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FOREIGN ASSISTANCE PROGRAMS

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SOCIAL AND POLITICAL FACTORS IN UNITED STATES'
FOREIGN ASSISTANCE PROGRAMS

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SOCIAL AND POLITICAL FACTORS IN UNITED STATES

FOREIGN ASSISTANCE PROGRAMS

CHAPTER I

INTRODUCTION

Since the end of World War II economic development, or economic underdevelopment, has created a great amount of interest among scholars, governments, world leaders and people in general.

Norman S. Buchanan and Howard S. Ellis have defined an underdeveloped area as one which "on the average affords its inhabitants an end product of consumption and material well-being appreciably inferior to that provided by the economies of the developed countries. Poor is a relative term."¹

Eugene Staley's definition is similar:

An underdeveloped country is a country characterized by mass poverty which is chronic and not the result of some temporary misfortune, and by obsolete methods of production and social organization, which means that the poverty is not entirely due to poor natural resources and hence could presumably be lessened by methods already proved in other countries.²

¹Approaches to Economic Development (New York: The Twentieth Century Fund, 1955), pp. 3-4.

²The Future of Underdeveloped Countries (New York: Harper and Brothers, 1961), p. 13.

In still another definition, an underdeveloped country is defined as

A country which has good potential prospects for using more capital or more labor or more available natural resources, or all of these to support its present population on a higher level of living, or, if its per capita income level is already fairly high, to support a larger population on a not lower level of living.³

As these definitions indicate, there is no formal consensus on what specifically constitutes an underdeveloped country. By way of contrast, neither is there a single acceptable definition of a "developed" country. Gerald M. Meier and Robert E. Baldwin point out that "no single definition of 'economic development' is satisfactory."⁴ It is a common practice, they say, "to use the terms economic development, economic growth, and secular change interchangeably." They continue by offering the following definition: "Economic development is a process whereby an economy's real national income increases over a long period of time. And, if the rate of development is greater than the rate of population growth, then per capita real income will increase."⁵

Charles P. Kindleberger states it this way: "In economic growth the unidimensional measure is national income per capita. Economic growth implies an increase in this vari-

³Jacob Viner, International Trade and Economic Development (Glencoe: Free Press, 1952), p. 125.

⁴Economic Development, Theory, History, Policy (New York: John Wiley and Sons, Inc., 1957), p. 2.

⁵Ibid.

able."⁶ Another economist says that "it can best be defined by its major objective: the exploitation of all productive resources by a country in order to expand real income."⁷

There are various measures to determine whether a country falls into the underdeveloped⁸ or developed category. These include figures on gross national product, net national product, agricultural productivity per person or per acre, infant mortality rates, energy consumption, percentage of the population which is illiterate, and still others. Many students of economic development view it as a constantly rising standard of living; therefore, the main guide would be the increase of real per capita income for a particular country over a long period of time. The specific figure used to divide the developed countries from the developing ones will vary from study to study, but it appears that the current practice is to include all countries with an annual per capita income of less than \$400 to \$600 in the less developed grouping.⁹

The latter figures may appear to be rather high. In

⁶Economic Development (New York: McGraw-Hill Book Co., Inc., 1958), p. 1.

⁷Paul Alpert, Economic Development, Objectives and Methods (Glencoe: Free Press, 1964), p. 1.

⁸Other synonyms for underdeveloped include "developing" and "less developed." The terms will be used interchangeably in this study.

⁹For examples see Staley, op. cit., p. 17; and Alpert, op. cit., pp. 4-9.

1957, for example, United Nations estimates indicated that one and one-half billion persons, or about 53 percent of the world population, had per capita incomes of less than \$100. About 300 million persons, or about 14 percent of the world population, had incomes above \$700. Most of the countries in the less than \$100 classification are found in Asia, from Korea and China around to Afghanistan and Pakistan, and in Africa south of the Sahara. Most of the countries in Latin America and the Mediterranean, on the other hand, had per capita annual incomes from \$100 to about \$400.¹⁰

The Desire for Economic Development

It is generally assumed, and it will be a basic assumption of this study, that economic development is desired by the less developed areas. For centuries, the populations of Africa, Asia and much of Latin America accepted poverty, illiteracy, semistarvation and chronic disease as an inescapable part of life. But since the end of World War II, there has been a "revolution of rising expectations."

Modern communications, as well as international travel and study, have gradually made it obvious to the populations in the less developed areas, particularly to the elite of those countries, that a wide gap exists between the living standards in their areas and those of the Western countries, especially

¹⁰Exceptions to this figure include Venezuela, \$540, Argentina, \$460 and Israel, \$470. See United Nations, Per Capita National Product of Fifty-Five Countries, 1952-54 (New York: United Nations, 1957), p. 7.

those in Western Europe and North America. Not only are they aware of this wide difference, but they are convinced that there are means by which the growth rate of poor countries can be accelerated.¹¹

This question is sometimes raised by the Western social scientists: is economic growth with all of its resulting complexities really desirable? To phrase it another way, is the price which some of the underdeveloped societies must pay for economic development worth the disadvantages--in their customary social milieu--which it brings? It must be assumed that man seeks happiness. But as Staley points out, happiness in the Orient has traditionally meant man's ability to cut down on his desires, while in the West it has meant man's ability to satisfy his desires by increasing possessions. The Western view, he believes, is becoming more dominant throughout the world.¹²

W. Arthur Lewis points out that "it is very hard to correlate wealth and happiness."¹³ The advantages of economic growth, he notes, is that "it increases the range of human choice." Economic development may, with its tensions and complexities, bring serious disadvantages to some people, but it

¹¹For a variety of such opinions see Paul E. Sigmund, Jr. (ed.), Ideologies of the Developing Nations (New York: Frederick A. Praeger, 1964).

¹²Staley, op. cit., p. 20.

¹³The Theory of Economic Growth (Homewood, Ill.: Richard D. Irwin, Inc., 1955), pp. 420-21.

cannot be said that an increase in wealth will make a people less happy. There are other goals, however, besides happiness. "We do not," continues Lewis, "know what the purpose of life is, but if it were happiness, then evolution could just as well have stopped a long time ago, since there is no reason to believe that men are happier than pigs, or than fishes." The case for economic growth, then, is this: "It gives man greater control over his environment, and thereby increases his freedom."¹⁴

The Study of Economic Development

Concern for, and studies about economic development have been largely in the hands of the economists since intense interest about the subject developed after World War II. The emphasis has traditionally been, therefore, on the "purely" economic factors influencing economic development, with some concern for the role of "non-economic" factors. "Pure" economic factors ordinarily include such things as domestic savings and capital accumulation, inflation, agriculture productivity or the land and its use, the quantity and quality of the population, foreign trade, the taxing system, markets, and the money and banking system. Most economists tend to classify such things as the form of government, political instability, national administration, political interest groups,¹⁵

¹⁴Ibid., pp. 421-22.

¹⁵If these groups are discussed at all, it is usually not under this title.

elites, customs, mores, attitudes, morals, and aspirations as non-economic factors. Yet, between the economic and the non-economic are other factors such as education¹⁶ and health, and some topics such as quantity of population and land reform which are sometimes handled as economic problems, sometimes as social problems, and sometimes as both.

Several of the texts on economic development contain only a very limited discussion of the non-economic factors. In this case the authors simply refer to them as "social and cultural" influences, sometimes with a mild treatment of the "political." "Social" and "cultural" are not always precisely defined and "political" is seldom treated with any degree of sophistication.¹⁷ There are, on the other hand, books which place more stress on the non-economic factors, at least by general inference if not by specific treatment.¹⁸

¹⁶Skills which have been acquired through education are often treated as economic factors.

¹⁷See, for example, Benjamin Higgins, Economic Development, Principles, Problems, and Policies (New York: W. W. Norton, 1959), Chapter 10; Gerald M. Meier, Leading Issues In Development Economics (New York: Oxford University Press, 1964), pp. 16, 24, 44-45, 59, 66, 112, 266, and 448-49; Gerald M. Meier and Robert E. Baldwin, Economic Development, Theory, History, Policy (New York: John Wiley and Sons, 1957), pp. 355-67; Theodore Morgan, et al., (eds.), Readings In Economic Development (Belmont, Calif.: Wadsworth Publishing Co., 1963), pp. 78-113; and Hans W. Singer, International Development Growth and Change (New York: McGraw-Hill, 1964), Chapter 6.

¹⁸These include Buchanan and Ellis, op. cit.; Alpert, op. cit.; Kindleberger, op. cit.; Walter Krause, Economic Development, The Underdeveloped World and the American Interest (San Francisco: Wadsworth Publishing Co., 1961); Lewis, op. cit.; Bernard Okun and Richard W. Richardson, Studies in Economic Development (New York: Holt, Rinehart and Winston,

In still another category are books which treat the problem of "development" in a general way, rather than as primarily an economic problem. In the book Dynamics of Development, An International Development Reader, edited by Gove Hambidge, Teodoro Moscoso states in the Forward that "It is the politician who must decide whether he wants to incur the wrath of the landowners and suffer the effects of capital flight. It is he who must decide how much consumption he will ask the people to forgo in order to increase investment."¹⁹ In fact, he continues:

Looking over the panorama of development problems in the world today, we find that the most difficult issues are not technical (developmental, in the ordinary meaning of the word), but political. In some key countries the reform-monger, to use Albert Hirschmann's phrase, cannot perform his craft unless and until the political leadership of his country has made the decisions and achieved the consensus through which his activities can become relevant and, hopefully, effective.²⁰

Max F. Millikan and Donald L. M. Blackmer, have said: "In analyzing the process of economic modernization, we are confronted with the dilemma that the social and psychological and political changes (discussed in other chapters) are in part preconditions for economic development and in part its consequences." The process of development, they continue, "is

1962); and Harold F. Williamson and John A. Buttrick, Economic Development, Principles and Patterns (Englewood Cliffs, N. J.: Prentice-Hall Inc., 1964); and Stephen Enke, Economics for Development (Englewood Cliffs, N. J.: Prentice-Hall Inc., 1963).

¹⁹(New York: Frederick A. Praeger, 1964), p. vi.

²⁰Ibid.

a seamless web, and the strands that compose it can be analytically separated only with some loss of realism."²¹

Staley does not emphasize the government as such as playing the predominant role in economic development; nevertheless, he does emphasize the importance of social change. Referring to an economist who some years ago described economic development as "essentially the accumulation of capital," Staley says: "I do not believe anyone in touch with the concrete problems of underdeveloped countries and with the experiences gained in the United States Point Four program and in United Nations technical assistance would make that mistake today."²² He continues:

Capital accumulation is important, but the real core of the development process is what happens in men's minds, especially in their habits and organization for working together. Even if we want to center attention on capital, the key questions, as we shall note later, relate to capital formation, which is a social process.

Economic development is a whole complex of interdependent changes manifested simultaneously in the physical environment (new roads, buildings, harbors, machines, implements, chemicals), in the forms of association by which men live and work (growth of cities, changes in government, factory organization, business corporations, banking, readjustments in land tenure, family practices, even religion), and in the skills, habits, and thought-patterns of individuals. . . . To pick out any one aspect of this interdependent complex and center attention on it involves a considerable danger of wrong analysis. . . .²³

Robert L. Garner, former Vice President of the International Bank for Reconstruction and Development, has called

²¹The Emerging Nations, Their Growth and United States Policy (Boston: Little, Brown and Company, 1961), p. 44.

²²Staley, op. cit., p. 202.

²³Ibid., pp. 202-3.

development "a state of mind." People must first develop themselves, he thinks, before they can successfully tackle their physical environment. Development "involves changes in relations between classes and races. It requires improvement of governmental organization and operations; the extension of social institutions, schools, courts, and health services."²⁴ The latter changes, he notes, "take much longer than the building of factories and railroads and dams." Therefore, the greatest obstacles to development are certain habits of thought and conduct.

Robert L. Heilbroner warns that the route of the "Great Ascent" is not smoothly paved. The underdeveloped countries do not have "economies" in the sense in which we describe the American economy. They do not yet have the "institutions, the habits, the foundation of skills and wealth which are preconditions for a long, sustained economic climb." He concludes: "Economic development is not primarily an economic but a political and social process," and "the political and social changes required for economic development are apt to be revolutionary in nature."²⁵

In planning economic development John Kenneth Galbraith takes a dim view of the success of any foreign aid program unless there is an absorptive capacity in the society to be

²⁴Guidelines for Point 4 (Washington, D. C.: International Development Agency, 1952), p. 3, quoted in Staley, op. cit., pp. 203-4.

²⁵The Great Ascent (Evanston, Ill.: Harper and Row, 1963), pp. 16-17.

aided. This includes "a substantial degree of literacy," an "educated elite of substantial size," "a reliable apparatus of government and public administration," and "a clear and purposeful view of what development involves."²⁶

In Economic Development in Perspective, Galbraith calls economic development a process, and continues:

In the early stages it undoubtedly involves the building of organs of public administration and the provision of an educated minority, a nucleus of people who can build the system of public administration and, for that matter, everything else. Then comes the task of popular enlightenment. This enables the masses of the people to participate in economic activity. And it opens men's minds, as they can be opened in no other way, to new methods and new techniques. Apart from its cultural role, popular literacy is a highly efficient thing. Needless to say, it is also the mainspring of popular aspiration. As such it adds strongly to the desire for development.²⁷

Going back to one of the economists who give considerable weight to the non-economic factors in economic development textbooks, Kindleberger says there are different views concerning the relative importance of resources and social attitudes in economic development. He then proceeds, in his book Economic Development, to discuss a variety of the social factors at length.²⁸

Okun and Richardson say that the significance of institutions and social values "has been more clearly realized in the field of economic development than in any other area of

²⁶"A Positive Approach to Economic Aid," Foreign Affairs, XXXIX (April, 1961), pp. 445-56.

²⁷(Cambridge: Harvard University Press, 1963), p. 13.

²⁸Kindleberger, op. cit., p. 57.

economic thought." It may well be, they say, "that the economic factors determining growth are shaped and affected by the formal social, political, and economic organization prevailing in a particular country."²⁹

Paul Alpert states that development is "not only economic growth, but growth plus change: social, cultural, and institutional, as well as economic." What, he asks, are the prerequisites for economic development? He answers that "an essential condition for any development is flexibility of civilization, as well as a structure of society and economy open to the possibility of change, especially of technical and economic innovation."³⁰ A rigid social structure or a system which discourages speculative thought would constitute examples of inflexibility.

Still another economist puts the question this way: "Is technical-economic change necessarily interwoven with social-political change?"³¹ Everett E. Hagen answers his question with a "yes" and adds: "Impressive evidence of the interrelations lies in the correlation between the nature of the political structure in the countries of Asia, Africa, and Latin America and the level of economic development."³²

²⁹Okun and Richardson, op. cit., p. 334.

³⁰Alpert, op. cit., pp. 1-2.

³¹"A Framework for Analyzing Change," Development of the Emerging Countries, ed. Robert E. Asher (Washington: The Brookings Institution, 1962), p. 2.

³²Ibid., p. 3.

"It is rather obvious," Hagen thinks, "that economic change breeds social and political change." He then adds:

But it would be reckless to neglect the possible flow of causation in the opposite direction, a recklessness in which many persons indulge. Without the breakdown of traditional social structure and, more important, traditional attitudes, economic and technical aid may produce little hope for economic change. And perhaps the breakdown of tradition may not occur simply because traditional people see Western methods. Perhaps it has independent causes without understanding of which aid administrators are beating their heads rather naively against a stone wall.³³

In one of the most widely used, and perhaps the best known, works on economic development, W. W. Rostow describes the preconditions for the stage which he calls "Take-Off." He says:

Although the period of transition--between the traditional society and the take-off--saw major changes in both the economy itself and in the balance of social values, a decisive feature was often political. Politically, the building of an effective centralized national state--on the basis of coalitions touched with a new nationalism, in opposition to the traditional landed regional interests, the colonial powers, or both, was a decisive aspect of the preconditions period; and it was almost universally, a necessary condition for take-off.³⁴

While the degree of concern varies, most students of economic development give some attention to factors other than the "purely" economic which influence development process. The non-economic factors are not too well defined, but on most of the lists are included the role of government, or administration, or sometimes politics, or in certain cases all three,

³³Ibid., pp. 10-11.

³⁴The Stages of Economic Growth (Cambridge, Mass.: Cambridge University Press, 1960), p. 7.

plus the usual references to "social and cultural" factors.

Governmental stability, national consensus, and a competitive political system are often cited as factors beneficial to economic development. These same conditions are, as it will be shown below, what some political scientists say are characteristics of "political development." As this study is concerned to a great extent with the role of government in development, a more detailed investigation of what constitutes political development will be made later.

The Problem and Hypothesis

The list of non-economic factors influencing economic development is indeed endless. Some of the more important ones, however, have been singled out and have become subjects of a constantly growing number of studies and investigations. Four of these major influences will be used in this study. They are "government," "population," "education," and "agriculture and land reform." These four have been chosen because of the relative large abundance of literature on each one. At the same time, treatment of the other voluminous influences will not be attempted due to their less important influence or to the fact that even a rudimentary consensus as to their importance is still lacking.

The basic problem of this study is to determine if these four factors, considered by most students of the development process to have considerable influence on economic development, are being used in planning and carrying out United States'

development assistance programs.

The initial hypothesis of the study is that these factors are being given serious consideration in United States development assistance program. A related hypothesis suggests that economic development is not purely a matter of economics, but a process subject to many social and political influences, some of which are considered in this study.

Scope and Method of the Study

Each of the four factors studied will be treated in separate chapters of the dissertation. First, under each heading, the conceptual theory of each factor will be stated. This will be followed by a description of the United States position, as nearly as it can be determined, on implementing this factor in its foreign assistance program.

Preceding the treatment of the four basic factors will be a chapter on the development of United States aid approaches and a chapter describing the Latin American economies, with emphasis on Mexico and Peru. The latter is necessary because the scope of the study will be limited primarily to the study of aid programs to Latin America. The two countries of Mexico and Peru will be used for purposes of case studies.

Basic sources of information will be primarily United States government documents which deal with the foreign assistance programs.

CHAPTER II

UNITED STATES DEVELOPMENT ASSISTANCE: RATIONALE AND CONDITIONS

At the time that economic underdevelopment was formally recognized as a world problem, both the United States and the United Nations began to investigate ways and to set up programs for aiding the modernization process in the less developed states. This chapter will trace the development of foreign assistance programs of the United States and will emphasize the stated goals or objectives as seen by the Congress and executive personnel. In addition, conditions for the receipt of American aid will be singled out.

Early Development Assistance Programs

The United States' long-run direct development assistance programs may be said to have begun in earnest about 1949.¹ In President Truman's Inaugural address of January 20

¹The Export-Import Bank, in operation since 1934, was a source of finance for development, particularly for industrial projects. However, its original purpose was to encourage an increase in United States exports. It has charged relatively high interest rates; has ordinarily required that loans be repaid in 15 years, and is prohibited from competing with private financial firms. Criteria for loans are established conjointly by the Bank and the Department of State. U.S. Statutes at Large, XLIX, p. 526, as amended by Public Law 89, 80th Congress.

of that year he stated:

Fourth, we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas.

For the first time in history, humanity possesses the knowledge and the skill to relieve the suffering of these people.

The United States is preeminent among nations in the development of industrial and scientific techniques. The material resources which we can afford to use for the assistance of other peoples are limited. But our inponderable resources in technical knowledge are constantly growing and inexhaustible.²

Mr. Truman's address gave some indication of the future direction of the foreign economic policy of the United States. Some authorities argued that the new program was neither "bold" nor "new." It was pointed out, for instance, that American missionaries and private businesses had for many years been providing "technical assistance" to people of less developed areas.³ There was also mention of the fact that the United States had already undertaken similar programs in Latin America through the Interdepartmental Committee on Scientific and Cultural Cooperation, and the Institute of Inter-American Affairs.⁴ Technical Assistance projects had also been adopted in connection with the Greek-Turkish aid program. Moreover,

²"Inaugural Address of the President," January 20, 1949, Department of State Bulletin, XX (January 30, 1949), p. 125.

³Brookings Institution, Current Issues in Foreign Economic Assistance (Washington: 1951), p. 61.

⁴An account of the United States assistance programs in the Americas is found in Philip M. Glick, The Administration of Technical Assistance: Growth in the Americas (Chicago: University of Chicago Press, 1957).

prior to President Truman's 1949 address, a number of Specialized Agencies of the United Nations were engaged in activities of this nature.

Most of the above mentioned operations had been of a restricted or specialized character. Previous United States aid programs had been for the most part designed to serve immediate security interests connected with World War II and its aftermath. At the same time, a broad program of technical assistance under the United Nations had been handicapped by the inevitable delays in decision and implementation by a large, international body and also, until 1953, by the refusal of the Soviet Union to contribute to its work.⁵

As put into effect, the United States program was both "bold" and "new" in that unlike most other aid programs up to that time, its first objective was to assist in economic development, not to build or support military strength. It was "bold" because it manifested a fundamental change in the manner in which Americans had previously conceived of their country's foreign policy.⁶

There was another aspect of President Truman's 1949 Address which deserves elaboration. The program should be, he said, "a cooperative enterprise in which all nations work

⁵Franz B. Gross (ed.), The United States and the United Nations (Norman: University of Oklahoma Press, 1964), p. 249.

⁶This idea was later expressed by President Truman when he recommended that Congress act favorably on the Technical Assistance Program. See Department of State Bulletin, XXI (July 4, 1949), p. 862.

together through the United Nations and its specialized agencies whenever practicable."⁷ In another message to Congress on June 24, 1949, the President explained in more detail his proposed Point Four program. He reminded the Congress that under Article 56 of the United Nations Charter, the United States as a member had pledged itself to take "joint and separate action" in cooperation with other members in order "to achieve a higher standard of living for the nations of the world."⁸

Also in the June address, the President gave further information about channeling the United States aid for development. "Much of the aid that is needed," he said, "can be provided most effectively through the United Nations." He noted that a United Nations Technical Assistance Program, of an expanded nature, was being set up at the time and added: "In addition to our participation in this work of the United Nations, much of the technical assistance required can be provided directly by the United States." In any case, the President continued, "whether the operation is conducted through the United Nations, the other international agencies, or directly by the United States, the country receiving the benefit of the aid will be required to bear a substantial portion of the expense."⁹

⁷Department of State Bulletin, XX, loc. cit.

⁸Department of State Bulletin, XXI, loc. cit.

⁹Ibid.

