to run in the next election.

So that, there will be some sort of caretaker government. And I have the feeling that the Brazilian Armed Forces are among the most politically sophisticated in Latin America and they will likely name someone who is a capable administrator, as Governor for the interim period; and that they will see that a fair election is held in 1965, the leading candidates for which are former President Kubitshek, who can't run after the interval, and Governor Lacerda, another one, a more conservative candidate who is presently Governor of the State of Guanabara (phonetic).

I think that the influence of the Armed Forces on the ultimate election will be essentially to restore constitutional processes rather than, as I would see it as this juncture, to favor any one candidate.

QUESTION: Dr. Dreier, we've heard much noise from Brazil, while Argentina has remained relatively quiet except for a few rumbles here and there. Could you give us an up-to-date evaluation of what is happening there?

DR. DREIER: Well, I would say no, I can't tell you what's going to happen. I can tell you a little about what has happened and what is happening. Argentina has been going through a terrific internal stress be-

cause of the problem that Peronismo left with them. A large body of the people who had been organized by Peron remained outside, really, the political life of the country. And the great issue was, what was to be done with these people. Were they to be recognized as a political party under a democratic system. Were they to be incorporated in other parties? Or were they to be virtually outlawed - ostracized from political life? The Armed Forces, having thrown out Peron, were quite adamant on this. But the Armed Forces themselves were divided as to how they should manage this situation, there being two wings, one of them favoring a more direct military control of the government; the other favoring the preservation of constitutional forms, at least, even though they insisted upon certain measures which would disqualify the Peronists and their allies which include communists at this time, and keep them out of influence in the government.

Well, the country went through this terrific period of internal warfare and to the point of struggles between the various branches of the Armed Forces, I think it got to the point where they were just completely exhausted and they sought only one thing; that was, to elect some safe and quiet individual to take over the government while they all suffered from the hangover. That is what happened in the last election; a variety of, as is usual in Latin America, very complicated political maneuvers that produced the surprise election of this present President Isha, who is a rather colorless country doctor with experience as Governor of a province, but not a man of dynamic leadership.

I think the good side of it is that things have quieted down; that

the Argentines are beginning to go back to work and take life without quite so much political turmoil. The bad thing is that I don't think he is offering the kind of leadership which is necessary to create the sacrifice and the hard work that is necessary to lift Argentina out of its stagnation. And that has characterized Argentina for the last several years. From what I hear they are still economically in a stagnating condition.

QUESTION: Mr. Dreier, as you well know, most of the governments of the Latin American countries depend greatly on foreign investment for survival and development. Would you give us your opinion on the effect that this nationalistic tendency may have on the foreign investments we have down there?

DR. DREIER: Well, there's no doubt about it, that the influence on the whole has been restrictive. But it has varied a good deal. There are some people who are quite nationalistic, but who are not necessarily anti-foreign. Take a man like Carlos Lacerda, one of the prominent Brazilian candidates. He is a conservative. He is very nationalistic and his nationalism takes the form of wanting to see Brazil develop, appealing to mass support etc. And nationalism in that case could be viewed as a constructive force. It leads him to oppose the measures which would frighten away the capital that he sees as needed for the accomplishment of his own nationalistic interests.

And the other side of the coin, of course, is pictured by people like Goulart himself, Brazola and others, who under the score of nationalism have taken satisfaction, you might say, of expropriating foreign private

interests and scaring away private capital on the grounds that this is imperialistic invasion and they don't want it; on the other hand, of course, trying to extract additional amounts through public sources and from other countries.

I think that by and large we can expect that this nationalistic feeling will work very hard against certain types of foreign investment, and particularly American investment, for reasons that I mentioned, notably those in the fields of extractive industries - public utilities; whereas, in some places such as Mexico you find that nationalism does welcome, or at least is consistent with, the attraction of foreign investment for manufacturing industries, particularly when it joins with local capital.

The fact that Mexico on the one hand may expropriate the power or telephone company and then attract other industries, is typical of the type of thing that is going on in the inter-play of these forces.

QUESTION: We took considerable comfort from the outcome in Venezuela. But I wonder about their sincerity with respect to Castro. We compare Venezuela with a fairly high income per capita and educational levels, but what is your prognosis for Castro's attempts or possible attempts against countries like Ecuador, Peru and Bolivia where you have a lower education and income?

DR. DREIER: Well, I don't know that the relative income or economic status of the people is as important as we think it is. Cuba was one of the countries that you would have chosen as the least likely to fall prey to the kind of experience which it has suffered. There are other things, and those are the alternative openings that people see;

opportunities to progress. I think that in countries like Ecuador and Peru there is, of course, a great mass of people whose political affiliations are as yet undetermined. The question of whether Castro people can appeal to them depends partly, of course, on the access they have which is the thing that can be somewhat controlled, but it depends more on the alternatives presented to those people in terms that mean something to them in their local situations. This is the great political problem which those countries face; whether leadership can devise policies and programs that will win the allegiance of people who have heretofore been disillusioned with any kind of political promise, and therefore might as well opt for the most extreme promises because they might get a little more.

But I think that this situation doesn't necessarily mean a more dangerous threat in Peru and Ecuador than it does in, let's say, Venezuela, the difference being that Venezuela had strong positive leadership; not so much that they had a higher statistical level of living.

QUESTION: The model of government that you described as emerging sounds very similar to Franco's model in Spain. Are they patterning themselves after the Franco model?

DR. DREIER: No, not at all. They would strongly resist any such idea and it is similar to the Franco government only in the sense that it has a strong Executive. However, there are some very important things which the Mexican Revolution has established as limitations on their political system. One is the non-re-election of Presidents; the strict observance of the six-year term. So that, any President who sought re-

election in Mexico would undoubtedly suffer serious consequences. He'd probably be ousted somehow.

The other things are that the Mexican people have demanded certain fundamental rights of free speech; certain recognition of the right, let's say, of labor to organize. They've also put certain positive requisitions on the government; it must do something to improve the condition of the mass of people. It must do something on land reform. There are certain very important limitations upon the otherwise powerful political structure that they have set up which differ a great deal from the Franco situation in that respect.

QUESTION: You mentioned earlier in your speech the prognosis of 320 million additional Latin Americans in years to come. We've heard a great deal about the burgeoning populations all over the world. This has a general higher educational level than some of the other places that are experiencing this population growth. Is there any realistic prognosis for the future by, say, the Organization of American States as to what the economic situation would be at that time? And if so, is there any plan of action that is being adopted?

DR. DREIER: On the economic situation?

QUESTION: Yes sir.

DR. DREIER: Well, the official policy of these countries is stated in the Alliance for Progress, which sets up as an objective the increase in the economic productivity of these countries to the point where they should have an annual growth rate of not less than 2.5%. That is the official objective. Now, they are very much aware that there are power-

ful forces that operate on this. One is the population growth. Another one is something they are very much concerned about, and that is their declining benefits over a long period of time from exports of their basic commodities. So that, they have actually been obtaining smaller amounts of foreign exchange from exports while their demands for industrialization and development increase. Those are the two outstanding factors.

I would rather leave any further discussion of that to Mr. Adler tomorrow.

COLONEL VAUGHT: Dr. Dreier, time will not permit further questions. Thank you so much for a most illuminating and complete coverage of our neighbors to the south.