To implement this program, President Truman recommended a first year appropriation not to exceed \$45 million. That sum included \$10 million requested in the 1950 budget for activities of a similar nature. The sum was to cover the United States participation in the programs of international agencies as well as the assistance provided directly by the United States.¹⁰

The proposed program was further clarified by a State Department publication in January, 1950. It said:

It is not possible to state any rule which will automatically determine whether a particular project should be undertaken through the multilateral channel of the United Nations, one of its specialized agencies, the OAS or some other international organization, or on a bilateral basis between the United States and the underdeveloped country desiring the assistance. The general guide is that international agencies will be used as far as practicable.¹¹

By way of further explanation, the report said that exact application of the above principle would appear as specific projects came up for consideration. It continued:

It may be anticipated that the multilateral system will most readily be used where a proposed project is of direct interest to or involves coordination among several countries, as in the control of epidemic diseases or pests; where a project requires the mobilization of the technical resources of a number of countries, when the need is great and the number of trained technicians limited; where international uniformity or standardization is an end in itself, as in the case of air navigation standards; or where the international character of the source of the assistance may be particularly helpful in achieving its purpose.¹²

¹⁰Ibid.

¹¹U. S., Department of State, Point Four, Publication 3719 (Washington, D. C.: Government Printing Office), p. 39.

¹²Ibid., pp. 39-40.

Besides these multilateral undertakings, the report envisioned the United States as participating in additional projects "which it deems desirable and which are impracticable for the United Nations, the Organization of American States or other appropriate international organizations to undertake even with United States support." It was assumed that such direct assistance would be necessary because of lack of funds, inability to act quickly enough, disinclination to pursue a specific project, and "inability to work in a non-member country or other reasons limiting effective operations." Lastly, the report stated that the United States would continue with projects on a bilateral basis which it had already agreed to aid.¹³

A bill providing for the Point Four program was introduced in the House of Representatives on July 12, 1949.¹⁴ Hearings were held later in 1949 and in January, 1950. A report issued by the Committee on Foreign Affairs in 1950 indicated the Committee carefully evaluated the need and effects of both bilateral and multilateral aid programs. Noting that they had chosen both channels, the report said "the choice of both channels is deliberate."¹⁵ The Committee agreed that in

¹³Ibid.

¹⁴U. S. Congress, House of Representatives, House Report 5616, 81st Cong., 1st Sess., p. 1.

¹⁵U. S. Congress, House of Representatives, Supplemental Report of the Committee on Foreign Affairs, Foreign Economic Assistance, House Report 1802, Part IV, 81st Cong., 2nd Sess., p. 11.

some cases the multilateral approach was probably best, particularly in those areas which required the cooperation of other countries.

On the other hand, the Committee also agreed that bilateral programs were necessary. The Committee felt that the latter method had already proven itself in various aid programs which had been initiated earlier. Furthermore, it was believed, the facilities of the United Nations were limited, particularly in contrast to what could be done through bilateral action. In fact, it was the Committee's belief that more of the technical cooperation activities of the programs could be carried on through bilateral rather than multilateral programs, at least for the first year.

The report of the Foreign Relations Committee in the Senate was also sympathetic to aid in general and to both approaches of distribution.¹⁶ The method to use, however, was given considerable study. There were reasons, the Senators noted, why the United States should share in the United Nations Expanded Program. First, the United States was a member of that body and all of the specialized agencies. As such, it was bound to play a considerable role in the decisions made by those bodies. Secondly, the support of the United Nations assistance programs would lend strength to that body and, the report continued, "presumably what is good for the United

¹⁶U. S. Congress, Senate, Supplementary Report of the Foreign Relations Committee, Foreign Economic Assistance, 1950, Senate Report 1371, Part 2, 81st Cong., 2nd Sess., p. 6.

Nations is good for us."¹⁷ More important still, the Senators felt, the United States did not "have a corner" on the technical information of the world, and so other nations could make substantial contributions. Lastly, it was pointed out that work through the United Nations would supply technical assistance which the United States could not supply, and would actually save money by making the assistance dollars go much further.

The Act for International Development was enacted as Title IV of Public Law 535, 81st Congress, 2nd Session, which also included the Economic Cooperation Act of 1950 (Title I), the China Area Aid Act of 1950 (Title II), and the United Nations Palestine Refugee Aid Act of 1950 (Title III). The Act provided for both multilateral and bilateral channeling of development aid. Concerning the former, the United States was "authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, and their related organizations, and by other international organizations, whenever practicable."¹⁸

The President was authorized, within limits of appropriations made available, to make contributions to the United Nations' technical assistance program which would contribute to accomplishing the purposes of the program as effectively as would participation in comparable programs on a bilateral basis.

¹⁷Ibid.

¹⁸United States Code, 1952 ed., II, p. 3056.

Further, the President was authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and any other international organization.¹⁹

With respect to the bilateral program, the President was authorized to make agreements with "any person, corporation, or other body of persons," as well as with any foreign government agency. Such assistance would be available only when the President determined that the recipient nation would pay a "fair share" of the cost of the program; only when the President felt that all necessary information concerning such a program was given "full publicity" by the receiving nation; and only when the President was assured that the program was needed and would be fully developed.²⁰

The bilateral programs could be terminated by the President if, in his opinion, the program no longer contributed to the purposes of the Act establishing it, if the program was felt to be unnecessary or undesirable, or if such assistance was no longer consistent with the foreign policy of the United States. Termination could also be accomplished by a concurrent resolution of both houses of the Congress.²¹

Congress authorized an appropriation not to exceed \$35 million for the period ending June 30, 1951. This figure

¹⁹Ibid., p. 3058.

²⁰Ibid., pp. 3056-57.

²¹Ibid., p. 3058.

included all amounts appropriated to carry on the activities of the Institute for Inter-American Affairs, and other technical cooperation programs as defined in the Act.²²

The technical assistance programs expanded during the first ten years of existence to the point whereby appropriations for the fiscal year 1959 amounted to \$150 million for bilateral assistance. In addition, the United States earmarked about \$23 million during the same year for the United Nations Expanded Program of Technical Assistance, and \$1.5 million to a technical assistance program administered by the Organization of American States.²³

By 1959, all twenty of the Latin American countries plus some five territories were receiving technical assistance, and approximately \$35 million of the total amount appropriated for technical assistance in 1959 was spent there. Most of the projects were of a long-term nature. Some, however, were subject to termination upon completion of a specific program; new programs were being established. Most of the aid was channeled to programs in agriculture, public health, and education. Yet, some of the funds were used in projects dealing with transportation, industrial safety, housing, labor relations, mining,

²²Ibid., p. 3057.

²³U. S. Department of State, Report to the Congress on the Mutual Security Program for the Second Half of Fiscal Year 1959, Publication 6926, General Foreign Policy Series 145, (Washington, D. C.: Government Printing Office, 1960), p. 94.

and public administration.²⁴

The technical assistance programs, now administered through the Agency for International Development, continue to be an important part of the United States aid programs. By 1967, appropriations for this work amounted to approximately \$200 million.²⁵

The United States and the United Nations
Expanded Technical Assistance Program

The United Nations program of technical assistance is similar to the United States program in many ways. The ETAP of the United Nations and the Point Four program in the United States were established about the same time. Contributions of the United States to the multilateral program are part of a total United States contribution to worldwide technical assistance and, as such, are usually considered by Congress as one large program, administered in different ways. For these reasons, the ETAP will be briefly discussed here.

Partly as a result of strong support from the United States, the United Nations Economic and Social Council (ECOSOC) passed resolution number 222, August, 1949, suggesting that existing facilities of the already operational technical agencies be used for an expanded program of technical assistance. The program was to be decentralized, dependent on voluntary

²⁴Ibid., pp. 68-70.

²⁵The Budget of the United States Government for the Fiscal Year Ending June 30, 1967 (Washington, D. C.: Government Printing Office, 1966), p. 85.

contributions, and under the ultimate control of the Secretary-General. Total contributions to the Expanded Program would be apportioned to the various agencies according to a scale of predetermined percentages.²⁶

Administration of the United Nations ETAP, as originally envisioned, was to be done by a Technical Assistance Committee, and a Technical Assistance Board. The former was composed of the then 18 members of ECOSOC. It was to make final recommendations on United Nations action to the General Assembly. Reporting to TAC, would be the Technical Assistance Board (TAB). The latter was composed of the executive heads of the participating agencies, chaired by the Secretary-General. It was to coordinate the operational aspects of the program.²⁷

At a Technical Assistance Conference held at Lake Success in June, 1950, some 50 countries pledged a total of \$20 million to the new program. The United States delegation promised, depending on Congressional action, a sum of \$12 million, or not more than 60 percent of the entire costs.²⁸

Several significant changes were made in the United

²⁶Department of State, Bulletin, XXXV (July 9, 1956), pp. 76-83.

²⁷A short but excellent study of the United Nations Technical Assistance Program is that of Johanna Van Goeckingk, United Nations Technical Assistance Board: A Case Study in International Administration (New York: United Nations, 1955); see also ibid.

²⁸U. S. Department of State, Technical Assistance Under the International Agencies, Publication 4265 (Washington, D. C.: Government Printing Office, 1951), pp. 4 and 12.

Nations program in 1952 and 1954. In the former year a new plan which provided for a full time chairman of TAB was adopted. A more recent change discarded the percentage formulas for specialized agencies as established in 1949, and substituted a plan whereby funds would be distributed on a basis of program requests by individual underdeveloped countries. Still another change in 1954 required TAC to review the overall program in light of its importance for economic development, and under the guidance of the General Assembly, to authorize allocation of funds among the various agencies.²⁹

Although final approval of the Technical Assistance Program rests with the General Assembly, funds are allocated to the individual specialized agencies and then are within their control. Each agency plans the details of its own projects, recruits its own experts, and is fully responsible for the operations of each of its projects.³⁰

Most of the members of the United Nations have given financial support to the technical assistance program, including the ones that are getting aid, to about the same extent as they are assessed by that body for other expenses. There are, however, some exceptions. Originally contributing approximately 60 percent of the program, the United States support now accounts for about 40 percent of the total. For other United Nations expenses the United States has, in recent years, paid

²⁹Department of State Bulletin, XXXV, loc. cit.

³⁰Ibid.

about 32 percent of the total.³¹ The Soviet Union's contribution to the assistance program has been about 3.7 percent of the total expenditures in recent years.³²

As the United States and the United Nations programs of technical assistance began what may be called new emphasis on economic development, a brief comparison of the two programs may be in order. Furthermore, the question of the most appropriate means of channeling development assistance, raised at the time, continues to be a subject of debate.

There are some basic differences in the two programs. In establishing the United Nations program, the resolution declared that assistance "shall not be a means of foreign economic and political interference in the internal affairs of the countries concerned, and [shall] not be accompanied by any consideration of a political nature."³³ In the United States' program one of the announced goals was to assist less developed countries in building political democracy. The aid could, it

³¹The U. S. share is based on a scale recommended by the United Nations Committee on Contributions. See U. S., Department of State, United States Participation in the United Nations, Report by the President to Congress for the Year 1964, Publication 7943 (Washington, D. C.: Government Printing Office, 1966), p. 287.

³²U. S. Congress, House of Representatives, Hearings before the Committee on Foreign Relations, Mutual Security Act of 1959, 86th Cong., 1st Sess., Part II, pp. 312-14; United Nations, Yearbook of the United Nations, 1964 (New York: 1966), pp. 248-49.

³³Walter R. Sharp, "The Institutional Framework for Technical Assistance: A Comparative Review of United States and United Nations Experience," International Organization, VII (August, 1953), p. 346.

was pointed out, "give a concrete demonstration of the economic progress toward higher standards of living which can be realized through democratic means."³⁴

Other differences in the two programs include the location and extent of control over the assistance and the manner in which it is rendered. Under the terms of the United Nations resolution, the recipient governments had the ultimate power of decision on the kind of service to be rendered. The assistance was to be provided so far as possible in the form desired by the recipient.³⁵

In the bilateral programs, the United States has ultimate power to decide on the kind of services it will render and the form in which it will be rendered.³⁶ The United Nations principles specify that assistance should be given "only to or through governments." In the bilateral programs, the United States would use private agencies and persons as well as the channels of government. In both programs, however, the terms were subject to negotiation and agreement, and the governments had ultimate control.³⁷

Under the United Nations program, requesting govern-

³⁴Ibid., p. 348.

³⁵U. S. Congress, House of Representatives, Supplemental Report of the Committee on Foreign Affairs, Foreign Economic Assistance, House Report 1802, Part 4, 81st Cong., 2nd Sess., p. 12.

³⁶Point Four, op. cit., pp. 45-46.

³⁷Foreign Economic Assistance, House Report 1802, loc. cit.

ments "should be expected to agree" to the conditions accompanying assistance; under the bilateral programs, assistance is available only when the President determines "that the country fulfills the statutory qualifications."³⁸

The United Nations resolution requires governments to agree "normally to assume responsibility for a substantial part of the costs," and at least that part payable in local currency. Section 307 (C) of Public Law 535 requires the requesting country to pay a "fair share" before assistance can be made available.³⁹

The United Nations' program draws on a broader personnel base than the United States program. This has several consequences, one of which is perhaps important. The United Nations can send field teams to less developed areas from countries whose general level of development is not markedly higher than their own. This has tended to minimize cultural differences between the advancing and receiving groups.⁴⁰

As pointed out above the United States insists that its program of technical assistance be publicized. All of the larger United States country missions contain information centers for this purpose. The United Nations, on the other hand, works more quietly, trying consciously not to arouse the hope of the indigenous people too much.

³⁸Ibid.

³⁹Ibid.

⁴⁰Sharp, op. cit., p. 349.

The Expanded Technical Assistance Program is supposed to be such that work undertaken should be integrated with the routine duties of other agencies. This has not always proved successful. The technical assistance program of the United States was placed under the director of the International Cooperation Administration (now AID) so that it might complement other ICA programs, or vice versa. Lastly, United States administrators are given strong encouragement to work with their United Nations counterparts.⁴¹

Development Assistance and the Search
for Proper Direction

United States aid to the less developed countries in the form of technical assistance was not immediately followed by aid programs of a more intensive character. In October 1949, Congress passed the Mutual Defense Assistance Act which provided primarily for military aid to North Atlantic Treaty Organization allies, China, Iran, Korea and the Philippines.⁴² Agreements with particular countries were set forth in executive agreements rather than treaties, but the Act required that certain conditions be imposed upon the recipients. Among the latter was the stipulation that the aid be used for the

⁴¹U. S. Congress, Senate, Hearings before a Subcommittee of the Committee on Foreign Relations, Technical Assistance Programs, 84th Cong., 2nd Sess., Part 2, 1956, p. 417.

⁴²Department of Commerce, Bureau of Foreign and Domestic Commerce, Foreign Aid By the United States Government 1940-51 (Washington, D. C.: Government Printing Office, 1952), p. 7; Mutual Defense Assistance Act of 1949, U. S., Statutes at Large, LXIII, p. 714.

purpose for which it was intended.

The next major step in the development of a United States foreign assistance program came two years later. This was the passage of the Mutual Security Act of 1951. Preceding Congressional action on this bill were several significant studies of foreign aid, all initiated by the executive branch.⁴³ The Bell Report on the Philippines recommended that the United States assist that country with economic loans and grants of a substantial size. In turn, the Report cautioned that the government of the Philippines should overhaul its tax collecting machinery, streamline its agricultural production system, set up a more adequate program of public health, promote education, concentrate on improving urban housing, and give adequate attention to improving public administration.⁴⁴ The Gray Report contained similar suggestions, while emphasis in the Rockefeller and Brookings Reports was on improved administration of United States' agencies which were participating in foreign assistance

⁴³These include Gordon Gray, et al., Report to the President on Foreign Economic Policy (Gray Report) (Washington, D. C.: Government Printing Office, 1950); United States International Development Advisory Board, Partners in Progress (Rockefeller Report) (Washington, D. C.: Government Printing Office, 1951); United States Budget Bureau, The Administration of Foreign Affairs and Overseas Operations, Report prepared for the Bureau of the Budget by The Brookings Institution (Washington, D. C.: Government Printing Office, 1951); and United States Economic Survey Mission to the Philippines, Report to the President of the United States (Bell Report) (Washington, D. C.: Government Printing Office, 1950).

⁴⁴The major provisions of the Report are outlined in International Cooperation Administration, Certain Reports and Proposals on Foreign Aid Since 1947 (Washington, D. C.: ICA, 1956), pp. 14-15.

programs.⁴⁵

The Rockefeller Report contained other significant observations which are basic to this study. The International Development Advisory Board, set up by the act that created the Point Four program, had much praise for the latter undertaking. Nevertheless, it placed strong emphasis on the possibility of working more through the United Nations. By working through the United Nations, the Board felt, the United States could avoid propaganda blasts such as "American Imperialism," which would surely be directed against the bilateral programs of the United States. Furthermore, channeling the assistance on a multilateral basis would enable other countries to join as givers rather than just takers. It would make technical assistance "their program," and it would make it clear to the rest of the world that the United States did not aim at "Americanizing" the globe, but rather was intended to help each country build from its own resources, "with its own heads and hands, and on the foundation of its own heritage."⁴⁶

Many governments, the Board believed, "are sensitive to having an outside government rendering assistance, and prefer to obtain such help from an international agency." The fact that the underdeveloped countries could turn to the United Nations programs would, in any case, contribute to the

⁴⁵Ibid., pp. 16-18.

⁴⁶International Development Advisory Board, Conclusions and Recommendations (Washington, D. C.: Government Printing Office, 1953), p. 24.

overall objective sought by the United States, and could actually in some cases lessen the possibility of misunderstanding.⁴⁷

Many of the suggestions made by the various foreign aid studies were incorporated into the Mutual Security Act of 1951. For the first time, all of the United States' assistance programs, except that dealing with the Export-Import Bank, were grouped together under one heading. The purpose of the Act, as stated in the preamble, was to maintain the security and "promote the foreign policy of the United States" by giving assistance "to friendly countries" in order to "strengthen the mutual security and individual and collective defenses of the free world;" to "develop their resources in the interest of their security and independence and the national interest of the United States;" and to "facilitate the effective participation of those countries in the United Nations system for collective security."⁴⁸ The Act specified that it was to be administered in such a way as to "eliminate the barriers to, and provide the incentives for, a steadily increased participation of free enterprise in developing the resources of foreign countries. . . ."⁴⁹ Finally, the Act prohibited aid of any type to any country "unless the President finds that the supplying of such assistance will strengthen the security of the United States and promote world peace, and unless the recipient country has

⁴⁷Ibid.

⁴⁸U. S., Statutes at Large, LXV, p. 373.

⁴⁹Ibid., p. 382.

agreed to join in promoting international understanding and good will. . . ."50

Soon after the passage of the MSA of 1951, Congress passed the Mutual Defense Assistance Control Act. Known popularly as the Battle Act, the new legislation stipulated further conditions on receipt of the United States' aid. An embargo was placed on the shipment of arms and related materials, petroleum, and other products with a strategic value "to any nation or combination of nations threatening the security of the United States. . . ."51 Later on, Congress imposed still further conditions. It required the director of the Mutual Security Agency to take steps which would ensure that recipient countries so direct their budgetary, fiscal, and political resources that the objectives of the aid might be accomplished.52

In the years 1951 and 1952, economic assistance was greater than its military counterpart. By 1953, however, due primarily to Korean expenditures, economic aid accounted for approximately one-third of the total \$6 billion authorization. Military aid continued to exceed economic aid through 1959. By 1960 economic aid slightly exceeded military grants and loans. In the succeeding years economic aid has exceeded aid for military purposes until by 1965, the former was more than

⁵⁰Ibid., p. 581.

⁵¹U. S., Statutes at Large, LXV, p. 644.

⁵²William A. Brown, Jr., and Redvers Opie, American Foreign Assistance (Washington, D. C.: The Brookings Institution, 1953), p. 533.

60 percent of the total.⁵³

A number of studies and inquiries about the role and nature of the United States foreign assistance programs have taken place since the mid-1950's. Some insight about the aid programs may be gained from reading a dialogue which took place in 1956 before the Senate Foreign Relations Committee. Chairman Fulbright was questioning Mr. John B. Hollister, Director of the International Cooperation Administration (ICA), and Mr. Herbert Hoover, Jr., Under Secretary of State, about the United States' Technical Assistance Program. The questioning ran as follows:⁵⁴

Senator Fulbright: Do you concern yourselves with political matters in these countries?

Mr. Hollister: We have to.

Senator Fulbright: In what respect?

Mr. Hollister: Well, the whole picture is partly economic, partly political, and partly military, and that is, of course, why the country teams in most of these countries work together. . . . The political is the most important, (but) the whole thing has to be tied up in one ball of wax.

The questioning then shifted to the way in which projects are determined. It continued:

Senator Fulbright: Do you ever consult with people in that country as to what they would like or is it developed here and you tell them what they need?

Mr. Hollister: Well, since I have been there, Senator, I have insisted that we should not try to get into programs that the countries themselves do not think are good ones.

⁵³See Table 1, p. 38.

⁵⁴Technical Assistance Programs, op. cit., p. 412.

TABLE 1

UNITED STATES ECONOMIC AND MILITARY ASSISTANCE,
BY AMOUNTS 1948-1967
(Billions of dollars)

Year	Total Economic and Military Assistance	<u>Economic Assistance</u> (Grants & Loans)	<u>Military Assistance</u> (Grants & Loans)	Percentage Economic
1949 (15 mos.)	6,283	6,283	-	100
1950	3,670	3,614	56	98
1951	3,603	2,622	980	73
1952	3,466	1,985	1,481	58
1953	6,117	1,958	4,159	32
1954	5,524	2,228	3,296	40
1955	4,217	1,821	2,396	43
1956	4,434	1,506	2,928	34
1957	3,712	1,627	2,085	41
1958	3,984	1,620	2,364	41
1959	4,026	1,916	2,110	48
1960	3,584	1,866	1,718	52
1961	3,386	2,012	1,384	59
1962	3,956	2,508	1,448	63
1963	4,107	2,297	1,809	56
1964	3,633	2,136	1,498	59
1965	3,270	2,041	1,229	63
1966	3,375	2,100	1,275	62
1967	3,350	2,200	1,150	66

Sources: United States Department of Commerce, Bureau of the Census, Statistical Abstract of the United States, 1965 (Washington, D. C.: Government Printing Office, 1965), p. 863; figures for 1965 through 1967 (estimates) are taken from The Budget of the United States Government, Fiscal Year Ending June 30, 1967 (Washington, D. C.: Government Printing Office, 1966), p. 73 and 85.

There is this to be said: Sometimes a country thinks a project is a good one, which we may not want to go into, but we do not anywhere try to put into effect the program which the country itself does not want.

Senator Fulbright: Why do you think Burma refused to accept technical aid from this country?

Mr. Hollister: I have not the faintest idea. That was before my time.⁵⁵

At this point Mr. Hoover came to Mr. Hollister's aid and told the inquiring Senators that as far as he knew Burma refused the aid not because of the way the United States administered it, but because it was a policy of Burma at the time not to accept aid of any type from any country. Senator Fulbright then turned to Mr. Hoover and asked: "Do we, as a practice, have the country concerned participate in formulating the program?" At this point Mr. Hoover corroborated the earlier remarks of Mr. Hollister:

We try to gain their advice and their cooperation to the utmost extent possible, but of course the final determination of the program is in our hands. . . . There are some programs which may well be thought not applicable in a country. Occasionally we suggest more beneficial programs to them.⁵⁶

While Mr. Hollister was becoming acquainted with his new duties, the Maxwell Graduate School of Citizenship and Public Affairs was engaged in a study of the aid programs. This study, as those before it had done, praised the work of

⁵⁵Mr. Hollister said later in the questioning: "I was plunged rather unexpectedly into this work eight months ago." This report was dated January 23, 1956. Mr. Hollister assumed his responsibilities on July 1, 1955.

⁵⁶Technical Assistance Programs, loc. cit., p. 413.

the United States foreign assistance to underdeveloped countries through the binational agreements. But, the report cautioned,

there should be no doubt by now, after more than a decade of experience with foreign aid, that the bilateral relationship seriously limits the effectiveness of our association with other countries, especially when it touches on the central issues of economic and social policy that underlie investment programs and technical assistance projects.⁵⁷

The study concluded that the United States was handicapped--actually in some cases debarred--from participation and influence in long range decisions because of the "bilateral groove" in which most of its efforts in support of economic development had been caught. The reasons why United States programs of bilateral assistance would not be as effective as channeling funds through multilateral agencies were, the study noted, not difficult to see. They were:

- (1) The crucial policy and programming decisions in economic development raise touchy political issues, vitally affecting local special interests, in which it is wholly inappropriate, and would often be unwise, for the United States as a government to be directly involved.
- (2) Self-respecting sovereign nations, especially if they are new and insecure in their sovereignty, will normally be afraid to let a powerful foreign government participate in considering such basic questions.⁵⁸

There were other reasons, the study noted, why multilateral channels should be used. "There is no reason why the United States should bear the whole burden and responsibility

⁵⁷U. S. Congress, Senate, A study prepared by the Maxwell Graduate School of Citizenship and Public Affairs for the Senate Foreign Relations Committee, United States Foreign Policy, the Operational Aspects, 86th Cong., 1st Sess., No. 6, 1956, p. 38.

⁵⁸Ibid.

of assistance to development." The Western European countries, Japan, Canada, and other developed nations, it was believed, had the same stake in keeping the free world free. Also, these Western nations had substantial resources of capital, skills, and experience that should certainly be enlisted in the common effort.⁵⁹

Multilateral programs would, according to this report, minimize the danger of "development" programs being twisted into instruments of commercial rivalry among industrial nations outside of the Soviet bloc. Also, it would discredit suspicions that persist in some circles in Europe that the aid of the United States was to substitute an American imperialism for European Colonialism.⁶⁰

The Maxwell Graduate School Study took note of the fact that their argument for multilateral assistance for economic development ran counter to a widely held view that all economic aid, like other overseas operations, should be kept available for the managers of United States foreign policy to bring to bear on the issues or negotiations of greatest importance. But, they pointed out, "this is to mistake the purpose and value of our participation in economic development." In fact, they continued, if United States policy concerning economic aid was to express the genuine mutuality of interests between it and the emergent countries, then the United States

⁵⁹Ibid., p. 39.

⁶⁰Ibid.

participation should be conceived as an instrument of long-range, rather than short-range strategy. The indiscriminate use of economic aid as an all purpose tactical weapon, the report said, "blunts and discredits it for its proper function." One example of a distressing instance of that kind, the study noted, "was the Aswan dam incident and its aftermath, the Eisenhower Doctrine: the Soviets had an equivalent (and evidently more lasting) failure in Yugoslavia."⁶¹

The study concluded with an unequivocal recommendation. "The case seems clear," it said, "as a matter of policy, for multilateralizing United States efforts (and those of other independent countries) to promote world economic development, insofar as possible." The study did not, however, recommend immediate transfer of all developmental activities to the United Nations. The report was critical of the decentralized organization of the United Nations Technical Assistance Program and concluded: "We cannot put the United Nations machinery to work on a large scale unless and until it is organized for the job. It is not now so organized."⁶²

On June 11, 1956, the United States Senate passed Senate Resolution 285, which created the Special Committee to Study the Foreign Aid Program. The Special Committee in turn made contracts with various research centers or agencies to prepare eleven studies by not later than January 31, 1957.

⁶¹Ibid., pp. 39-40.

⁶²Ibid.

Project Number 2, a study entitled The Objectives of United States Economic Assistance Programs, was prepared by the Center of International Studies, Massachusetts Institute of Technology.⁶³

The Study pointed out that the United States had not yet been able to clarify its interest in the underdeveloped areas. Basically, the report noted, "we still lack in the underdeveloped areas an equivalent to the balanced economic-military approach represented in Europe by the Marshall plan and NATO."⁶⁴

The MIT scholars felt that aid for development was an appropriate method of pursuing the cold war. "The establishment of . . . stable, effective, and democratic societies," with the help of United States assistance, "gives the best promise of a favorable settlement of the cold war and of a peaceful, progressive world environment." In support of this position the study offered the following four supporting propositions:

1. That American assistance can lead to economic growth

⁶³The study at the Center of International Studies was under the direction of Max F. Millikan and consisted of the following staff members: Francis M. Bator, Donald L. M. Blackmer, James E. Cross, Richard S. Eckaus, Everett E. Hagen, Charles P. Kindleberger, Lucian W. Pye, Paul N. Rosenstein-Rodan, and Walt W. Rostow.

⁶⁴U. S. Congress, Senate, A Study Prepared at the Request of the Special Committee To Study the Foreign Aid Program by the Center for International Studies, Massachusetts Institute of Technology, The Objectives of United States Economic Assistance Programs, 85th Cong., 1st Sess., No. 1, 1957, p. 15.

2. That American assistance and consequent economic growth can be made to lead to politically mature and stable democratic societies
3. That if a majority of the underdeveloped countries, notably those of Asia, demonstrate over a 10 to 20-year period that they are able to meet and progressively resolve their internal problems without resort to totalitarian solutions, and given, still, sustained Western deterrence to military adventure, then the only rational option remaining to the Soviets will consist in a negotiated settlement with strong built-in safeguards against international violence
4. That it is an essential American interest, even apart from the cold war, that the emerging nations of Asia and Africa achieve economic growth and social maturity within a democratic framework.⁶⁵

In exploring the most adequate means of channeling the aid, the MIT study pointed out the advantages and disadvantages of both bilateral and multilateral approaches. It concluded that a solution to the problem might lie in an arrangement whereby bilateral aid could be extended within a framework "of a consultative multinational organization."⁶⁶

Finally, the MIT study noted, initial improvements in a given society, brought about by foreign assistance, may destroy traditional political and social institutions which have previously been blocking economic development. When this happens, "the society may be particularly responsive to demagogic appeals of a nationalist or Communist nature." It is impossible, therefore, to "fashion a running evaluation of success in achieving long-run political objectives, which are the principal rationale for economic aid."⁶⁷

⁶⁵Ibid., pp. 20-25.

⁶⁶Ibid., p. 52.

⁶⁷Ibid., p. 68.

Another study, dealing primarily with the administration of foreign aid within the United States, and made by the Brookings Institution, was published in 1960.⁶⁸ An appendix to that study, perhaps more than the substance of the report itself, is of importance here. There, a position was taken which would encourage the United States to consider the more extensive use of multilateral channels in providing foreign aid. The advantage of such a system is that a multilateral organization is not the servant of any state or any one set of national objectives, but balances one against the other. In addition, such an organization is more likely to be regarded by the weaker states as a protective shield against the special interests of the more powerful ones. Furthermore, if some degree of intervention is necessary, the less developed countries would be more inclined to accept it from a multilateral organization than by an individual country, no matter how well intentioned the latter might be.⁶⁹

Other studies and recommendations with respect to the foreign aid program of the United States echoed statements and warnings similar to those which have been made above. In Goals For Americans, for instance, compiled by a commission appointed by President Eisenhower in the late 1950's, readers were told

⁶⁸U. S. Congress, Senate, A Study prepared by the Brookings Institution for the Committee on Foreign Relations, United States Foreign Policy: The Formulation and Administration, 86th Cong., 2nd Sess., No. 9, 1960, p. 188.

⁶⁹Ibid.

that the United States interest in the less developed areas was both economic and political. "More important than the economic matters," they said, "are the political and strategic aspects of a continuing relationship between the industrial nations and the less-developed lands."⁷⁰

The President's Commission on National Goals is no less aware of the basic problems of foreign assistance than those who wrote these other reports. "Many of the young nations," they indicate, "lack political maturity, and in some cases outmoded social structures create additional problems." As some begin to develop, they note, "their political behavior assumes a tinge of the irrational." Emotional nationalism may become so pronounced that assistance from abroad, both public and private, may have to be curtailed.⁷¹

In still another study, another made by the Center for International Studies, it was recommended that United States aid not only be continued for developmental purposes, but enlarged.⁷² Such aid should not, however, be granted except upon evidence of long-range carefully planned programs. In the absence of such restrictions, the study indicated, the less

⁷⁰President's Commission on National Goals, Henry M. Wriston, chairman, Goals For Americans (The American Assembly; Columbia University, 1960), p. 342.

⁷¹Ibid., p. 343.

⁷²U. S. Congress, Senate, A Study prepared by the Center for International Studies, Massachusetts Institute of Technology, Economic, Social, and Political Change In the Underdeveloped Countries and Its Implications for U. S. Policy (Washington, D. C.: Government Printing Office, 1960).

developed countries would tend to request and use aid during crisis situations, inhibiting the possibility of aid for long-term economic growth.

Development Aid Legislation Since 1951

Another phase of the United States aid programs took shape with the passage of the Agricultural Trade Development and Assistance Act of 1954, commonly called Public Law 480.

Primary purpose of the act was to

expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States. . . .⁷³

The agricultural products were to be exchanged for foreign currencies which in turn were to be used to "encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."⁷⁴

The Food-For-Peace Program, of which Public Law 480 is the core, is administered by the Secretary of Agriculture rather than the Agency for International Development. Its purpose, as indicated above, is two-fold: to provide for the disposal of American surplus commodities, and to assist friendly countries toward economic development. Expenditures under this

⁷³The Act, with amendments, is printed in U. S. Congress, Senate, Committee on Foreign Relations, Legislation on Foreign Relations, 87th Cong., 1st Sess., No. 16, 1961, pp. 194-217.

⁷⁴Ibid., p. 194.

heading have been running from \$1.5 to \$1.7 billion in recent years.⁷⁵

In one study of Public Law 480 and Indian economic development, the author draws the conclusion that the surplus disposal program contributed little to development during the 1954-60 period. But this may have been due primarily, it is noted, to inexpedient administration rather than inherent defects of the program.⁷⁶

A second major multilateral program to which the United States gave its support is the International Finance Corporation (IFC). This agency came into existence on July 20, 1956, as a subsidiary of the IBRD. Purpose of the IFC according to its Articles of Agreement was "to further economic development by encouraging the growth of productive private enterprise in member countries, particularly in the less developed areas, thus supplementing the activities of the IBRD."⁷⁷

Operations of the IFC have been small compared with other programs. Its initial capital stock of the Corporation was \$100 million, of which the United States subscribed \$35,168,000.⁷⁸ According to one authority, the IFC should

⁷⁵Statistical Abstract of the United States, 1965, op. cit., p. 860.

⁷⁶Mary Fish, "Public Law 480: The Use of Agricultural Surpluses as Aid to Underdeveloped Countries (With Special Reference to India)" (unpublished Ph.D. dissertation, Graduate College, University of Oklahoma, 1963), p. 147.

⁷⁷"Text of Articles of Agreement," Legislation on Foreign Relations, op. cit., p. 394.

⁷⁸U. S., Statutes at Large, LXIX, p. 669.

doubtless be considered an international development agency. Interest rates are relatively high, 5 to 10 percent, and maturity dates are medium-term rather than long-term.⁷⁹

In Article III, Section 9 of the IFC Articles, the Corporation is clearly identified as one which will approach its international lending functions with full objectivity. The section reads:

The Corporation and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purpose stated in this Agreement.⁸⁰

In 1957 Congress established the Development Loan Fund (DLF) by appropriating initial capital of approximately \$300 million. Purpose of this Act was to promote the economic development of "free" Asia, the Middle East, and Africa. It was to emphasize the principle of self-help, to promote the cooperation of friendly nations, and to maintain economic and political stability in the above areas.⁸¹

In addition to the general objectives of the new Fund, it had at least two specific goals which are of interest to this study. First, it was designed to strengthen private

⁷⁹Benjamin Higgins, United Nations and United States Foreign Economic Policy (Homewood, Ill.: Richard D. Irwin, Inc., 1962), p. 89.

⁸⁰"Text of Articles of Agreement," Legislation on Foreign Relations, op. cit., p. 397.

⁸¹Legislation on Foreign Relations, op. cit., p. 14.

enterprise. In the basic law it was stated that

it is the policy of the United States . . . to strengthen friendly countries by encouraging the development of their economies through a competitive free enterprise system . . . and to facilitate the creation of a climate favorable to the investment of private capital.⁸²

Secondly, DLF was to place primary emphasis on the financing of goods and services of United States origin. This reflected the opinion that other industrialized countries could also provide some long-term loans on reasonable terms in order to export more of their capital goods to the developing areas.⁸³

Authority of the Fund, as amended by later appropriation acts, included power to make agreements with nations, organizations, persons, or other entities on terms which it might determine, but it was required to take certain factors into account. These included:

- (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms,
- (2) the economic and technical soundness of the activity to be financed,
- (3) whether the activity gives reasonable promise of contributing to the development of economic resources or free economic institutions or to the increase of productive capacities in furtherance of the purposes of this title, and
- (4) the possible adverse effects upon the economy of the United States. . . .⁸⁴

Loans were to be made by the Fund only when the recipients could fully assure the administrators that the loan would

⁸²Development Loan Fund, Annual Report (Washington: 1959), p. 2.

⁸³Ibid.

⁸⁴Legislation on Foreign Relations, op. cit., p. 15.

be repaid. Furthermore, legislation required the Fund to recognize that loans would be most effective in those countries "which show a responsiveness to vital long-term economic, political, and social concerns of their people," in those where there is willingness to pursue self-help measures, and in those that demonstrate "that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives."⁸⁵

Development Loans are currently designed to foster long-term economic development and political stability.⁸⁶

TABLE 2
FOREIGN ASSISTANCE LOANS 1958-1964
(Billions of \$)

Region	Total 1958- 1964	1958- 1959	1960	1961	1962	1963	1964
Total	5,570	829	522	630	1,087	1,249	1,253
Near East and South Asia	3,407	472	353	378	756	758	690
Latin America	1,226	66	29	133	189	342	467
Far East	402	172	54	48	56	54	18
Africa	399	41	46	53	86	95	77
Europe	137	78	41	18	-	-93	-101

Source: U. S. Bureau of the Census, Statistical Abstract of the United States: 1965 (Washington, D. C.: Government Printing Office, 1965), p. 868.

⁸⁵Ibid.

⁸⁶See Table 2.

Loans are made for periods of from 15 to 40 years duration at interest rates ranging from less than 1 percent to 5 and three-fourths percent. Most of the loans are made at the lower interest rates. Aid projects are periodically reviewed. Finally, with few exceptions, goods and services used for development projects are purchased only from the United States.⁸⁷

In another United Nations program, the Special Fund, the United States also makes contributions. The United Nations Special Fund was established in October, 1958, by the General Assembly. It was originally supported by 41 governments which pledged \$26 million for the first year of its operation in 1959.⁸⁸

By 1965, amounts pledged to the Special Fund had increased to \$91,500,747, of which some \$37 million represented the pledge of the United States. Of the 97 total programs approved by the Fund in 1964, 44 were in Africa; 18 in the Americas; and 27 in Asia and the Far East. Most of the projects involved pre-investment studies, resource surveys, feasibility studies and technical education and training institutions.⁸⁹

In 1959, Congress passed legislation which enabled the United States to become a member of the newly created Inter-American Development Bank (IDB).⁹⁰ Membership in the new Bank,

⁸⁷Agency for International Development, Principles of Foreign Economic Assistance (Washington, D. C.: Government Printing Office, 1965), pp. 17-18.

⁸⁸United Nations, Yearbook, 1958, pp. 131-36.

⁸⁹United Nations, Yearbook, 1964, pp. 235-42.

⁹⁰U. S., Statutes at Large, LXXIII, p. 299.

open to all members of the Organization of American States, was established for the purpose of accelerating economic development of the member countries.⁹¹ Congress authorized the United States to purchase 35,000 shares (\$350 million) of the total initial 85,000 shares. In the Fund for Special Operations, an agency established to work in close conjunction with the IDB, Congress authorized the United States to pay \$100 million of the total subscription of \$150 million.⁹² United States contributions to both the IDB and the Fund for Special Operations have since been increased.⁹³

In another action involving the United States in the participation in multinational lending agencies, the Congress approved United States membership in the International Development Association in 1960.⁹⁴ The basic aim of IDA was to promote economic development and raise standards of living in the developing countries. It was established as an affiliate of the IBRD, but financing was separate. IDA was expected to carefully screen all Association projects, but loans were to be made on a more liberal basis than those from the IBRD, and a wider range of projects could be covered.⁹⁵ Initial United

⁹¹"Articles of Agreement Establishing the Inter-American Development Bank," Legislation on Foreign Relations, op. cit., p. 414.

⁹²U. S., Statutes at Large, loc. cit.

⁹³The Budget of the United States Government, 1967, op. cit., p. 89.

⁹⁴U. S., Statutes at Large, LXXIV, p. 293.

⁹⁵"Articles of Agreement of the International Develop-

States contribution to the IDA was \$320 million, an amount which has since been increased.⁹⁶

Before Congress took final action in authorizing United States participation in IDA, much more soul-searching about how development financing should best be channeled took place. In Senator Monroney's resolution introduced into the Senate on March 24, 1958, one objective of the United States in supporting such a program was that economic development in foreign areas could be encouraged through a process which would eliminate "any possible implications of interference with national sovereignty" of the recipient states.⁹⁷ In appeals before the Senate Committee on Banking and Currency, which was considering the resolution, Monroney summed up the arguments for its passage by pointing out, among other things, that United States development assistance through an agency such as the IDA would remove "the political stigma attached to loans from the United States alone by placing them under international banking facilities." Furthermore, it would place responsibility for passing on the feasibility of loans, always a serious problem, "in a genuine banking facility." Finally, it would take "the matter

ment Association," Legislation on Foreign Relations, op. cit., p. 448; International Development Association, First Annual Report, 1960-1961 (Washington, D. C.: 1961), p. 3.

⁹⁶The Budget of the United States Government, 1967, loc. cit.

⁹⁷U. S. Congress, Senate, Subcommittee of the Committee on Banking and Currency, Hearings on Senate Resolution 264 (International Development Association), 85th Cong., 2nd Sess., 1958, p. 1.

of economic development of underdeveloped countries out of the arena of domestic politics."⁹⁸

Congressional support for a still stronger participation by the United States in the IDA continues to be a question, just as does much support for any multilateral channeling program.⁹⁹ In the meantime, however, the success of the international development scheme seems to have been limited only by member subscriptions of money.

In still another important action in 1959, Congress established the Office for Private Enterprise in the ICA. The new Office was expected to help aid recipients plan for maximum use of private resources in their countries; to assist in the utilization of private individuals, firms, institutions, and foundations in providing effective management and skills; and to implement certain projects which would encourage the growth of private enterprise. Finally, the new Office was expected to administer the Investment Guaranty Program.¹⁰⁰

The Investment Guaranty Program, first authorized in 1948, assumed added significance as the United States began to encourage private investors to put their funds into the

⁹⁸Ibid., pp. 5-6.

⁹⁹The history and recent events with respect to United States participation in IDA is thoroughly covered by James H. Weaver, The International Development Association, A New Approach to Foreign Aid (New York: Frederick A. Praeger, 1965).

¹⁰⁰U. S., Department of State, Report to Congress on the Mutual Security Program for the Second Half of Fiscal Year 1959, Publication 6926 (Washington, D. C.: Government Printing Office, 1960), pp. 99-100.

developing countries. In fact, investment guarantees were limited after July 24, 1959, to the economically underdeveloped areas of the world. Goals of the program were to insure private investors against the political risks of

(1) inconvertibility of local currency receipts from the investment, (2) loss of all or part of the investment due to expropriation or confiscation, and (3) loss due to damage or destruction of physical property by reason of war.¹⁰¹

Under the Investment Guaranty Program, American investors could, for a fee of about one half of one percent of the coverage provided, guarantee his investment and earnings for a period of up to twenty years.¹⁰² While foreign investment as an aid to economic development has long been established, the Investment Guaranty Program is evidence that many impediments to foreign investment exist in the less developed countries.¹⁰³

The Act for International Development, 1961,
And Subsequent Developments

During the year 1961 the entire foreign assistance program of the United States was subjected to intensive and exten-

¹⁰¹Report to Congress on the Mutual Security Program for the First Half of Fiscal Year 1960, op. cit., p. 47.

¹⁰²Report to Congress on the Mutual Security Program for the Second Half of Fiscal Year 1959, op. cit., p. 100.

¹⁰³Some of these impediments, "political unrest," "attitudes and policies which deter investment," "underdeveloped human and physical resources," and "adequacy of information," are briefly discussed in Report to the Congress on the Mutual Security Program for the First Half of Fiscal Year 1960, op. cit., pp. 49-50.

sive re-examination. As a result of this attention, the foreign aid program went through considerable change.

Early in the year, President Kennedy appointed an inter-departmental Task Force on Latin America to "consider and coordinate policies and action with respect to measures for economic and social development, maintenance of peace, and handling of related matters in the inter-American area."¹⁰⁴

One week after the public announcement of the establishment of the Task Force, Secretary of State Rusk reiterated the United States interest in Latin American development. The recent events in Cuba, the Secretary pointed out, were due in part to neglect of the aspirations of the Cuban people. Aspirations for economic betterment were common, he felt, among people throughout Latin America. Therefore, the United States was now ready to help the other American Republics in finding solutions to their basic economic problems, and to enhance the growth "of the type of institutions which flourish under representative democracy." The United States was prepared, the Secretary continued, "to cooperate actively with the other American states to end tyranny, whether of the left or right, and to strengthen the social base of democracy."¹⁰⁵

On March 13, 1961, President Kennedy released further details about the Alliance for Progress at a reception for

¹⁰⁴U. S., Department of State, American Foreign Policy, Current Documents, 1961, Publication 7808 (Washington, D. C.: Government Printing Office, 1965), p. 341.

¹⁰⁵Ibid., pp. 341-42.

Latin American Diplomats and members of Congress. The President outlined the need for joint action in bringing about development in Latin America, but he did not mislead his listeners by indicating that the success of the undertaking would be easy. If the Alliance is to succeed, he said,

each Latin nation must formulate long-range plans for its own development--plans which establish targets and priorities, insure monetary stability, establish the machinery for vital social change, stimulate private activity and initiative, and provide for a maximum national effort.¹⁰⁶

To achieve the goals of the Alliance the President pointed out the need for political freedom to accompany material progress. "Our Alliance for Progress is an alliance of free governments," not one in which tyranny will find welcome. Furthermore, "political freedom must be accompanied by social change." Unless these social reforms,

including land and tax reform, are freely made, unless we broaden the opportunity of all of our people, unless the great mass of Americans share in increasing prosperity, then our alliance, our revolution, our dream, and our freedom will fail.¹⁰⁷

On March 22, 1961, President Kennedy, in a message to Congress, outlined what he called a new set of basic concepts and principles in the overall foreign assistance program. Among the 8 new concepts and principles which he stated, two are of importance here. First, the President indicated that aid would be made available to those nations which were willing

¹⁰⁶Text of the address is carried in Department of State Bulletin, V (April 3, 1961), pp. 471-74.

¹⁰⁷Ibid., XLIV, p. 474.

to help themselves, including the making of necessary social and economic reforms. Secondly, the President desired to see a distinction drawn more carefully between military and economic aid. Aid for social and economic development, he felt, "must be seen on its own merits."¹⁰⁸

On March 31, 1961, President Kennedy appointed a Task Force on Foreign Assistance to study and formulate plans which might be sent to Congress in order to implement a proper approach to the undertaking. The Task Force recommendations were published in mid-1961. Among the new concepts and principles proposed were (1) a more unified administration of the overall program; (2) a more flexible set of tools such as "long-term loans" repayable in dollars, "supporting assistance" for immediate and strategic undertakings, "development grants" where loans are unsatisfactory, "food for peace" to meet immediate health needs, and "people" such as administrators, technicians, advisors, and Peace Corps; (3) a willingness to assist in sound country programs where nations had indicated a willingness to make necessary social, and governmental reform; (4) using research techniques to constantly evaluate the programs; (5) making extensive use of private enterprise in less developed countries by borrowing the tools of free enterprise, providing broader guarantees to private investments, and carrying on investment surveys; and finally (6) encouraging other

¹⁰⁸Department of State Bulletin, XLIV (April 10, 1961), pp. 507-14.

free world countries to assist and cooperate by coordinating multilateral programs, granting more aid, and lengthening their commitments.¹⁰⁹

In August, 1961, the President's proposals for an Alliance for Progress were acted upon by representatives of all the American Republics, except Cuba, at a meeting of the Inter-American Economic and Social Council held at Punta del Este, Uruguay. At that meeting, a Declaration to the Peoples of America was issued by all representatives. This was followed by the signing of the Charter of Punta Del Este.

The Declaration consists primarily of expressed goals. They include strengthening democratic institutions, accelerating economic and social development, providing better housing for urban and rural inhabitants, encouragement of agrarian reform, better working conditions through a more effective process of labor-management cooperation, higher literacy rates through emphasis on education, more and better health programs, tax reform, better fiscal and monetary policies so that inflation could be minimized, the encouragement of private enterprise in the development scheme, solving the problem of export

¹⁰⁹The Task Force, directed by Henry R. Labouisse, was subdivided into three groups: (1) Legislation and Congressional Presentation, headed by New York attorney and former Assistant Director, Office of the Director for Mutual Security; (2) Organization and Administration, headed by George Gant of the Ford Foundation; and (3) Program Development, headed by Frank M. Coffin, Managing Director of the Development Loan Fund. See Department of State, An Act for International Development, A Program for the Decade of Development, Publication 7205 (Washington, D. C.: Government Printing Office, 1961).

fluctuations, and economic integration of Latin America.¹¹⁰

To accomplish these goals the United States agreed to provide "a major part of twenty billion dollars, principally in public funds," to Latin America over the following 10 years. The Latin American Republics, on the other hand, agreed to channel more resources into economic and social development, "and to make the reforms necessary to assure that all share fully in the fruits of the Alliance for Progress."¹¹¹

Title I of the Charter of Punta Del Este outlined the objectives of the Alliance for Progress which are roughly the same as the goals listed in the Declaration. Some more specific obligations, such as greatly expanding the level of agricultural productivity, and increasing life expectancy at birth by five years, were added.¹¹²

Congress responded to executive recommendations with respect to United States foreign assistance by passing on September 4, the Foreign Assistance Act of 1961. The first part of the Act was entitled the "Act for International Development of 1961." Part II of the Act, dealing with military aid, was entitled the "International Peace and Security Act of 1961."

¹¹⁰"Declaration to the Peoples of America," in U. S. Department of State, American Foreign Policy, Current Documents, 1961, Publication 7808 (Washington, D. C.: Government Printing Office, 1965), pp. 393-95.

¹¹¹Ibid., p. 395.

¹¹²"Charter of Punta Del Este," in ibid., pp. 395-409.

Only the part concerned with development aid will be discussed here.

Goals for the Development Act are found in the section headed "Statement of Policy." There, the Congress declares that it was not only a necessity, but also an opportunity and responsibility of the United States to demonstrate that "economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity."¹¹³ The policy of the United States was, the document pointed out, to assist friendly foreign countries by helping them develop free economic institutions, improve productive capabilities, and minimize barriers to the channels of private investment capital.

Not only was Congress concerned with economic development and cooperation, but it hoped also to promote international trade, to promote freedom of the press, information, religion," and other rights without regard to race or religion. Furthermore, the Act stipulated, due to the continuing threat of world communism, the United States would make assistance available to other free countries, at their request, and on the basis of long-range continuity, for the purposes of helping them maintain their freedom. The assistance, the Act indicated, should

be based upon sound plans and programs; be directed toward

¹¹³U. S., Statutes at Large, LXXV, p. 424.

the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and should emphasize long-range development assistance as the primary instrument of such growth.¹¹⁴

The following amounts for economic assistance were written into the 1961 legislation:¹¹⁵

1. Development loans	\$1,112,500,000
2. Development grants	323,900,000
3. Development grants, special authorization	100,000
4. Surveys of investment opportunities	1,500,000
5. International organizations and programs	153,500,000
6. Supporting assistance	425,000,000
7. Contingency Fund	275,000,000
8. Administrative Expenses	47,500,000

During the same month that the above legislation was passed, the Congress also approved, in Public Law 87-293, the Peace Corps program. Legislatively defined purpose of the Peace Corps was to make available to interested countries skilled men and women from the United States who could help the countries in need train their own manpower, and to provide a better understanding between the American people and other peoples of the world.¹¹⁶ An appropriation not to exceed \$40 million was authorized for the fiscal year 1962.¹¹⁷

¹¹⁴Ibid., pp. 424-25.

¹¹⁵Ibid., p. 717.

¹¹⁶Ibid., p. 612.

¹¹⁷The relationship between the Peace Corps and a country's development is discussed in Robert B. Textor (ed.), Cultural Frontiers of the Peace Corps (Cambridge: Massachusetts Institute of Technology Press, 1966), pp. 309-22.

The ever present search to adequately explain and justify the foreign assistance policy of the United States did not stop with the passage of the Act for International Development, and related legislation, in 1961. As a result, President Kennedy appointed a committee to give further study to all phases of the aid program. The Committee, commonly called the Clay Committee, published its reports and findings in March, 1963.¹¹⁸

The Clay Committee pointed out that foreign aid may be an appropriate instrument for pursuing the national interest of the United States. United States aid is well spent, it was noted, when it assists developing countries to achieve political and economic stability. Achieving the latter, however, is not as simple for the less developed countries as it was for the European countries where long established economic, political and social systems could effectively absorb such aid. Furthermore, the report continued, while some aid recipients are not always in agreement with us on international political issues, there is justification for the aid provided it is not given for projects which are government-owned and in competition with private endeavors. While the United States should not expect recipient governments to wholeheartedly adopt the American system of enterprise, it should, nevertheless, "not extend aid

¹¹⁸The Committee to Strengthen the Security of the Free World, The Scope and Distribution of United States Military and Economic Assistance Programs (Washington: Department of State, 1963).

which is inconsistent with our beliefs, democratic tradition, and knowledge of economic organization and consequences."¹¹⁹

The Committee reiterated the arguments for channeling more aid through multilateral channels, but made no specific recommendations with respect to amounts, and mentioned only one agency, IDA, through which more action might be taken. In another very general recommendation, the Committee suggested that the overall amounts currently spent for aid should be reduced.¹²⁰

The Report singled out the Alliance for Progress program for special emphasis. The Committee recognized the urgent need for reform in Latin America, yet it also recognized the existence of a myriad of obstacles to such development. In the words of the Committee,

The Alliance for Progress--predicated on a joint endeavor to achieve for the Latin American peoples economic progress and social justice with free institutions and political liberty--was born in the face of a formidable inheritance. Political and economic instability, habits of government, and social rigidity in Latin America, ambivalent emotions toward U. S. power and influence in the hemisphere, deteriorating Latin American terms of trade, vacuums of political leadership and technical skill, the absence of U. S. and Latin American institutional structures adequate to deal with these problems, and increasing Communist efforts to exploit them--these and other conditions combined to argue for both the urgent necessity and short-term impossibility of the Alliance.¹²¹

The Report was mildly critical of the recipient countries in Latin America for not having been willing to fully implement

¹¹⁹Ibid., pp. 5-6.

¹²⁰Ibid., pp. 15-20.

¹²¹Ibid., p. 11.

the goals of the Declaration to the Peoples of the Americas and the Charter of Punta Del Este. The Committee did, however, distinguish between the problem of being unwilling to act properly, and the problem of being unable to honor their commitments. The United States should, the Committee felt, be more and more specific about the reforms it seeks, and concentrate assistance on those countries in which progress is being made.¹²²

Summary and Conclusions

The United States Point Four program, initiated in 1949, marked a turning point in the United States foreign assistance programs. It constituted a clear manifestation of the United States interest in directly assisting the less developed countries of the world in solving some of their basic problems. In addition to setting up a bilateral program of technical assistance, the United States vigorously supported the adoption of an expanded program (ETAP) in the United Nations.

Throughout the 1950's, the search for the proper direction of United States development aid programs continued. A number of studies were made. These studies were concerned with the goals of American foreign assistance and the best approach to take in channeling the aid in order to meet these goals. There was near unanimous opinion that granting aid to developing countries was in the long-range security interest of the

¹²²Ibid., p. 12.

United States; there were also other objectives as well. There was not unanimous opinion about how the aid should be channeled. At least two of the studies, the Rockefeller Report and Maxwell Graduate School Study, spoke strongly in favor of using multi-lateral channels. In a third, the first of two made at the Massachusetts Institute of Technology, a bilateral approach was favored, but one which operated within a framework of multi-lateral consultation. The issue of bilateral versus multilateral channeling continues until this day.¹²³

Some of the studies on foreign assistance also dealt with conditions to be attached to the receipt of this aid, a factor closely tied to the issue of how it should be channeled. As early as 1950, the Bell Report suggested that the Philippine government should, in order to get United States development assistance, pursue some basic reforms such as overhauling tax collecting machinery, improved agricultural production methods, promote education and public housing, and improve public administration. Other studies at least touched on the issue, and the idea of self-help in the Mutual Security Act of 1951 specified that aid should be administered in such a way as to eliminate barriers to free enterprise participation in the development process.

The United States became a participant in several multilateral aid organizations during the 1950's. These included

¹²³See, for instance, Senator Fulbright's comments in his The Arrogance of Power (New York: Vintage Books, 1967), especially Chapter 11, pp. 223-41.

the International Finance Corporation, the United Nations Special Fund, the Inter-American Development Bank, and the International Development Association. During the same period, some bilateral programs were started. The latter include the Food-for-Peace Program under Public Law 480, and the Development Loan Fund. In addition, an office of Private Enterprise was established in the International Cooperation Administration, and the Investment Guaranty Program was extended.

The Foreign Assistance Act of 1961 is a milestone in the development of United States foreign aid principles and concepts. The Act was passed after further study had been made, and after the special program known as the Alliance for Progress had been agreed upon by the participating countries. More clearly than ever the Congress stipulated the responsibility of the countries receiving aid. Social development, as well as economic development was declared a goal.

The Foreign Assistance Act of 1961 did not expressly declare social factors to be impediments to economic development. These factors as impediments were more precisely stated in the Alliance for Progress documents. There, in language which had not previously been used in such clear and unmistakable terms, social reform in the areas of agricultural production and land reform, education, and political stability, were singled out as factors influencing economic development.

The history of United States aid to developing countries is one in which the intent of Congress appears to be nebulous.

The lack of national consensus in support of foreign assistance has undoubtedly contributed to this situation. The Congress did, in 1961, and especially in authorizing the Alliance for Progress, manifest a clearer concept of the objectives and direction which such aid programs should take.¹²⁴

In one of the most recent studies of United States foreign assistance, the Clay Report, it was also pointed out that social reform in Latin America must go hand in hand with economic development. The Committee realized, however, that conditions being what they are, the short-term possibility of rapid development in many of the Latin American countries is out of the question. This latter problem is the subject matter of succeeding chapters.

¹²⁴Similar conclusions about the foreign assistance program of the United States have been made by Arthur H. Darken, "The Struggle Over Foreign Aid: Major Issues and Competing Theories in the Formulation of United States Foreign Aid Policy" (unpublished Ph.D. dissertation, Columbia University, 1965), p. 170; Sister Mary Mangan, "The Congressional Image of Aid to the Underdeveloped Countries (1949-1959) As Revealed in the Congressional Hearings and Debates" (unpublished Ph.D. dissertation, Yale University, 1964), pp. 356-57, p. 364 and 372; and Heyward Moore, "Congressional Committees and the Formulation of Foreign Aid Policy" (unpublished Ph.D. dissertation, University of North Carolina, 1964), p. 239 and 240.

CHAPTER III

THE LATIN AMERICAN ECONOMIES

The state of economic development in those countries which are the recipients of United States foreign assistance is of fundamental importance. Therefore, this chapter will consist of a description of the regional economy of Latin America, plus brief case studies of Mexico and Peru.

The Regional Economy

The living standard of the Latin American people is relatively low. Using the per capita gross product figure as a standard of measurement, this amounted to approximately \$371 in 1961 based on 1960 prices. In 1960, it was \$366 or a little less than one-eighth that of Canada and less than one-third that of Europe. While this figure was three and a half to four times that of parts of Africa and as much as five times that of underdeveloped Asia, it is still low enough that Latin America in general must be considered a part of the less developed world.¹

In Latin America there is a considerable variation

¹Víctor L. Urquidí, The Challenge of Development in Latin America (New York: Frederick A. Praeger, 1964), p. 5.

from country to country, just as there is in other parts of the world. In only three of the countries, which include about 15 percent of the total Latin American population, does the figure rise above \$400.² Seven other countries, with about two-thirds of the total regional population, have per capita products between \$300 and \$400 annually.³ The remaining republics have an average of less than \$300 annually, with the figure probably being closer to \$150 or \$200 than it is to \$300.⁴

During the decade of the 1950's the average annual growth rate of Latin America's gross product was 4.5 percent. Venezuela, Mexico and Brazil had growth rates in excess of 7 percent, while in Argentina and Peru it was less than 2 percent. When compared with the annual population growth of 2.5 percent, it shows that the per capita product went up, on the average, about 2 percent per year. The growth was more rapid in the first half of the decade because in the latter half agricultural production declined rather sharply.⁵

Agriculture in Latin America remains a principal economic activity. It alone accounted for about 20 percent of

²They are Argentina, Venezuela and Costa Rica.

³These include Brazil, Mexico, Colombia, Uruguay, Chile, Panama and Cuba.

⁴Urquidi, op. cit., p. 6.

⁵Ibid., p. 9, and Table 8, p. 164. See also Committee for Economic Development (CED), Cooperation for Progress in Latin America (New York: CED, 1961), p. 46.

the gross domestic product during the 1950's. It was second only to manufacturing which accounted for approximately 24 percent of the total product. The latter activity, however, employed only 16 percent of the employed, while the former accounted for roughly half. Between the years 1951 and 1960 the per capita increase in agricultural production rose about 11 percent. During the same period per capita increase in industrial output rose by some 54 percent.⁶

One of the chief characteristics of the Latin American countries is that they are single product export economies. Some 14 of the 20 countries have been relying upon more than 50 percent of their total export earnings from one commodity.⁷ In the remaining 6, which includes Peru and Mexico, the percentage is between 23 and 50 percent. These major export commodities include coffee, meat, bananas, tin, sugar, cotton, timber, wool, petroleum, and copper. World markets for these primary commodities show in general wider short-term fluctuations than those of the industrial countries. Price instability has not been confined to any single country or commodity, rather it includes foodstuffs, minerals, and other products.⁸

One of the major causes of price instability is the

⁶Urquidi, op. cit., p. 9 and 164; and CED, op. cit., p. 18.

⁷International Monetary Fund (IMF), International Financial Statistics (Washington, D. C.: IMF, 1960), XIII (May, 1960), pp. 36-37.

⁸United Nations, World Economic Survey 1962 (New York: United Nations, 1963), p. 49.

cyclical variations in income and output that continue in the industrially advanced countries which are the main markets for the primary commodities entering international trade. While in the postwar period there have not been upheavals in the developed economies comparable to those of the 1920's and 1930's, it only takes a mild recession to create pronounced changes in the demand for primary commodities.⁹ The export record of the oil producing countries and those countries whose exports have been more diversified have at times been more stable than some of the developed countries. On the whole, however, export fluctuations before and after World War II have varied considerably more for the primary producing countries than for the developed ones.¹⁰ It is obvious that such fluctuations are serious impediments to governments which are attempting to maintain a steady rate of growth.

For almost a decade, and particularly since the Korean War boom, there has been a general decline in world prices for products of the low income countries. The average export price of manufactured goods has tended to increase, while the average export price of primary commodities has tended to decrease. The ratio of prices of primary products to those of manufactured goods declined more than 20 percent during the 1950's.¹¹

⁹Ibid., p. 48.

¹⁰IMF, Annual Report, 1963 (Washington, D. C.: IMF, 1964), p. 56.

¹¹Ibid., p. 58; see Table 1.

TABLE 1
EXPORT AND IMPORT PRICES FOR SELECTED YEARS^a
(1958 = 100)

<u>Country Indexes</u>	Export Prices					Import Prices				
	1953	'55	'57	'61	'63	'53	'55	'57	'61	'63
United States	94	94	100	103	102	100	102	105	98	98
Canada	97	96	102	99	96	93	93	101	98	101
Latin America										
Argentina	137	119	104	107	99 ¹	111	104	113	99	108
Brazil	119	111	108	85	81	-	-	-	-	-
Colombia	110	116	118	84	78	98	100	103	100	102
Costa Rica	109	117	120	83	80	94	94	100	103	103
Dominican Rep.	95	94	117	80	99 ¹	-	-	-	-	-
Ecuador	104	102	103	82	77	89	92	97	101	-
El Salvador	100	120	120	78	74	99	96	101	100	102
Guatemala	109	122	126	80	81 ¹	92	93	98	101	-
Honduras	104	114	110	89	117	93	94	100	102	104
Nicaragua	109	117	116	88	91	94	94	100	103	103
Panama	100	113	103	83	93	94	94	100	103	103
Peru	106	115	119	100	108	99	104	107	-	-
Uruguay	140	129	128	111	124	-	-	-	-	-
Venezuela	90	94	100	92	92	97	96	100	106	127
Weighted Average	108	108	108	93	93	100	97	102	98	96
Western Europe										
Weighted Avg.	100	102	103	98	101	103	102	108	97	96

¹Figures are for 1962.

Commodity Indexes

Cacao	85	86	70	52	58
Coffee	118	119	119	77	73
Copper	128	162	113	116	118
Cotton	128	131	105	96	94
Meat	126	117	99	135	110
Petroleum	90	94	100	92	92
Sugar	97	93	147	83	242
Wheat	162	114	100	104	103
Wool	133	119	135	114	130
Weighted Average	110	110	109	95	108
Without Sugar				94	95

^aCompiled from IMF, International Financial Statistics (Washington, D. C.: IMF, 1964), XVII, Nos. 3 and 5; IMF, International Financial Statistics, Supplement to 1964-65 Issues (Washington, D. C.: IMF, 1965), pp. xiv, xv.

During recent years, most of the major regions in the less developed group of nations, the Middle East Excepted, have been affected by the downward trend in the terms of trade. There were differences, however, in degree of change. Latin America suffered the most pronounced decline, 17 percent since 1952; the figure being 11 percent in the African countries and 5 percent in Asia.¹²

Taking into account the population increases, the Middle East and Africa were the only two areas to show appreciable increases in per capita importing power of exports between 1950 and 1960, where the increase amounted to some 15 percent. The 20 percent increase in aggregate buying power in Asia was just sufficient to maintain the per capita buying power of exports. In Latin America the per capita buying power declined.¹³

Balance of Payments Trends

The balance of payments problems in Latin America have been quite serious. The over-all balance for the years 1961 and 1962 are shown in Table 2. Figures for other years are not included because estimates of errors and omissions which are generally quite large were usually not included in the earlier reports.

The deficits on current account have been running on

¹²Ibid., p. 61.

¹³Ibid.

TABLE 2

LATIN AMERICAN COUNTRIES: BALANCE OF PAYMENTS SUMMARIES^a
(In Millions of U. S. Dollars)

	Goods, Svs., and Private Transfer Payments	Private Long-term Capital	Central Gov't. Capital and Aid	Other Short-term Capital and Net Errors and Omissions	Total
Brazil					
1961	-292	269	159	-87	49
1962	-480	33	112	-125	-388
1963	-218	30	176	-123	-135
Chile					
	-280	93	84	-9	-112
	-157	83	136	-82	-20
	-185	-10	115	51	-29
Colombia					
	-142	-9	4	18	-129
	-119	10	80	-13	-42
	-137	129	15	-81	74
Mexico					
	-82	169	127	-249	-35
	64	131	135	-316	14
	-215	-216	85	37	123
Peru					
	18	-	-2	18	34
	-22	-12	41	-1	6
	-59	36	50	-8	19
Venezuela					
	375	-247	-94	-71	-37
	331	-226	-89	-18	-2
	564	-266	-111	-24	163
Other ^b					
	-757	291	253	43	-170
	-471	272	94	-263	-368
Total					
	-1135	540	526	-373	-442
	-810	291	524	-833	-828
	-259	186	623	-242	308

^aIMF, Annual Report, 1963, op. cit., p. 150. For other summaries see IMF, Annual Report, 1962, and the United Nations, Department of Social and Economic Affairs, ECLA, Economic Bulletin for Latin America, VIII (October, 1963).

^bExcludes Cuba.

TABLE 3

WORLD TRADE^a
(Value in millions of U. S. dollars)

	1953	1956	1958	1960	1961	1962	1964
U. S.							
Exp.(fob)	15782	19102	17920	20584	21000	21688	26582
Imp.(cif)	11846	13987	14619	16508	16069	17764	20251
Germany	4389	7358	8807	11418	12690	13267	16221
	3771	6617	7576	10107	10948	12289	14618
Argentina	1125	944	994	1079	964	1216	1410
	795	1128	1233	1249	1460	1357	1077
Brazil	1539	1482	1243	1269	1403	1214	1433
	1319	1234	1353	1462	1460	1475	1263
Chile	408	542	386	488	506	532	623
	355	353	415	500	585	518	609
Colombia	596	599	461	466	435	463	537
	547	657	400	519	557	540	586
Costa Rica	80	67	92	86	84	85	113
	74	91	99	110	107	114	139
Ecuador	92	116	133	144	125	137	148
	75	108	105	114	107	111	169
El Salvador	89	113	116	117	119	136	178
	72	105	108	122	109	125	191
Guatemala	100	123	108	117	113	114	158
	34	36	48	48	52	57	202
Mexico	585	880	736	765	826	931	1054
	807	1072	1129	1186	1139	1143	1493
Nicaragua	46	58	64	56	61	82	118
	51	69	78	72	74	98	137
Peru	219	308	281	430	494	538	666
	293	384	382	373	468	534	571
Uruguay	270	211	139	129	175	153	179
	193	213	151	244	208	230	198
Venezuela	1445	2116	2321	2432	2413	2594	2742
	916	1249	1599	1188	1092	1096	1272

^aIMF, International Financial Statistics, XVII (March, 1964), pp. 34-35; and XVIII (October, 1965), pp. 36-37.

an annual average of about \$1 billion. Excluding Venezuela, whose exports place her in a balance of payments position that is not typical of Latin America, the figures would be even greater. As shown in Table 3 only about three small countries (still excluding Venezuela) have enjoyed continuous balances during the past 10 years. The major deficits have occurred in the larger countries such as Argentina, Brazil, Mexico, Uruguay, and in the smaller countries of Colombia, Costa Rica, Haiti, Nicaragua, and Panama. Peru's problem of the early 1950's was somewhat better in the mid-1950's, again deteriorating in the later years of that decade.

In 1962 world prices for primary products were lower than they were in the period five years earlier.¹⁴ In that year, nonetheless, the volume exported showed increases which, in some cases, were sufficient to offset the deterioration in prices. At least over the short term, however, the gains in one country's exports were at the expense of another country because of rather well defined limits to which exports can expand for the region as a whole. Such has been common during the last 10 years, particularly with such commodities as coffee and cotton. This situation has apparently worked to the advantage of the smaller countries, "whose total exports may be regarded as marginal in relation to the volume of the region's exports as a whole."¹⁵

¹⁴See Table 1.

¹⁵United Nations, Department of Economic and Social

As a result of successive declines in prices on the New York market, the average price of Brazilian coffee in 1962 was 37 percent below the annual average of 1950-53 and 30 percent below that of 1958. World exports and consumption has increased but not in proportion to the increase in production. To limit this production, there have been several international coffee agreements in recent years, but the export quotas generally agreed upon were invalidated by large stockpiles since there was no direct effort to link export quotas with minimum price levels, as the tin agreements had done. Furthermore, the original coffee agreements included only Latin American exporting countries, leaving the principal African exporters outside.¹⁶ The latter, however, have since been included.

The export prices of wheat, cotton, maize and oil have remained about the same in the last few years. Other products declining significantly in price include cacao, quebracho, lead and bananas. Showing significant increases were tin, silver and sugar. Several commodities have suffered erratic price movements in the international market. Wool is a good example, and may be one of the Latin American commodities to be affected by technological change. The expanded use of artificial fibers has been limiting consumption of wool for some years. The United Kingdom, for example, used considerably

Affairs, Economic Commission for Latin America (ECLA), Economic Bulletin for Latin America, VIII (October, 1963), p. 115.

¹⁶Ibid.

less in 1962 than in 1959. An increased demand in Japan, however, was partly the cause of a slight world increase in consumption in 1962.¹⁷

Most of the Latin American exports go to the United States, Canada, and Western Europe. An average for the years 1957-59 shows that the United States and Canada received 47 percent of them, while another 30 percent went to Western Europe. By way of imports for the same period, 53 percent came from the United States and Canada and 28 percent from Western Europe. There were, nevertheless, wide variations in the general pattern. Argentina, for instance, shipped only 12 percent of her exports to the United States and Canada, while 94 percent of Panama's exports and 72 percent of Colombia's went to the United States.¹⁸

The effects of foreign trade on the economy of a country are not due solely to the fluctuations in exports. Increases in the latter may be more than offset by the terms of trade. So, in evaluating a change in foreign trade as favorable or unfavorable, it is necessary to study the terms-of-trade.

Using 1955 as a base year, export prices in 1962 dropped 15.1 percent from those of 1961. Those of imports dropped only 3.7 percent. As a result of this disparity, the terms-of-trade in 1962 were 12.7 percent lower than in 1955.¹⁹

¹⁷Ibid.

¹⁸CED, op. cit., p. 34.

¹⁹For a partial schedule see the United Nations, World Economic Survey, 1962, op. cit., pp. 23-30.

Such deterioration in the terms wipes out a large percentage of the improvements which increases in the quantum of exports would otherwise have implied from the external purchasing power of Latin America's exports.

The import deficit in Latin America is sometimes financed by reserves, the import of foreign capital, loans and grants or drawings from the international financial institutions. With respect to reserves, Latin America's total has declined appreciably since 1953.²⁰ Significant declines took place in Argentina, Brazil, Colombia and Uruguay. Among the larger countries, Mexico and Venezuela showed some increases.

Foreign Investment

Most of the foreign investment in Latin America since 1929 has come from the United States.²¹ This flow generally has been in the form of direct investments rather than the portfolio type. Book value of these investments rose from about \$2.7 billion in 1943 to \$9.0 billion in 1959. Actually, the Latin American percentage of total United States direct investments has declined from a pre-war figure of about 50 percent to about 30 percent at the present time. This is due to the fact that much of the present United States direct foreign investments are going to Canada and Western Europe. Total United States private (net) investment in Latin America

²⁰See Table 4.

²¹U.S. capital accounted for approximately 60 percent of the total worth of foreign direct private investments in Latin America in 1959. Urquidí, op. cit., p. 47.

TABLE 4

TOTAL RESERVES^a
(Gold, Fund Gold Tranche Positions, and Foreign-Exchange, End
of Period: Millions of U. S. dollars)

	1953	1955	1957	1959	1963	1965
United States	23,458	22,797	24,832	21,504	16,838	15,762
Canada	1,902	1,985	1,926	2,029	2,577	2,815
Latin America						
Argentina	531	457	286	349	304	117
Bolivia	25	7	6	13	6	26
Brazil	605	491	476	483	370	520
Chile	68	86	51	131	82	120
Colombia	202	136	145	215	97	84
Costa Rica	19	21	13	15	14	16
Cuba	493	505	441	257	-	-
Dominican Rep.	30	38	48	42	29	42
Ecuador	40	35	39	44	43	38
El Salvador	44	39	42	38	45	68
Guatemala	42	56	75	44	56	69
Honduras	23	20	16	12	14	31
Mexico	250	440	475	458	465	518
Nicaragua	17	14	11	12	30	57
Panama	52	42	29	40	38	28
Peru	55	58	40	59	127	207
Uruguay	368	235	197	192	188	204
Venezuela	484	534	1,459	724	665	822
Continental Europe						
	10,195	13,480	14,320	18,165	28,300	
All countries	53,325	56,025	58,550	60,230	68,435	

^aCompiled from IMF, International Financial Statistics (Washington, D. C.: IMF, 1964), XVII (March, 1964), and XVIII (October, 1965).

for the years 1950-62 is as follows:²²

Year	(Millions of \$)
1950	\$ 122
1953	546
1955	600
1957	1566
1958	479
1960	539
1962	227

More than one-third of United States direct private investments in Latin America during the 1950's were for petroleum, most of which was in Venezuela. Petroleum was followed by manufacturing, mining and smelting, and public utilities. In 1960, about 20 percent of the total United States private investment in Latin America was in Venezuela.²³

The long-term capital flow of United States government (net) investment increased from \$78 million in 1954 to \$272 million in 1957. It rose to \$331 million in 1959 and topped \$500 million in 1962.²⁴ In the meantime, some loans were being made to Latin American countries by the World Bank.²⁵

According to Víctor L. Urquidí, the Latin American economies are not "condemned to an endless future of simply trading primary products for manufactured goods. Its own

²²CED, op. cit., p. 38.

²³United States Department of Commerce, United States Business Investments in Foreign Countries (Washington, D. C.: Government Printing Office, 1960), p. 90; Urquidí, op. cit., p. 47.

²⁴CED, loc. cit.

²⁵For a country by country summary of these loans and repayments from 1947-63, see IMF, International Financial Statistics (Washington, D. C.: 1964), XVII (March, 1964).

structure of output is changing and will continue to do so, just as the structure of demand in the more advanced countries is being transformed."²⁶ But, he continues, "Latin America's dependence, through trade and tourism, on the economic development of other countries will continue indefinitely." It would be to Latin America's advantage, he adds, "to diversify both export products and markets and to send abroad products with a higher degree of processing."²⁷ The fact is, he thinks that this could be partially realized through a successfully operating Latin American common market.²⁸

Inflation

Another general characteristic of the Latin American economies is their tendency toward inflation. Urquidi notes:

In just the ten years from 1950 to 1960, the over-all price level in Bolivia went up $9\frac{1}{2}$ times, or at a compound annual rate of 57.3 percent. In Chile, it rose 21 times, or by 36.4 percent a year. Prices in Paraguay increased $16\frac{1}{2}$ times, or 33.3 percent each year. In Argentina, the price level was multiplied by $11\frac{1}{2}$, for an annual increase of 27.7 percent. In Brazil, it went up 7 times, or 21.8 percent per annum. The price level in Uruguay rose more than $4\frac{1}{2}$ times or by 16.7 percent a year. These are cases of acute inflation.²⁹

In some of the other countries, inflation was far less

²⁶Urquidi, op. cit., p. 16.

²⁷Ibid., p. 26.

²⁸At the American Presidents' conference at Punta del Este, April, 1967, basic agreement was reached that a Latin American common market should be established. Based upon the existing Latin American Free Trade Area and the Central American common market, the new organization is to begin operating in 1970 and be complete by 1985. New York Times, April 16, 1967, p. 32.

²⁹Ibid., p. 37.

serious. Peru, for example, had a 1960 price level only 2.6 times that of 1950, with an annual average increment of 10.2 percent. The increase in Colombia and Mexico rose at an average annual rate of 7 percent. Inflation in Costa Rica, El Salvador, Guatemala, Honduras, Ecuador, the Dominican Republic and Venezuela was practically unknown.³⁰

Inflation in Latin America has largely resulted from increases in money and credit encouraged by government budgetary deficits, without corresponding increases in the production of goods and services. Some of the governments have attempted to finance development through inflationary methods. That is, development expenditures have been allowed to exceed revenues by more than could be borrowed directly from residents of these countries or obtained from other countries in the form of loans or grants. They have, therefore, borrowed from the banking system. While moderate credit expansion would have had few serious effects, the extent to which many governments have used the banking system has created inflationary pressures.³¹

War and postwar reconstruction encouraged inflation. Interruption of trade, complications in the demand and supply schedules and other similar factors caused inflation to proceed at different rates in different countries. In Latin America, as in most of the less developed countries, prices and export receipts tended to be high during the early post-war period.

³⁰Ibid., pp. 37-38.

³¹IMF, Annual Report, 1963, op. cit., p. 54.

Since then, other factors such as wage-price tying arrangements, supply bottlenecks in some sectors, and attempts to hold prices on certain goods by using subsidies supported by budgetary deficits, have encouraged inflation.

Inflation diminishes the amount of resources available for private domestic investment. A country's savings are reduced, and quite often a significant amount of these reduced savings go abroad into foreign investment, at the same time that capital from abroad is discouraged. Much of the reduction in private domestic investment goes into the production of luxury type products such as expensive houses, swimming pools, and motor boats, which are not of the highest social and economic priority. Further, inflation encourages the accumulation of large inventories and short term profitable investments which distort the productive structure. The authorities, attempting to control the price level, will often resort to controls which are likely to encourage uneconomic private domestic production.³²

By way of final comments on the economies of Latin America in general, it is perhaps worthwhile to take some note of the general pattern of income and expenditures. One study made in 1955 shows that, with the exception of Venezuela and Argentina, the tax burden was less than 15 percent of the gross national product.³³ In some countries, including Brazil,

³²Ibid., p. 55.

³³United Nations, Department of Economic and Social Affairs, Economic Commission for Latin America (ECLA) Governmental Income and Expenditures, 1947-1954 (New York: 1955).

Honduras and Mexico, it was less than 10 percent. In the United States and some of the European countries the figure was between 20 and 30 percent. Most of the tax systems are inefficient and "have accentuated the inflationary process and helped perpetuate forms of consumption that unfavorably affect the balance of payments, or do not contribute to economic development. . . ." ³⁴

As the following figures will show, taxation has been guided along indirect and regressive lines:

TABLE 5
PERCENTAGES OF DIRECT AND INDIRECT TAXES FOR
SOME LATIN AMERICAN COUNTRIES^a

Country	Direct taxes (% of total)	Indirect taxes (% of total)
Argentina	48	52
Brazil.	25	75
Colombia.	45	55
Costa Rica.	28	72
Chile	56	44
Ecuador	29	79
El Salvador	39	61
Guatemala	27	73
Honduras.	24	76
Mexico.	47	53
Nicaragua	13	87
Peru.	34	66
Venezuela	58	42

^aUnited Nations, Department of Economic and Social Affairs, (ECLA) Economic Survey of Latin America, 1956 (New York: United Nations, 1957), p. 138.

With respect to expenditures, military and other non-

³⁴Urquidí, op. cit., p. 42.

productive areas constitute a high proportion of the government's total budget. It is customary to spend from 20 to 25 percent for the military forces in most of the countries, but in some it is as high as 30 percent.³⁵

In this brief general view of the Latin American economies, selected economic indicators have been presented. Data indicates that per capita incomes, relative to the industrial countries, are low. In addition, while the gross domestic product has continued to increase, it has not always done so steadily, and its increase has been diminished somewhat by population increases.

The agricultural sector accounts for about one-fifth of the total gross domestic product, only slightly lower than the figure for manufacturing. The latter activity, however, employs only about 16 percent of the total number of persons employed, while the agricultural sector takes more than half. Furthermore, the per capita production in manufacturing has far outstripped that for agriculture.

Of principal concern to the Latin American countries has been their dependence on a single export commodity. More than half of the 20 republics depend on one commodity to provide 50 percent or more of their export earnings. Compounding this problem is the fact that they often produce commodities

³⁵Ibid.; see also Edwin Lieuwen, Arms and Politics in Latin America (2d ed. rev.; New York: Frederick A. Praeger, Inc., 1961), p. 170; and Harry Stark, Social and Economic Frontiers in Latin America (Dubuque, Iowa: William C. Brown Co., 1961), pp. 72-77.

which are also produced in neighboring countries. They sell these products to the industrial nations which in turn sell the Latin American countries manufactured goods. Accompanying this exchange of primary products for those of a finished nature, has been a downward trend in the terms of trade, unfavorable to the primary producing countries. The problem has been attacked, possibly due to the lack of suitable alternatives, by increasing the quantities of the primary products exported.

The deterioration in the terms of trade has been partly responsible for the chronic balance of payments deficits. These deficits have been financed primarily by various external sources, including loans, grants and foreign direct private investments. Most of the latter have come from the United States, even though a decreasing percentage of the United States direct foreign investments in recent years has gone to areas other than Latin America.

Most of the Latin American countries have had to fight a bout of inflation in recent years. Its force ranged from extreme in Bolivia, to mild or nonexistent in Venezuela.

While currently in the process of change, many of the Latin American countries have, in the past, relied heavily upon indirect taxes as the major sources of governmental income. At the same time, much of the expenditures has been for nonproductive activities such as national defense.

The seriousness of the economic situation varies from country to country. In the following paragraphs, an attempt

will be made to describe and compare conditions in Mexico and Peru.

Present State of Development in Mexico

Mexico is undergoing rapid economic development. As the following figures will indicate, the per capita real national income has steadily risen since 1939:³⁶

<u>Year</u>	<u>Per Capita Real National Income (1953 pesos)</u>
1939	1,159
1941	1,370
1943	1,661
1945	1,601
1947	1,870
1949	1,891
1951	1,952
1953	1,789
1955	2,001
1957	2,111
1961	2,324

This increase came about at a time when the population was growing steadily. It increased from 19.5 million in 1939 to 31.4 million people in 1960. Thus on the average the domestic product during the period of 1939-1957 has increased about 6 percent annually; with an annual population growth of 2.8 percent this gives an annual rise in the per capita real income

³⁶Compiled from Banco de Mexico figures as found in Anuario Estadístico, 1938-1954, Compendio Estadístico, 1949-1955, and Enrique Perez Lopez, "El producto nacional," in Cincuenta años de revolución, I, La economía, (Mexico, D. F.: 1959), p. 558. The 1961 figure is an estimate compiled from various sources.

of some 3.3 percent.³⁷ The annual growth rate of the gross product dropped to 3.5 percent in 1961, but then increased to 5.0 percent in 1962 and by 1963 was back to the mid-1950's level of 6.0 percent.³⁸

Other statistics also support the position that the Mexicans are living under considerably better conditions than they were in the late 1930's. Per capita consumption of selected foods for the two periods are as follows:³⁹

	<u>1937-1944</u>	<u>1957-1960</u>
Corn	138.1	164.7
Rice	4.8	7.7
Wheat	21.1	39.2
Beans	5.4	15.6
Potatoes	3.0	7.0
Tomatoes	3.1	7.1

The Mexican economy is diversified; therefore, fluctuations in the price of a single export commodity has not been as serious for Mexico as it has for other countries in Latin America. The country has relied, and continues to rely, on exports of cotton and coffee, copper, lead, and zinc for its main export earnings. In 1955, cotton and coffee accounted for about 40 percent of total merchandise exports expressed in

³⁷Ifigenia M. Navarrete, La distribución del ingreso y el desarrollo económico de México (Mexico City: Escuela Nacional de Economía, 1960), p. 1.

³⁸United Nations, Department of Economic and Social Affairs, (ECLA), Economic Survey of Latin America, 1963 (E/CN. 12/696/Rev. 1, 1965) (New York: 1965), p. 14.

³⁹Raymond Vernon, The Dilemma of Mexico's Development (Cambridge: Harvard University Press, 1963), p. 92.

dollar terms. This figure had declined to slightly below 30 percent by 1961. Approximately 19 percent of the value of exports in the former year were copper, lead and zinc. The figure had dropped to less than 10 percent by 1961. In the meantime, exports of sugar, shrimps and tomatoes had increased. The dollar value of all exports increased from some \$800 million in 1960 to \$982.5 million in 1963, and went above \$1,000 million in 1964.⁴⁰

As shown in Table 2, Mexico has not had the serious balance of payments difficulties which has been so common in Latin America. Its most serious deficits during the past 20 years took place immediately after World War II. It recorded impressive surpluses during the war years, and surpluses emerged again during the late 1940's and in the mid-1950's. During more recent years Mexico has experienced a mild deficit. The ever increasing tourist and border trade, along with the recent increases in exports, are primarily responsible for keeping the payments in near balance.⁴¹

Foreign investment has not always found the welcome in Mexico that it has in other Latin American countries. After the uneasy period in the balance of payments of the early 1950's, however, President Ruiz Cortines turned a more sympathetic eye to this source of funds. Direct foreign investments

⁴⁰United Nations, loc. cit.; see also IMF, International Financial Statistics, various years.

⁴¹Vernon, op. cit., p. 105.

more than doubled in 1954 over those for 1953, and climbed steadily for the next three years. By 1958 and 1959, the old hostilities showed up again, and total net private foreign direct investment began to decline.⁴²

After the slump in the early 1960's, the Mexican government again began to court foreign investors, particularly those in the United States. In 1962, President Lopez Mateos sent an economic team to tour the United States, hoping to arouse interest in support of a \$1.6 billion industrial development program scheduled to run for the next three years. Certain incentives were promised, but the President made it clear that it wasn't a program of "industrialization at any cost." He did not, for instance, want foreign investors to produce commodities which would compete with those already being produced in Mexico. Furthermore, there was no promise of government relief from the Mexican law which requires that 51 percent of the ownership of basic industries be under Mexican control.⁴³

By 1965, President Diaz Ordaz asked the Congress of Mexico to pass further legislation which would assist the government in its control of foreign capital. Dealing specifically with the banking system, the new law provided that the Finance Minister would have the power to withdraw, at his

⁴²Ibid., p. 113-14.

⁴³Christian Science Monitor, June 8, 1962, and June 27, 1962.

discretion, the right of foreign investors to participate in Mexican banking, investment or credit institutions. These key institutions in the economic system, the President indicated, "must be reserved for Mexican investors."⁴⁴

Mexico had an inflation problem after World War II, similar to the problems that existed in other Latin American primary producing countries. But its central bank, the Banco de Mexico, whose powers in 1941 were extended from that of a central bank to those of a governmental institution with powers to enforce policy, used several monetary devices to cope with the problem. It instituted a fraction reserve system, and stiffened reserve requirements as credit expanded. It bought securities of industrial users and diverted them to industry. In spite of the many restrictions, some inflation developed, but it was mild compared with that of most other Latin American countries.⁴⁵

The development of an effective Latin American common market could be a significant factor in Mexico's future development.⁴⁶ Such an association is widely supported in Mexico, and would give the country large scale markets which its internal

⁴⁴New York Times, December 12, 1965, p. 21.

⁴⁵Vernon, op. cit., pp. 98-99.

⁴⁶For a recent progress report on LAFTA's development, see United States, Congress, Latin American Development and Western Hemisphere Trade, op. cit., pp. 57-71. For more recent developments leading to an enlarged common market see New York Times, April 9, 1967, pp. 10, 11, 13 and 1E; April 16, 1967, p. 32.

markets have so far been unable to do. Mexico's exports to member countries, consisting mostly of manufactured goods, more than doubled between 1961 and 1963.⁴⁷

Present State of Development in Peru

The per capita income in Peru in 1960 was about half the figure for Mexico, near \$150. The amount has been increasing steadily since 1942, yet it is low even by Latin American standards. Some 15 of the countries in the region had higher per capita incomes in 1960.⁴⁸

The annual growth rate of the gross domestic product during the period since the end of World War II has not been steady. It was approximately 3 percent during the period 1945-51. The growth rate from 1951-55 was considerably higher, in excess of 5 percent. By 1957, however, the growth rate took a turn downward. External demand and export prices weakened at the same time. A serious balance of payments disequilibrium resulted, and there was some depletion of monetary reserves. This was followed by a certain amount of internal disequilibrium which included inflationary pressures, "a greater amount of dissaving on the part of family units and a heavier fiscal deficit."⁴⁹

Further weakening of economic development came to a head

⁴⁷United Nations, (E/CN.12/696/Rev., 1965), op. cit., p. 18.

⁴⁸Urquidi, op. cit., p. 162; and Stark, op. cit., p. 169.

⁴⁹United Nations, Department of Economic and Social Affairs, (ECLA), Economic Survey of Latin America, 1958 (E/3244/ST/ECA/60) (New York, 1959), pp. 145-47.

in 1958, the year in which the per capita gross product actually registered a decline. The deficit in the balance of payments continued, and prices continued to move upward. This situation continued until the early 1960's.⁵⁰ At that time, and up until 1963, high growth rates for both product and income were registered. By the latter date, however, production was continuing to rise, but the rate of growth of the gross product dropped from a high of 9.2 percent in 1961 down to 3.6 percent.⁵¹

By August of 1964, approximately a year after the new president, Belaunde Terry, had taken office, there was a recovery from the 1963 slump. The annual growth rate of the gross product was near 7.0 percent. Due in part to a recent boom in exports, banks were bulging with record deposits and credit was described as "lively." The national currency--the sol--was backed by \$165 million in reserves, a figure which was 70 percent higher than it was when Belaunde took office.⁵²

Peru is still basically an agrarian economy. In the late 1950's 60.2 percent of the labor force was engaged in agriculture and stock raising. Some 19 percent were employed

⁵⁰United Nations, Department of Economic and Social Affairs, (ECLA), Economic Survey of Latin America, 1960 (E/3501/Rev.1/ST/ECA/68) (New York, 1961), Part I, Table II-3.

⁵¹United Nations, (E/CN.12/696/Rev.1, 1965), op. cit., pp. 13-14.

⁵²New York Times, August 2, 1964, p. 22, and October 4, 1964, p. 31.

in industry. During the period 1950-58 there were increases in the number employed in both agriculture and industry, with a slightly larger increase in the latter.⁵³

By 1963, the sectoral composition of the domestic product in Peru was 21.5 percent in agriculture and related areas; 20.7 in trade and finance; 18.9 in manufacturing; 8.1 percent in government; and 8.0 percent in mining and quarries. As compared with the year 1950, the agricultural percentage had declined from 26.2 percent, while increases had been registered in trade and finance, manufacturing, and mining and smelting.⁵⁴

Peru, as Mexico, does not depend solely on a single export commodity. Various minerals such as copper, lead and zinc, account for approximately 37 percent of her exports. Cotton, which has been its single largest export crop, accounted for about 26 percent of the total exports in 1958, while sugar accounted for 12 percent.⁵⁵ The pattern has changed somewhat in recent years. The principal export commodity in 1963 was fishmeal (23.7 percent of the total) and was followed by cotton which accounted for only 17.5 percent of total exports.⁵⁶

About one-third of Peru's exports go to the United States and Canada, another one-third go to Western Europe, and

⁵³Banco Central de Reserva del Peru, Actividades Productivas del Peru (Lima, Peru: 1961), p. 18.

⁵⁴United Nations, loc. cit., p. 32.

⁵⁵Banco Central de Reserva del Peru, op. cit., p. 31.

⁵⁶United States, Congress, Joint Economic Committee, op. cit., p. 135.

about one-sixth to other Latin American countries. About 40 percent of her imports come from the United States, some 10 percent from Canada, about one-third from Western Europe, and about one-twelfth from other Latin American countries.⁵⁷

Foreign investment in Peru has never been as large as in such countries as Argentina, Chile, Cuba, Mexico and Venezuela. United States direct private investment in Peru grew from \$129 million in 1929 to \$427 million by 1959. The latter figure accounted for approximately 5 percent of all United States direct investments in Latin America, about half the figure for Mexico. Most of the United States investment has been in the mining sector.⁵⁸

During the period 1946-56 Peru's average rate of inflation amounted to approximately 12 percent. This was the sixth largest in Latin America.⁵⁹ Inflation has been less severe in more recent years.

Development in Mexico and Peru, a Summary

The above paragraphs have described the general characteristics of the Mexican and Peruvian economies. More specific information about these two systems will be included in the following chapters. At this point, however, certain general

⁵⁷IMF, International Financial Statistics, XIV (February, 1960).

⁵⁸United States, Department of Commerce, op. cit., Table 4.

⁵⁹Stark, op. cit., p. 127.

comparisons may be made.

The level of living, as determined by per capita income, is considerably higher in Mexico than in Peru. In addition, both per capita gross product and per capita real income have grown, in recent years, at a steadier rate in Mexico, even though both have grown.

Both countries rely on multiple rather than single export commodities. This is partly the reason why recent balance of payments deficits have been relatively mild for both systems. The volume of exports has grown considerably in recent years for both countries, but the growth has been greater in Mexico than in Peru. With respect to imports, Mexico's power to import has been increasingly enhanced because of dollar accumulations from United States tourist spending.

Neither country has suffered from serious inflation problems in recent years, although both had some difficulties in the early post-war period. The inflation problem was more acute in Peru than in Mexico.

Foreign investment is not so extensive in either Mexico or Peru that it has had significant economic effects. Both countries are currently welcoming direct foreign investments, under certain conditions, and both have received funds from other international sources, including loans from the World Bank and funds under the Alliance for Progress.

Both Mexico and Peru are members of the Latin American Free Trade Association. The immediate advantages of membership in this organization, however, appear to be weighted on the

side of Mexico. Because of the latter's more developed industrial capacity it is in a better position to export manufactured goods to the other member countries.

Recent indices of growth in both countries have been impressive, but Mexico has had an important advantage in that economic development began much earlier there than it did in Peru. Development in Mexico has had an intimate tie with the Mexican Revolution, a phenomenon which will be described below. Modernization in Peru has been primarily a post-World War II development.

Rostow's classification of Mexico as a country at the "take-off" stage appears to be justified on the basis of information available. Peru cannot be so classified at this time. Whether the latter country is still a "traditional society," or one meeting "the pre-conditions for take-off," remains to be seen. Even if it is accomplishing the latter, the basic question raised in this study remains the same: why does Peru find itself a stage or two behind Mexico?

CHAPTER IV

GOVERNMENT, POLITICS, AND ECONOMIC DEVELOPMENT

Governments of the less developed countries must share much, if not most, of the responsibility for the state of economic development. Some of these same governments, however, may be limited by conditions which they are trying to overcome.¹

"Politics," also may be an obstacle or asset to economic development. After summaries on the conceptual theories of government and politics, this chapter will analyze the systems of Mexico and Peru to determine the degree to which these factors may influence development, and to what extent, if any, they have had on successfully implementing the Alliance for Progress.

Albert O. Hirschman has noted that "little attention appears to have been given by economists and other social scientists to any analysis, systematic or casual, of the behavior of

¹Governments may, for example, be temporarily unable to unify the many diverse elements found in a given country. Among these elements would be geography, religion, ethnic groups, ideology, and political organizations. A "centralized national state" is a pre-condition to take-off. Rostow, op. cit., 19. National unity is "the first prerequisite" to development. Millikan and Blackmer, op. cit., 76.

governments of underdeveloped countries as revealed by their economic policy decisions over a period of time." Even so, he continues, in view of the important role played today by governments in the development process, "it is clear that governmental behavior should be subjected to just as close scrutiny as is being given to the motivations and conduct of entrepreneurs."²

Without knowledge about what to expect from a particular government, the economists and social science "experts" may think, at the beginning of their work, "that the principal problem they are going to be confronted with will be that of determining what ought to be done. . . ." They soon realize, however, that most of their time is consumed not in determining what should be done, but in "energy-consuming and often frustrating efforts to put their ideas and proposals across."³

The government may take an active role in economic development as in Japan after 1870 and in the Soviet Union after World War I. On the other hand, it may play a more passive role as did the governments of England and the United States. Even in the latter cases, however, the general governing framework within which development took place cannot be overlooked.

With respect to modern development, Meier and Baldwin point out that most students currently agree that "more vigorous governmental action is necessary to accelerate development

²"Economic Policy in Underdeveloped Countries," Economic Development and Cultural Change, VI (July, 1957), pp. 362-70.

³Ibid.

in the poor countries."⁴ Especially in those countries that have remained stationary for so long, "many believe that positive governmental intervention is essential to get these countries off dead center."⁵ At the minimum, Kindleberger concludes, "a government can plan the environment in which business enterprise operates, lay down the rules, build the necessary institutions, and preserve law and order."⁶

In emphasizing the legislative side of the government with respect to development, Urquidi has pointed out that "at any given moment in the process of trying to establish a clearly defined development policy . . . there is a body of existing legislation that has to be taken into account."⁷ When countries adopt development programs, he continues, a first step should be "to revise critically all economic legislation, beginning with constitutional provisions, in order to determine its compatibility with a development policy or a program."⁸

Urquidi further points to several specific areas which would probably require legislative action. An important one is the field of investment. Here, "it is not enough for a government to proclaim the need for private investment. A

⁴Meier, and Baldwin, op. cit., p. 361.

⁵Ibid.

⁶Kindleberger, op. cit., p. 140.

⁷"Legislation for Economic Development in Latin America," Dynamics of Development, ed. Gove Hambidge (New York: Frederick A. Praeger, 1964), pp. 96-107.

⁸Ibid., p. 97.

whole series of legal provisions and administrative policies should, as a consistent whole, attempt to induce the desired volume of private investment."⁹ In manufacturing, mining, and utilities, the problem involves not only the general political atmosphere, but also

the adequacy of tax incentives, rates of taxation on profits, labor legislation, social security contributions, tariff protection and import controls, equitable treatment of foreign private capital, utility rates, and, in some cases, special legislation regulating the integration and expansion of an industry through both publicly owned and privately owned plants. It is obvious that failings in any one type of measure, the adoption of contradictory legislation, or the application of mutually inconsistent operational policies will result in delays in private industrial investment and a falling short of desired targets.¹⁰

In the agricultural sector, the legislature must face the basic question of land reform, understood not only as the redistribution of large holdings among the rural population, "but of redistribution plus fuller and better use of land, improved farm methods and higher productivity, and retention of earnings in the hands of the rural mass itself."¹¹ In the area of human resources it may be necessary, in Latin America, to reappraise the educational system, the industrial legislation, "parts of labor and employment legislation, the social security regimes, and the general welfare policies affecting the ability of families to keep their children in school."¹²

With respect to consumption, "a development policy should aim at raising consumption, which is the ultimate purpose

⁹Ibid., p. 99.

¹⁰Ibid.

¹¹Ibid., p. 101.

¹²Ibid., p. 102.

of an economic system." A policy to increase consumption would have important implications for tax policy. There would be "a need to reform the tax structure, particularly through the adoption and extension of full progressive personal income taxation." In addition, taxes on capital gains and possible net wealth, would have to be considered. Finally, "the alleviation of indirect taxes, including local taxes, on basic commodities, and the creation of special purchase taxes on goods and services consumed by higher income groups," might be necessary.¹³

Legislation is an instrument, a very important instrument, with which to determine and carry out policy. There may be any number of reasons why legislation is inappropriate to encourage the development which is being sought. Legislators may not understand what type laws are needed, and even if they do, there may be reasons why they would refuse to support them.¹⁴

Economic development requires not only favorable laws and a Constitution to give direction, but "it requires also an appropriate administrative system to follow through with the plans laid down in the laws."¹⁵ Kindleberger would agree that "most plans require governmental administration," but, he adds, "honest administrators are one of the scarcest resources in

¹³Ibid., p. 103.

¹⁴Ibid., pp. 106-07; see also Urquidi, "Legislation for Economic Development," Latin America, Evolution or Explosion, ed. Mildred Adams (New York: Dodd, Mead and Co., 1963), pp. 143-58.

¹⁵Herman Finer, "The Role of Government," in Williamson and Buttrick, op. cit., p. 371.

underdeveloped countries."¹⁶

In addition to the government's role in providing proper legislation and administration, the question is often raised whether government should act as the central and chief development agent, or limit itself to establishing the proper climate within which private enterprise may so act.

Kindleberger points out that private enterprise may be an advantage because people may find it "more painful to pay taxes to government for capital formation because of the element of compulsion than to allow entrepreneurs to drain off a comparable amount as profit for reinvestment." But when profits are high, and spent on "lavish consumption instead of re-invested in productive enterprise, there may be little to be said for free enterprise on the ground of either equity or growth."¹⁷

Another point often made in defense of private enterprise is that it has a tremendous capacity for innovation. Governmental bureaucracies, it is assumed, become proponents of the status quo. In other words, it is sometimes charged, they "pass the buck, dodge responsibility, and cling to proved methods."¹⁸

¹⁶Kindleberger, op. cit., p. 147.

¹⁷Ibid., p. 134.

¹⁸Ibid., p. 135; see also August Maffary, "Some Problems of Economic Development," in Shannon, op. cit., pp. 276-80; Meier and Baldwin, op. cit., p. 362ff.; Okun and Richardson, op. cit., Part viii, pp. 417-77; and Finer, op. cit., pp. 369-74.

Other weaknesses of government as the major development agent would include the possibility that the politicians and civil servants "may attempt too much, interest themselves unduly in the showy and monumental venture, [and] neglect fruitful but important tasks."¹⁹ Furthermore, governmental personnel may be less frugal with public funds than those in an incentive system would be.

The government must, however, intervene to produce savings "if none are forthcoming," and if "productive investment is to be undertaken." If there are no "investment or commercial bankers to direct the flow of investment, and even in some instances where there are, government machinery is needed to allocate capital."²⁰

Since the issue of government versus private enterprise as the prime mover in development remains unsettled, no further attempt will be made to develop it here. On the other hand, there is a strong consensus with respect to the government's role in promoting a proper climate, passing appropriate legislation, and establishing an effective administrative system, roles which only a politically developed system could adequately execute. The concept of political development, a relatively new term in political science, will be discussed below.

Political Development

Frederick W. Frey has said that the concept of political development "seems to be a rather natural extension of the

¹⁹Kindleberger, op. cit., p. 136. ²⁰Ibid., p. 137.

popular idea of economic development, which has been widely and effectively employed."²¹ There is a greater consensus, he notes, on what constitutes economic development than what is meant by political development. The latter has been defined as including certain "specific political institutions and procedures--a national legislature, an independent judiciary, free elections, political parties and civil rights, all of which are commonly found in Western countries."²²

Others have seen political development as the absence of violence, governmental stability (or the absence of political instability), and greater and more general satisfaction with the political system. Still others, notably some of the economists, view it as an adjunct to economic development, and they see it as constituting an impediment to economic growth if certain desired changes fail to develop.²³

Leonard Binder, noting that "at present there is little agreement among scholars as to the meaning or direction of political development," says there is one feature common to all of the attempts to define the term: the "teleological emphasis."²⁴ That is, it is assumed that in its terminal state, we know what political development is. But, according to Binder, "direc-

²¹"Political Development, Power, and Communications in Turkey," Communications and Political Development, ed. Lucien W. Pye (Princeton: Princeton University Press, 1963), p. 229.

²²Ibid.

²³Ibid.

²⁴"The National Integration and Political Development," American Political Science Review, LVIII (September, 1964), pp. 622-23.

tion may be given by an open-ended social process as well as by some irresistibly magnetic pole." It is, he thinks, "preferable to search for the meaning of political development in terms of an open-ended process that we know is going on rather than in terms of some speculative terminal state."²⁵

Harold D. Lasswell has recently written that "the conception of power plays the same role for political scientists and jurists that wealth plays for economists."²⁶ He proposes, therefore, the following definition of political development: "A sequence of approximations toward a self-sustaining level of power accumulation."²⁷ A self-sustaining level of power accumulation is reached "when the nation is able to furnish its own trained personnel, to achieve structural innovations with minimum resort to coercion, and to mobilize resources for national goals."²⁸

The political development model, Lasswell thinks, "should be explicitly preferential." The preferred model should require "an ideology of progress and commitment to wide participation in power as a long-run goal." He views the function of a model as that which "provides a guide for taking sides in controversies over basic objective," and then places himself along side those "who recommend a conception that gives expres-

²⁵Ibid.

²⁶"The Policy Sciences of Development," World Politics, XVII (January, 1965), p. 288.

²⁷Ibid.

²⁸Ibid., p. 290.

sion to the overriding goal of human dignity and that defines this phase to include effective general participation in the decision process."²⁹

Lasswell's model of political development emphasizes the importance of "obtaining sufficient power to maintain national independence," and would therefore include "effective political demands not only for economic development, but for growth in all the value-institution sectors of the body politic." Such development would be understood to include "willingness and capability to play a responsible role in world politics," and would call for an "internal process of decision whose structures--both formal and informal, organized and unorganized--constitute a system of public order capable of creative, realistic problem-solving in pursuit of a rising level of participation in all values."³⁰ Finally his model would "provide strategic guidance for timing the component elements in sequences of development."³¹

In a somewhat similar vein, another authority says political development means "the growth of institutions and practices that allow a political system to deal with its own fundamental problems with greater effectiveness for the short run while working toward more responsiveness of the regime to

²⁹Ibid., pp. 290-91.

³⁰Ibid., pp. 291-95.

³¹Ibid.

popular demands for the longer run."³² The traditional opposite evils "of tyranny and anarchy must be avoided, and every country must find its own combination of authority and inhibition of power appropriate to its traditions and to its present needs."³³

Recently Lucien W. Pye, after surveying ten definitions of political development, concluded that there is great confusion about the meaning of the term. Nevertheless, he extracts from the ten definitions three similar themes which he thinks characterize the general thinking about the concept. The first broadly shared characteristic "is a general spirit or attitude toward equality."³⁴ This actually involves not only mass popular participation in political activities, but also an equality characterized by laws of a universalistic nature. Furthermore, equality would mean "that recruitment to political office should reflect achievement standards of performance and not the ascriptive considerations of a traditional social system."³⁵

Pye sees a second important theme as that of the capacity of the political system. This means that the government may not only act, but it may do so with effectiveness and effi-

³²Howard Wiggins, "Foreign Assistance and Political Development," Development of the Emerging Countries, ed. Robert E. Asher (Washington, D. C.: Brookings Institution, 1962), p. 182.

³³Ibid.

³⁴"The Concept of Political Development," The Annals of the American Academy of Political and Social Science, CCCLVII (March, 1965), pp. 1-13.

³⁵Ibid., p. 12.

ciency. Further, "capacity is related to rationality in administration and a secular orientation toward policy."³⁶

A third basic concern of those who have dealt with political development as seen by Pye, is that of differentiation and specialization. "Offices and agencies tend to have their distinct and limited functions, and there is an equivalent of a division of labor within the realm of government."³⁷ Accompanying differentiation, there is "increased functional specificity of the various political roles within the system."³⁸ Finally, "differentiation involves the integration of complex structures and processes."³⁹ This does not mean that differentiation is fragmentation "and the isolation of the different parts of the political system but specialization based on an ultimate sense of integration."⁴⁰

Progress toward these three dimensions may proceed at different rates, depending on a number of variables. Furthermore, there are no sharp and distinct stages of development.⁴¹

Pye has not attempted to equate political development with democracy, but he has noted that others have done so. On the other hand, he points out, there are those who think that political development is close to, but not quite the same as, democracy. Still others have claimed that development and democracy are two basically different things, and that attempts

³⁶Ibid.

³⁸Ibid.

⁴⁰Ibid.

³⁷Ibid.

³⁹Ibid.

⁴¹Ibid., pp. 12-13.

to implement the latter may be an impediment to the former.⁴²

The government's power to persuade or coerce are key factors in Karl von Vorys' concept of political development.⁴³ A basic characteristic, then, of the underdeveloped system would be the lack of governmental power to carry on these functions. Political development is, therefore, a process "which is more specific than political change and one which is distinct from modernization."⁴⁴ It is a process "whose goal is a political system which can provide for the functional requirements of long-term persistence, a system which will probably meet the tests of modernity, but which does not have to do so."⁴⁵ The process may include social and economic changes, but the focus "is the development of the governmental capacity to direct the course and the rate of" such change. It is a process, he continues,

which will rest largely upon social and economic accomplishments, but whose progress is measured by increments in the government's capacities to coerce and persuade. Above all, it is a political process which, in fact, will accomplish its political goal.⁴⁶

⁴²Ibid., p. 9; see also his chapter on "Democracy and Political Development" in Lucien W. Pye, Aspects of Political Development (Boston: Little Brown and Co., 1966), pp. 71-88. The view that the democratic process is appropriate to economic development in Latin America is expressed in Charles W. Anderson, Politics and Economic Development in Latin America (Princeton, N. J.: D. Van Nostrand Co., 1967), pp. 372-76.

⁴³"Towards a Concept of Political Development," Annals of the American Academy of Political and Social Sciences, CCCLVII (March, 1965), pp. 14-19.

⁴⁴Ibid., p. 19.

⁴⁵Ibid.

⁴⁶Ibid.

A. F. K. Organski's view of political development is similar to that of von Vorys. By definition, it is an "increasing governmental efficiency in utilizing the human and material resources of the nation for national goals."⁴⁷ There are four stages of political development,⁴⁸ and the basic functions of the government change "as a nation moves from one stage to another, and at each stage the national government, if it is to qualify as 'developed,' must fill the new function as well as consolidate the gains of the past."⁴⁹ Development in the first stage required only national unification. Today, not only is national unity necessary, but the additional ingredients of economic modernization and welfare provisions are required.⁵⁰

According to Organski, there is no one form of government which must be used during a particular stage. In the past, he notes, three different types of government have been used to lead a system from the first stage of primitive unification to the second stage of industrialization: Western democracy, communist, and fascist. Currently, developing nations have a choice of any one of these plus any variant which they may choose to use.⁵¹ Only by analyzing conditions in a particular

⁴⁷The Stages of Political Development (New York: Alfred A. Knopf, 1965), p. 7.

⁴⁸His four stages are (1) the politics of primitive unification, (2) the politics of industrialization, (3) the politics of national welfare, and (4) the politics of abundance. Ibid.

⁴⁹Ibid.

⁵⁰Ibid.

⁵¹Ibid., p. 10.

country can one hope to speculate on what route will be followed in a given system.⁵²

Martin Needler has noted that a politically developed society may be transformed into a dictatorship but, he thinks, "a dictatorship in a developed society is characteristically different from its counterpart in a traditional society."⁵³ The traditional dictator rules over "apathetic and indifferent subjects who merely demonstrate no overt signs of disobedience." The modern dictator, such as Hitler, Mussolini, and Peron, "starts from the assumption that the citizens will participate in politics." Rather than attempting to eliminate popular participation, "totalitarianism accepts the fact of popular participation, but forces it into channels of support for the regime."⁵⁴

With these concepts and definitions of political development as guides, the term will be used in this paper to describe conditions similar to those that exist in the industrialized countries.⁵⁵ More specifically, it will denote the existence of a legitimate power center capable of giving direction, through effective use of its human and material resources, to achieving national goals. It will not assume a movement toward democracy, unless mass participation in the political arena

⁵²Ibid., ch. vii.

⁵³Latin American Politics in Perspective (New York: D. Van Nostrand Company, Inc., 1963), pp. 17-18.

⁵⁴Ibid., p. 18.

⁵⁵This would not, however, rule out certain less industrialized nations.

could be so construed.

There is strong evidence that there is a correlation between economic development and political development.⁵⁶ This may be explained by the fact that a responsible government, with the capacity to act effectively, either initiates measures designed to promote the general well-being, or it is responsive to public aspirations for a higher standard of living, and acts accordingly.

Government and the Political Process
In Mexico and Peru

The Nature of "Politics"

Harold D. Lasswell says the study of politics "is the study of influence and the influential."⁵⁷ The influential "are those who get the most of what there is to get." Hans Morgenthau calls politics "a struggle for power over men," and points out that "whatever its ultimate goal may be, power is its immediate goal."⁵⁸ Lasswell and Kaplan use a definition similar to Morgenthau's. Participants in the political arenas are, they say, "seeking to maximize power and other values in-

⁵⁶See Asher, op. cit., pp. 2-5; Dick Simpson, "The Congruence of the Political, Social and Economic Aspects of Development," International Development Review, VI (June, 1964), pp. 21-25; and Charles Wolf, Jr., "The Political Effects of Economic Programs: Some Indicators for Latin America," Economic Development and Cultural Change, XIV (October, 1965), pp. 1-19.

⁵⁷Politics, Who Gets What, When, How (New York: McGraw-Hill, 1936), p. 3.

⁵⁸Scientific Man vs. Power Politics (Chicago: University of Chicago Press, 1946), p. 195.

fluencing outcomes."⁵⁹

Vernon Van Dyke, Quincy Wright and Bertrand De Jouvenel have given similar definitions to the term "politics." Van Dyke calls it "a struggle among actors pursuing conflicting desires on public issues."⁶⁰ Wright has called it "the art of influencing, manipulating, or controlling [groups] so as to advance the purposes of some against the opposition of others."⁶¹ In another publication Wright adds that "politics exists only when ends or means are controversial."⁶² De Jouvenel says "political phenomena appears essential as relations between individuals."⁶³ He adds: "politics consists of nothing other than human behavior . . . [and] . . . we should regard as political every systematic effort, performed any place in the social field, to move other men in the pursuit of some design cherished by the mover."

Leslie Lipson has made a distinction between "politics" and "institutions." The state, he says, "is the institution in and through which men made up their mind . . . and choose between

⁵⁹Lasswell and A. Kaplan, Power and Society: A Framework for Political Inquiry (New Haven: Yale University Press, 1950), p. 132.

⁶⁰Political Science: A Philosophical Analysis (Stanford: Stanford University Press, 1960), p. 128.

⁶¹A Study of International Relations (New York: Appleton-Century-Crofts, 1955), p. 130-35.

⁶²"Political Science and World Stabilization," American Political Science Review, XLIV (March, 1950), pp. 1-13.

⁶³The Pure Theory of Politics (Cambridge: At the University Press, 1963), pp. x and xi.

the possibilities available." But, "the process of selection, the reasons and reasoning that prompted it--all this is the material of politics." Through politics, he continues, "men formulate their preferences, determine the goals for which they strive, and appraise the values that they cherish or regret."⁶⁴

The "struggle" may be at the ballot box, or it may be in the legislature or constitutional convention when the laws regulating voting and elections are being written. It may take place among interest groups; it will surely manifest itself in a competitive party system. On the other hand, the struggle may be at level of the chief executive, and it may involve his selection, his powers, his actions, and the laws that govern all of these factors. In other words, government evolves out of and to a great extent operates through politics.⁶⁵ Both institutions and politics reflect the state of political development--or underdevelopment--and therefore influence economic development. According to the officers of the Agency for International Development, the principle of self-help, which is a cornerstone of U. S. aid programs, applies also to measures for strengthening political democracy. While such measures are not always easy to define, they include

measures to broaden participation in the political system;

⁶⁴The Great Issues of Politics (New York: Prentice-Hall, 1954), pp. 95-96.

⁶⁵This would be determined in part by the extent to which the democratic method of governing is used.

for example, by extending voting rights, developing effective channels for expression of political views, or instituting more representative political procedures. They also include measures to improve the efficiency of public administration. . . .⁶⁶

For these reasons, the political institutions and processes of Mexico and Peru will be described.

Voting and Elections

The Mexican Constitution of 1917 declares "the prerogatives of citizens" to be, among other things, "to vote in popular elections," and "to be voted for," provided one has the "qualifications established by law." The prerogatives include the associating together "to discuss the political affairs of the country," and the exercising "in all cases the right of petition."⁶⁷

Duties under the Constitution include registering "in the electoral poll-books," voting "in popular elections in the electoral district to which they belong," serving "in the elective offices of the Federation or of the States," and serving "in municipal council positions where they reside."⁶⁸

The constitutional provisions were supplemented by the federal election laws of 1918 and 1945. These laws provided for universal adult male suffrage with an age requirement of 18 for married persons and 21 for the unmarried. Proof of

⁶⁶U. S. Department of State, Agency for International Development, Principles of Foreign Economic Assistance (Washington: U. S., Government Printing Office, 1965), p. 30.

⁶⁷Article 35.

⁶⁸Article 36.

literacy is not required. Women were extended the right to vote in municipal elections during President Aleman's administration in the 1940's, and by constitutional amendment in 1954 the right to vote in national elections was affirmed.⁶⁹

Under present provisions of the basic electoral law, failure to vote may result in a fine of 300 pesos (\$24) or three days in jail. The law sets up a National Registry of Voters at the capital, whose duty it is to maintain the lists of eligible voters and election records. Heading the national electoral machinery is the Federal Electoral Commission, in turn headed by the Minister of Government. Sitting with the minister on the Commission is one senator, one deputy, and three representatives of the political parties. The Commission is primarily responsible for the conduct of national elections.⁷⁰

There is also an electoral commission for each state. Its three members are chosen by the Federal Electoral Commission. In addition, each state is subdivided into districts, each of which has a district committee. Membership on the district committees is also determined by the Federal commission, after recommendations of the state commissions have been received.⁷¹

Elections are held every three years in Mexico. By April 30, all electoral commissions invite filings which may

⁶⁹William P. Tucker, The Mexican Government Today (Minneapolis: University of Minnesota Press, 1957), pp. 64-65.

⁷⁰Ibid.

⁷¹Ibid.

continue until May 15. On May 25, Diario Oficial and two other papers publish an official list of candidates. On the first Sunday in June there is published, by the district committees, the name of polling places and personnel. In between the first and the third Sunday, when the final listings are made, objections to these procedures may be filed with the committee.⁷²

Election day is the first Sunday in July, from 8 a.m. to 5 p.m. Australian-type ballots are used, and the marking is supposed to be done in secret. Watchers for the parties and candidates may be used, and armed or intoxicated persons are excluded. Write-ins are permitted. When the polls close, votes for the local deputy are announced. These records are then sent to the district, state and national committees where the votes for other officials, such as senator, are made public. Votes for the president are announced finally by the Chamber of Deputies, which has the final decision with respect to the new chief executive.⁷³

In the 1961 non-presidential elections, when registration was high and "with opposition parties fielding far more candidates than previously," the government promised the voters that it would make a determined effort to hold honest elections, including an accurate count of the votes. For the first time, in this election, the government experimented with the "thumb stain" method of providing honest decisions. The experiment, confined to the Federal District and the state of San Luis

⁷²Ibid., p. 66.

⁷³Ibid.

Potosí, consisted of rolling indelible ink on the left thumb when the ballot was deposited. Use of the ink, which was supposed to remain on the finger for at least four days, was protested as invasion of privacy by some individuals and the press.⁷⁴

As the 1964 presidential election was approaching, one report summed up the proceedings this way: "The maintenance of order during the campaign, particularly in the provinces is viewed here as setting a new high in Mexican political maturity."⁷⁵ There was, the report continued, "a notable lack of bitterness in the campaigns waged by the two principal candidates." In writing about the same election, Martin C. Needler has said that the Partido Revolucionario Institucional (PRI) now gains its victories fairly and squarely. After the 1964 election, he says, it was "the first time in Mexican history that a losing candidate for the presidency has formally conceded victory to his opponent."⁷⁶

Not only have the elections in Mexico become more respectable, but there appears to have been earnest attempts to get out the vote, even the illiterate vote. According to Scott, when the voters list was about to be closed on February 15, 1958, only about 25 percent of those eligible to vote had registered.

⁷⁴New York Times, July 2, 1961, p. 10.

⁷⁵Ibid., July 5, 1964, p. 16.

⁷⁶"Changing the Guard in Mexico," Current History, XLVIII (January, 1965), p. 26.

A month's extension was immediately granted, during which time intense publicity was directed to the prospective registrants. Registration booths were kept open long hours, and many merchants offered discounts to customers who could show proof of registration. PRI, professional organizations and other national groups pressed their members to comply with the registration laws. At the close of the second period on March 15, when there were still less than seven million registered voters, the period was extended again for two weeks.⁷⁷

While it has been said that there was little voter choice in the 1958 elections, it must also be born in mind that this was the first presidential election in which women participated. And, according to Howard F. Cline, there had been some fears that once women began to vote, they would flock "to reactionary, or Church-oriented parties," a possibility which did not develop.⁷⁸

At the end of the registration period in 1958, 10,443,465 persons had registered, which was about 80 percent of those eligible. Of that number, 4,649,983, or 44 percent, were women.⁷⁹ In the non-presidential election year of 1961, the number dropped to about 9.5 million.⁸⁰ In 1964 the figure

⁷⁷Robert E. Scott, Mexican Government In Transition (Urbana, Ill.: University of Illinois Press, 1959), pp. 223-26.

⁷⁸Mexico: Revolution to Evolution, 1940-1960 (London: Oxford University Press, 1962), p. 167.

⁷⁹Scott, op. cit., p. 226.

⁸⁰New York Times, July 2, 1961, p. 10.

was back up, this time near 13.5 million, 70 percent of whom, or 10 million, actually voted.⁸¹

In Peru, "the right of suffrage is enjoyed by citizens who know how to read and write."⁸² Citizens are defined, in Article 84 of the Peruvian Constitution, as "male Peruvians of age, married persons over eighteen years and those emancipated." The document was amended in 1955 in order to permit women to vote in national elections. Prior to that time, women could vote only in municipal elections.⁸³ Persons may not vote if their citizenship has been suspended, or if they are members of the armed forces.⁸⁴

The Peruvian Constitution makes registration and voting "obligatory for persons until the age of sixty, and optional beyond that age." The "vote is secret," and the system of elections "shall give representation to minorities, with a tendency to proportionality."⁸⁵ The register is permanent.

There is a national registry with offices in all of the provinces. Registrants are given a libreta electoral (electoral credential) which serves as a means of identification, and also assists the authorities in enforcing the compulsory voting requirements. According to one authority:

⁸¹Needler, "Changing the Guard in Mexico," op. cit., p. 27.

⁸²Article 86, Peruvian Constitution of 1933.

⁸³Article 86.

⁸⁴Article 87.

⁸⁵Article 88.

The libreta is a very important personal possession since it is necessary to present it to enjoy any privilege or service which the government controls: employment, travel, public documents, marriage, admission to a university, professional license, and so forth.⁸⁶

The Jurado Nacional de Elecciones (National Electoral Jury), a body of seven appointed men, serves as the principal governmental agency supervising the elections. The parties, however, provide the ballots. Voting is in secret, after which the participants deposit "all ballots in an envelope supplied by the government," which is in turn "deposited by the voter in a box at the voting table." Indelible markings are used to discourage double voting.⁸⁷

One observer who witnessed the Peruvian elections in 1956 feels that the literacy requirements were not too well enforced in the northern coastal town of Talara. Persons known to be unable to read and write voted nonetheless. On the other hand, most of the qualified residents, according to this source, gladly went to the polls and were willing to stand in line for a long time in order to vote.⁸⁸

In the 1962 elections, there were some 2,220,000 registered voters, some 1.8 million of whom voted. The number of actual voters in the 1963 elections were only slightly higher,

⁸⁶Rosendo A. Gomez, "Peru," Political Systems of Latin America, ed. Martin A. Needler (Princeton, N. J.: D. Van Nostrand Company, 1964), p. 309.

⁸⁷Ibid., p. 310.

⁸⁸Mary Cast, "The Government of Peru," (Unpublished paper, West Texas State University, 1962).

amounting to about 12.3 percent of the total population.⁸⁹

In the 1963 presidential election, just as in the one held in 1962, charges of fraud were made. APRA charged fraud in two north central states, Ancash and Cajamarca, both of which are centers of Aprista strength. After some investigation, the National Election Jury confirmed the fraud charges. Some of the ballots, the Board noted, had been removed from packages of election materials shipped to the two states. "Blank papers and newspapers were stuffed back into the packages."⁹⁰

The election boards suspended voting for some ten days, but there were reports that local election officials permitted the voters to mark their preferences on blank pieces of paper. When the blank sheets were discovered by APRA supporters they demonstrated, and some 20 persons were arrested at Cajamarca. APRA leaders protested that officials searched and closed their headquarters in Cajamarca. Although the armed forces were not permitted to vote in the 1963 election, the elections were under their supervision for the announced purposes of maintaining order and guarding against fraud.⁹¹

There are two major differences between the operation

⁸⁹New York Times, June 10, 1962; Christian Science Monitor, June 15, 1962; New York Times, June 16, 1963; Alexander T. Edelmann, Latin American Government and Politics (Homewood, Ill.: The Dorsey Press, 1965), pp. 346-47.

⁹⁰Christian Science Monitor, June 11, 1963.

⁹¹Ibid.

of elections in Mexico and Peru. In the latter country, due to the literacy requirement and the fact that many of the Indians do not speak and write Spanish, many of the people are automatically prohibited from registering. The illiteracy rate, according to one source, is around 60 percent.⁹² The other main difference is that in Peru there continues to exist a greater likelihood of fraud than in Mexico. When such charges are heard in Peru, the armed forces, which supervises the election, may find it an excuse to declare the entire election illegal.

Political Parties

In every Mexican presidential election since 1940, the nominee of the Partido Revolucionario Institucional (PRI) has received more than 76 percent of the votes cast. In only one of the elections, in fact, has the nominee of the official party won with such a small percentage. That election was the one in 1952 when Ruiz Cortines, encountering strong carry-over opposition from Alemán's administration, received only 76.4 percent of the vote.⁹³

Ávila Camacho pulled a whopping 93.1 percent of the total votes in 1940; Alemán received 80.1 percent of it in 1946. By 1958, López Mateos secured 90.4 percent of all votes cast,

⁹²James C. Carey, "Encouraging New Spirit," Current History, XLIX (December, 1965), p. 323.

⁹³Cline, op. cit., 166; and Frank R. Brandenburg, The Making of Modern Mexico (Englewood Cliffs, N. J.: Prentice-Hall, 1964), p. 107.

only slightly more than Díaz Ordaz' 89 percent in 1964.⁹⁴

Political parties are defined by law in Mexico as "associations for electoral purposes and political orientation, by law made up only of Mexican citizens in full exercise of their civil rights." Such groups "are agents of the electoral agencies and share with them responsibility for the enforcement of constitutional provisions concerning election matters."⁹⁵

The laws are administered by a central government agency, the Secretaría de Gobernación. Parties which propose to participate in national elections must register with Gobernación, which determines if a party has met the minimum qualifications set by law. The agency may also withdraw registration privileges if a party is no longer able to comply with the laws. Recognition, after which a party must wait one year before participating in a national election, requires parties:⁹⁶

- I. To have at least 2,500 members in each of no less than two-thirds of the country's states and territories and, in any case, a minimum of 75,000 members;
- II. To pledge obedience to legal and constitutional provisions, to prohibit subordination of the party to foreign political parties or international organizations, and to engage to participate only in peaceful political activities;
- III. To hold in at least two-thirds of the federal entities a meeting to select delegates to a national constituting convention of the party. At both the state-level and the national meetings, a notary must attend, in order to attest to the legal number of mem-

⁹⁴Cline, loc. cit.; Needler, "Changing the Guard in Mexico," op. cit., p. 27.

⁹⁵Ley Electoral Federal, Diario Oficial, January 7, 1954, quoted in Scott, op. cit., p. 148.

⁹⁶Scott, op. cit., p. 149.

bers and to the fact that decisions were reached by vote of a majority of delegates.

- IV. To adopt a statement of party principles and, as required by the national constitution, a distinctive name that does not allude to race or religion.

After registration, laws require national parties to be governed by a National Assembly, meeting periodically, under the leadership of a permanently established National Executive Committee. In states where party membership is in excess of 2,500, an Executive Committee must also head the state organization. Finally, "each national party must issue a monthly publication, have permanent offices, and provide cultural and civic centers in which its members may meet."⁹⁷

Five parties were registered in the presidential election of 1958. Three of them, in addition to the official party, supported the nominee of PRI. Only PAN put up an opposition candidate. Some of the others did nominate congressional candidates.

The Partido de Acción Nacional, or PAN, has nominated or supported presidential candidates in every presidential election since its organization in 1939. In only two of the elections, however, has its candidate polled more than ten percent of the vote.⁹⁸ Originally a small organization of "conservative intellectuals and professional men," it worked from

⁹⁷Ibid., p. 150.

⁹⁸In 1946 PAN supported Ezequiel Padilla who received 18.7 percent of the total votes cast. The Party's nominee, José Gonzalez Torres, received slightly more than ten percent of the total vote in 1964.

a broader base of support in the 1952 and 1958 elections. Failing to attract any large public following in those elections, internal feuding between the right and left factions became more pronounced, until by 1959 the forces on the right appeared victorious. In that year the rightist majority faction declared open political warfare on the party in power, and elected Jose Gonzalez Torres, the president of three Catholic lay organizations, as its president.⁹⁹

Gonzalez Torres was also chosen by the PAN to oppose Ordaz in the presidential election of 1964. A very active campaign was waged by the PAN nominee and his supporters, but one report noted that "there was a notable lack of bitterness in the campaigns waged by the two principal candidates."¹⁰⁰ National Action emphasized, in its appeal to the voters, the need for less government intervention in business, social, and religious matters. Díaz Ordaz, meanwhile, was emphasizing national problems and proposing various means of solution.¹⁰¹

The Partido Nacionalista de Mexico, or PNM, is another of the "opposition" parties, although it chose to support the nominees of the major party in the presidential elections of 1952, 1958 and 1964. Known by various names, and led mostly by pro-Church spokesmen, the PNM as an organization can be traced

⁹⁹Scott, op. cit., pp. 184-85.

¹⁰⁰New York Times, July 5, 1964, p. 16.

¹⁰¹Hispanic American Report, (HAR), XVI (February, 1964), p. 1134.

back to 1927. With a relatively small membership, the party has pressed for repeal of Article 3 of the Mexican Constitution, spoken out in favor of clerical authority and espoused a program of anti-communism.¹⁰²

One of the more recently legally recognized parties in Mexico is the Partido Auténtico de la Revolución Mexicana, or PARM. It was officially born in 1958 through the leadership of two generals, Jacinto B. Trevino and Juan Barragan. The new party included some of the older revolutionaries, among whom were two of Francisco I. Madero's brothers. According to Scott, these leaders apparently felt the revolution had become side-tracked, and they wanted to help guide it back to its proper course.¹⁰³ Due to a close alliance with the major party, whose nominees it supported in 1958 and 1964, indications were that it would be a short-lived organization.¹⁰⁴

The fifth currently recognized legal party of Mexico is the Partido Popular, or PP, formed in 1947. The establishment of the leftwing PP grew out of the uncompromising attitude of Vicente Lombardo Toledano, the well-known Mexican labor leader, and the then president, Miguel Alemán. The PP probably reached its zenith in the presidential elections of 1952, when its formerly dissatisfied elements, ranging from moderately liberal to orthodox communist, nominated Toledano as its candidate for the

¹⁰²Ibid.; Scott, op. cit., pp. 186-87.

¹⁰³Scott, op. cit., p. 188.

¹⁰⁴HAR, XVI (January, 1964), p. 1040.

highest office.¹⁰⁵

Between 1952 and the presidential election year, 1958, the PP was torn between its extreme factions. In the 1957 meeting of its National Assembly, the hard-core communists were expurgated, and the delegates decided to support Adolfo López Mateos for the presidency in 1958. The name Partido Popular Socialista, PPS, was adopted as the new name for the old PP at the 1960 convention. In the meantime, the organization drew ideologically more and more closely to PRI. By late 1963, after PRI had announced Ordaz as its nominee for 1964, PPS leadership indicated it would support his candidacy. Formally endorsing Ordaz at its December meeting, Toledano and the PPS leadership campaigned for the PRI during 1964, referring to the major party as "the new democratic and popular party."¹⁰⁶

While the PPS moved toward a more moderate position in Mexican politics, the far-left was attempting to reorganize itself in order to speak with a stronger national voice. One such movement was that led by former President Cárdenas, who was primarily responsible for calling delegates to the Latin American Conference for National Sovereignty, Economic Emancipation and Peace, held in Mexico City, March 3-8, 1961. While the meetings were held in secrecy, reports at the time and since have indicated that the general theme was pro-Castro,

¹⁰⁵ Scott, op. cit., p. 189.

¹⁰⁶ HAR, XVI (January, 1964), p. 1039; and XVI (February, 1964), p. 1133.

pro-communism and anti-American. Still further reports indicate that Cárdenas may have taken a more moderate position at the Conference than some of the others on the more militant left.¹⁰⁷

Cárdenas attempted to justify his work with the new leftist movement on grounds that he and other influential Mexicans believed that the revolution was losing its momentum.¹⁰⁸ The former president first jolted Mexico in 1959 when on October 1, he addressed the anniversary celebration of the founding of the Chinese Communist People's Republic in Peiping, and praised the government of Communist China.¹⁰⁹

Growing out of the 1961 "peace" conference was the group generally referred to as the Movimiento de Liberación Nacional (MLN). With support from intellectuals, writers and painters, its membership in 1965 was estimated to be only about 6,000.¹¹⁰ The development of the MLN split the leadership of the Mexican left between Cárdenas and his long-time friend, Vicente Lombardo Toledano. The split went all the way to Moscow. Rival delegates representing both the MLN and the PPS were sent to the Soviet-sponsored World Peace and Disarmament Congress in Moscow in 1962. Moscow decided to receive the MLN representa-

¹⁰⁷New York Times, March 26, 1961, and June 11, 1961, p. 26.

¹⁰⁸Ibid.

¹⁰⁹Ibid., October 18, 1959, p. 24.

¹¹⁰Los Angeles Times, November 7, 1965, Section H., p. 4.

tives.¹¹¹

Cárdenas gave no public encouragement to the development of MLN into a full-fledged political party. With the formation of the newly communist backed Frente Electoral del Pueblo (People's Electoral Front, or FEP), however, some of the MLN supporters also gave support to it. The FEP applied for registration as an official party in July, 1963, claiming the support of 84,113 members, mostly peasants. Gobernación, then headed by Gustavo Díaz Ordaz, considered the application and in the fall of 1963, denied it. Among the reasons the government gave for its action was that the signatures had been secured in haste, and that the FEP leadership had not thoroughly checked the signatures because such names as Jose Stalin, Fidel Castro, and Pedro Infante, a famous singer who died in 1956, were among the supporters.¹¹²

After being denied official recognition, the leaders of FEP vowed to enter candidates in the 1964 elections anyway, and they did. At their November, 1963, convention, Ramon Danzos Palomino was chosen to run as FEP's write-in presidential candidate. Palomino had helped found the MLN, the FEP and the small, left-wing Central Campesina Independiente (CCI).¹¹³ He received less than one percent of the votes in the presidential election

¹¹¹Christian Science Monitor, August 31, 1962.

¹¹²HAR. XVI (September, 1963), p. 655; and XVI (October, 1963), p. 942.

¹¹³HAR. XVI (January, 1964), p. 1039.

of 1964.

The Mexican Left was further split when shortly before the presidential election in 1964, Cárdenas met Díaz Ordaz at a public reception and praised him for his stand and work in agrarian reform, education, honesty in government and patriotism among civil servants. His leftist followers immediately labeled him "reactionary;" those on the far right suspected a booby trap. The moderately left magazine Siempre is reported to have said: "if the Mexican revolutionaries can thus remain united, no one can change our direction."¹¹⁴

The Mexican government has been fairly tolerant of communists, except when they have encouraged agitation activities. Their actual number is small, but it is difficult to determine the number of sympathizers or non-Communist Party Communists. The Partido Comunista Mexicana (PCM) was never able to attract more than about 20,000 followers, and in 1962 was reported to have only 2,500 members. Some of the membership in PPS is undoubtedly "Communist," but the entire party number is currently less than 75,000, and its influence in recent elections has been moderate.¹¹⁵

A communist splinter party, the Mexican Farmers and Workers Party, or POCM, was formed about 1950 and has openly acknowledged its sympathy for international communism. Its

¹¹⁴New York Times, June 21, 1964, p. 21.

¹¹⁵Karl M. Schmitt, "Communism in Mexico Today," Western Political Quarterly, XIV (March, 1962), pp. 111-24.

membership is, however, small, numbering about 1,000 to 1,500.¹¹⁶ Finally, there is the Central Campesina Independiente (CCI), one of the most extreme left-wing movements that grew out of the MLN. Its membership is composed mostly of rural people, making the active membership difficult to determine, but estimates range from 15,000 up.¹¹⁷

Fragmentation on the Right has been somewhat similar to that on the Left. Recent developments include the creation of the Partido Demócrata Cristiano (PDC) by Mario Guerra Leal, who in 1960 had founded the Partido Nacional Anticomunista, which later became the Partido Revolucionario Constitucionalista. Guerra Leal later joined the Frente Cívico Mexicano de Afirmación Revolucionaria (FCMAR), a rightist group organized by former President Miguel Alemán as the rightist answer to Cárdenas' MLN. Still other recently organized rightist groups include the Movimiento Cívico Social Mexicano (MCSM), and the neo-Nazi Frente Patriota de México (FPM). The latter group, which the newspaper Excelsior claimed was anti-Semitic, has indicated that it has contacts with right-wing groups in other American countries, including the John Birch Society of the United States.¹¹⁸

There is very little popular participation in the nominating process in Mexico. Most of this work is done by conventions at the national, state and local levels. In an experiment

¹¹⁶Ibid., 113.

¹¹⁷Los Angeles Times, op. cit.

¹¹⁸HAR, XVI (October, 1963), p. 749.

initiated in 1959, a plan was adopted whereby a specified number of party regulars (PRI) could propose a slate of candidates in addition to those drawn up by the local or state party convention. These slates had to be sent, however, to the next higher echelon of party organization which would in turn, after granting approval, resubmit them to the local conventions. The state or municipal nominating convention would then make its selection from among no more than two slates, the one prepared by the local official conventions, the other through the process just described. The Plan, although weighted in favor of nominations by party regulars, had some success in three states and was at least a mild concession to pressures for more rank-and-file participation in the nominating procedure.¹¹⁹

Thus it can be concluded that the party system in Mexico is presently in no way a detriment to development, with perhaps two mild exceptions. The latter would consist in the way decisions are made to determine the legal status of political parties. If these decisions are made fairly, that is, if future developing parties are permitted to register as provided by law, thereby assuring the legitimacy of the major party, one could hardly find grounds on which to criticize the perpetuation of the one-party system. The other exception is that the election law tends to centralize the whole party structure at the national level under national leaders, leaving little for rank-and-file initiative. On the other hand, such centralization

¹¹⁹Scott, op. cit., pp. 134-44, and 152.

may be helpful in creation of a national consensus, the merits of which have already been described.

Neither the far-Left nor the far-Right in Mexico are organized in such a way that they may exert serious influence on the present course in Mexican development. As long as PRI is guided by the spirit of the Revolution, and continues to act responsibly within the legal framework of the system, it may be assumed that continued development will be Mexico's reward.

In Peru, one authority has pointed out, the presidential election of 1939 was typical in that Prado won because of support which "came from a coalition of twelve conservative parties." There is in Peru, he continues,

a great multiplicity of political groups, each bearing some high-sounding name and each able to claim the allegiance of but a small fraction of the voters. Government by coalition has always been necessary, because no one party has been able to obtain a majority. In one recent election a candidate for senator proudly announced that he had been pledged the support of fifteen parties.¹²⁰

In the 1945 election, the victorious Bustamante was supported by the National Democratic Front, a large number of different groups which were united in name only. The Front included conservatives from the Revolutionary Union, Communists, followers of Marshal Benavides and the Apristas.¹²¹ By 1948, disunited even more by internal fighting and APRA domination, the civilian government gave way to military control under the

¹²⁰ Austin F. Macdonald, Latin American Politics and Government (New York: Thomas Y. Crowell Co., 1954), p. 355.

¹²¹ Ibid., p. 361.

leadership of General Manuel Odría. Rule was by decree until the elections of 1950, an election in which such out-of-favor parties as APRA, the Communists, and the right-wing Revolutionary Union were denied participation. Due in part to the actions of the government controlled National Election Board, Odría became the only national candidate in 1950 and of course won.¹²²

Odría had at least the tacit support of the National Alliance, the conservative answer to the National Front of the 1940's. The Alliance was made up of the

Revolutionary Union, the Republican Socialist Party, the Authentic Socialist Party, the Christian Socialist Party, the groups comprising the National Democratic Coalition, the Liberal Party, the Nationalist Party of Peru, the Constitutional Party, the Radical Party, the Democratic National Union, the National Front of Women, the Democratic Party, the Independent Civic Movement, and various small groups comprising the National Union.¹²³

By 1955, President Odría announced his intention to retire and to turn over the presidential office to the winner of the 1956 elections. In the latter year, former President Manuel Prado y Ugarteche (1939-45) was again elected to the high office. APRA, which had been declared illegal in 1948, but was "at the same time the only sizeable permanently organized political party in the country,"¹²⁴ supported the Prado candidacy along with the president's organization, the Moderate

¹²²Ibid., p. 363

¹²³Ibid., p. 355.

¹²⁴Martin Needler, "Cabinet Responsibility in a Presidential System: Peru," Parliamentary Affairs, XVIII (Spring, 1965), pp. 156-61.

Conservative Party, a part of the Peruvian Democratic Movement (MDP). On the day of Prado's inauguration, the Peruvian Congress legalized APRA.

During the next six years, a number of groups formed a permanent opposition. Included were:

the Popular Action Party of Belaunde, the Odría Party, the Christian Democratic Party, seven left-extremist groups--Communists, two Trotskyite factions, the APRA Rebelde, the Progressive Socialists, the Leninist Committee and the Socialists--as well as interest groups in which these parties had a controlling position; the Federation of Students of San Marcos University, the Federation of Bank Clerks, the Lima Union of Construction Workers and a number of others.¹²⁵

While Prado's second term has been described as conservative, it was not traditionalist in the Peruvian sense. The latter term, referred to as the convivencia, was so named because of "an agreement with the apristas, probably conceived as a transitional arrangement to make the apristas respectable." As payment for Aprista support in 1956, Prado "was, apparently, to try to bring the Apristas forward in 1962 with their own candidate."¹²⁶

Besides APRA, which has been described above, there were two major parties and a few smaller ones active in the elections, without the support of President Odría who wanted to see Hernan Lavalley succeed him in office. AP received some general support in the election, but Prado and his Aprista supporters

¹²⁵James Payne, "Peru: The Politics of Structural Violence," The Journal of Politics, XXVII (May, 1965), pp. 362-74.

¹²⁶Gomez, op. cit., p. 289.

were too much for the young AP to seriously challenge.¹²⁷ During Prado's administration, Belaúnde campaigned, wrote, and traveled over most of Peru. In 1959 his book, La Conquista del Peru por los Peruanos, was published.¹²⁸ In this book, which is not what the title might imply, there is not only a plea for the development of Peru, but a program or general plan for such development. He calls for such things as industrialization, road building, and national integration.¹²⁹

During the 1962 campaign, Belaúnde traveled throughout the country, constantly charging that the Prado government was giving its support to Haya de la Torre and his APRA followers. There is some indication that he thought they would win. After the military intervention, there was widespread opinion in Peru that Belaúnde had actually been the choice of the military.¹³⁰ According to one observer, "the military apparently gave Belaúnde their secret assurance that he would be elected," after which Belaúnde announced "that he had been elected."¹³¹ Such was not, however, the findings of the National Elections Jury which, even under constant army pressure, declared none of the three major

¹²⁷Ibid., p. 305.

¹²⁸(Lima: Ediciones "Tawantinsuyu," 1959).

¹²⁹See especially chap. vi, pp. 141-71.

¹³⁰Gomez, op. cit., p. 305.

¹³¹Richard W. Patch, A Note on Bolivia and Peru (American Universities Field Staff, West Coast South America Series, Vol. XII, No.2; New York: American Universities Field Staff, 1965), p. 38.

contenders had received the necessary one-third for direct election. Under the Peruvian Constitution, this meant that a decision would have to be made by the Congress. Shortly before the latter body assembled, Haya de la Torre and Odría announced that their followers in Congress would get together to cast their votes for Odría as president and Manuel Seoane of APRA for the vice-presidency. After about a month of indecision

when constitutional procedure would have moved Odría into the president's chair, when Haya de la Torre voluntarily had bowed out of the political picture, and when Belaúnde was left without further claim on the presidency--that the armed forces suddenly cried "fraud" and installed a military junta in the seat of government. The only candidate benefiting from the coup was Belaúnde, who was given another chance in the promised new elections. The charges of fraud by Belaunde and the armed forces were not substantiated.
 . . .¹³²

Midway between the 1962 and 1963 elections, Belaúnde's AP which had come in second in 1962 with some 543,322 votes, signed a pact with the small but influential Partido Demócrata Cristiano (PDC), which had closed out the same election with 48,810 votes. The PDC, composed of influential groups and including many progressives within the Catholic Church, would give AP support in its attempts to throw off the rightist attacks on it as a socialist party. For PDC, it would make possible for the "nonreactionary members of the Catholic Church an alternative to right-wing candidates."¹³³

The UNO came in third in both of the elections of 1962

¹³²Ibid.

¹³³HAR, XVI (March, 1963), p. 62.

and 1963. The party, whose primary aim is the support of General Odría, has found most of its support in the coastal area, primarily Lima and a few other cities. He appealed to the middle and upper-income groups particularly, but he also got some of the support of Lima's desperately poor, who remembered that conditions had improved during his earlier years in office.¹³⁴

Odría, in a desperate bid to reach more voters in the months preceding the 1963 election, carried his campaign into the countryside, and appeared to be more liberal than he had been in 1962. His platform called for "political socialism," which, according to one source, meant "little more than civil rights and liberties without implying that there would be any fundamental social change."¹³⁵ His hope was to win former APRA supporters, thanks to the agreement which was supposed to have been made between UNO and APRA earlier in the year. As one source put it, "Odría was generally considered to be the same opportunistic demagogue of the past."¹³⁶

By the close of registration on March 11, 1963, the coalition of Belaúnde's AP and the PDC had 112,000 registration signatures, more than any other group. APRA, whose candidate was, as usual, Haya de la Torre, came in second with 100,200. Odría's UNO and Mario Samame Boggio's Union del Pueblo Peruano

¹³⁴Gomez, op. cit., p. 306.

¹³⁵HAR, XVI (June, 1963), p. 380.

¹³⁶Ibid.

(UPP) followed. The latter's entry into the race had been launched by Eudocio Ravines, a Communist-turned-rightist, who had the support of the newspaper La Prensa. The UPP hoped to be able to take advantage of another three-way split such as occurred in 1962.¹³⁷

There were a number of other small, mostly leftist parties, active in the recent election years. They include the Communist-dominated Fidelista party Frente de Liberación Nacional (FLN), whose leadership has included a general, Cesar Pando Egusquiza, its presidential nominee in 1962, and a Father Bolo, a young priest who has since been suspended from his parish duties and is now a full-time pro-Communist worker.¹³⁸

Other leftist groups include the student Federación Universitaria de San Marcos (FUSM), headed by the Fidelista leader Juan Campos Lama; the Fidelista-oriented Movimiento de Izquierda Revolucionaria (MIR), one of whose leaders, Walter Palacios, heads the national student Federacion de Estudiantes del Peru; and the Trotskyist Partido Obrero Revolucionario, led by Ismael Frias Torrico.¹³⁹

Communist Party membership in Peru was estimated to be about 6,000 members in 1958.¹⁴⁰ Nevertheless, the Interior

¹³⁷HAR, XVII (May, 1963), pp. 280-81.

¹³⁸HAR, XVI (April, 1963), p. 156; and Gomez, op. cit., p. 307.

¹³⁹HAR, loc. cit.

¹⁴⁰Edwin M. Martin, "Communist Subversion in the Western Hemisphere," Bureau of Public Affairs, Department of State, Publication No. 2 (Washington, D. C.: U. S. Government Printing Office, 1963).

Minister, General German Pagador Blondet, announced in early 1963 that the junta would not authorize the participation of the FLN, the Communist Party, or "any other Communist groups," in the upcoming 1963 elections. The junta was, the General pointed out, acting under a Constitutional provision, Article 53, which denies parties with international affiliations the right to participate in elections. Leaders from both APRA and AP quickly indicated that they had worked for repeal of the provision since 1933 and 1956 respectively.¹⁴¹

As the elections in 1963 neared, it became obvious that Odría had some support from the military who wanted to maintain conservatives in control of the Peruvian government. Odría's strongest backer, however, General Ricardo Perez Godoy, was no longer on the junta. The most acceptable candidate to the military generally appeared to be Belaúnde. His support came from younger members of the armed forces, as well as from the President of the Junta, Nicolas Lindley. Their support for him, one observer points out, came forth because they liked his concept of a centrally planned economy, which called for an important place for the military in such projects as road-building and educating the illiterate masses.¹⁴²

APRA's congressional candidates accused Belaúnde's party and platform of being communistic, but the latter's association with Cardinal Landazuri of the Church helped him throw off

¹⁴¹HAR, XVI (April, 1963), p. 157.

¹⁴²Ibid., (July, 1963), p. 485.

such allegations. At the same time, APRA and UNO were accused of having made a secret agreement, whereby the combined strength of the two would assure a coalition victory over AP-PDC. Both Haya de la Torre and Odría dismissed the charges as foolish.¹⁴³

At the close of the elections on June 9, 1963, some 1,814,568 voters had distributed their votes as follows:¹⁴⁴

Fernando Belaúnde Terry, AP-PDC	708,662
Victor Raul Haya de la Torre, APRA	623,501
Manuel A. Odría, UNO	463,085
Mario Samame Boggio, UPP	19,320

The figures indicated that Belaúnde had not only the support of the military, and the implication that it was the "official" party, but also the leftist groups who were prohibited from nominating candidates, and from some otherwise APRA supporters who were convinced that the military would never consent to an APRA victory.¹⁴⁵

On the basis of the foregoing description of political parties in Mexico and Peru, one must conclude that in practice the former is still basically a one-party state while the latter is a multi-party system. Both countries rely on conventions for making nominations. The question of legitimacy may be raised with respect to party government in both countries; in Mexico because of the close association between PRI and the government, in Peru for reasons described below. With respect

¹⁴³Ibid.

¹⁴⁴Ibid., (August, 1963), pp. 597-98.

¹⁴⁵Ibid.

to the total effects of party competitiveness versus the lack of it in a developing country, many observers would agree that in the latter case it could be more of an impediment during the transition period than an asset.¹⁴⁶ It is quite possible that the mild question of legitimacy in Mexico is offset by the advantages such an association between party and government provides.

The three major parties in Peru are classic examples of the well-known personalist parties which have been so prevalent in the Latin American countries. APRA, for instance, is still closely associated with its founder, long time leader, and perennial presidential nominee, Haya de la Torre. One can only speculate what the future of APRA will be now that its leader is becoming quite elderly. To what extent Accion Popular represents the "new spirit" in Peru is also difficult to determine. Certainly the leadership of the dynamic, charming and capable Belaúnde is currently one of its greatest assets. Furthermore, it must be kept in mind that its acceptance of the PDC support, plus the military favoritism it currently enjoys, account to some degree for its success. The UNO, finally, is the next thing to a pure example of personalist party politics. While he does have a record-in-office basis for presenting himself to

¹⁴⁶Scott, for instance, says of the one-party system in Mexico: "Unless some such aggregating mechanism had evolved, Mexico might have been forced to continue relying upon caudillismo for political integration, as the only alternative to the dividing tendencies embodied in the doctrinaire and personalistic factions which had controlled early revolutionary politics." Scott, op. cit., p. 146.

the voters, Odría's platform is extremely weak.

With respect to APRA, there still appears to be widespread question inside and outside of Peru as to whether the military would permit the election to the presidency of an APRA candidate. The role of the military in Peru is still a force to be reckoned with in Peruvian politics.

The above points indicate clearly that the operation and make-up of the political party system in Mexico places this segment of the Mexican governing system in a rather advanced stage of political development. In Peru, on the other hand, this is not true. There, the major political party, APRA, has been denied legal existence throughout much of its history, and it has been denied the fruits of office when, as in 1962, it was a legal participant and received more support than any other party. As long as the interpretation of APRA's legitimacy is left to the armed forces, assuming that the party maintains its current numerical strength, this will impair unity in the governing system of Peru, making it less efficient and effective in performing the authoritative functions of the system. This will in turn make it more difficult to implement decisions regarding the economic development of the country.

Belaúnde appears to have won fairly in the 1963 election and, he appears to be very serious in his attempts to see Peru develop economically. On the other hand, his party supporters constituted a minority in his first Congress, and there is still a question about the extent to which he may lead the

country if he loses the support of the military.

The Legislatures

The Mexican Constitution establishes a Congress of two chambers, one of Deputies and the other Senators (Art. 50). The Chamber of Deputies is composed of representatives all elected every three years (Art. 51). There is one Deputy for each 200,000 inhabitants, with a minimum of two to a state, and one for each territory with less than 200,000 people (Art. 52).

Prior to the 1961 Congressional elections, the laws were amended in order to increase the lower house membership from 162 to 178.¹⁴⁷ At the same time the Congress provided, through a proportional representation scheme, that representatives in addition to the single-member district seats, might sit in a Chamber of Deputies.¹⁴⁸ Before the 1961 elections, PRI delegates held 157 of the 162 seats. Three belonged to the opposition, and two were vacant. After the 1961 elections, PRI strength was the same. After the 1964 elections, the first in which the proportional representation system was in operation,

¹⁴⁷New York Times, July 2, 1961, p. 10.

¹⁴⁸Brandenburg notes: "The new election law of December, 1962, provides that any political party winning 2.5 percent of the national vote, whether five of its candidates actually win or not, will automatically obtain at least five deputy seats. Any party will acquire another seat for each additional one-half of 1 percent of the total national vote. The new formula . . . will prevail up to a maximum of twenty seats. No similar provision was written into the new law on senatorial districts." Brandenburg, op. cit., p. 155.

the PAN received 20 seats, PPS got 10, and the PARM was given 5.¹⁴⁹

The Senatorial Chamber is composed of two members for each State and two for the Federal District, all directly elected every six years (Art. 56). All Senatorial seats have been held by PRI members in recent years. Brandenburg has stated that

all senators-designate share the comfort of knowing that 32 years of precedent will not be reversed to seat any opposing candidates. Furthermore, the government minister, election commission, President of Mexico, president-designate, and Mexican army are at hand to guarantee their election. Regardless of what happens on election day, official-party nomination guarantees a seat in the senate.¹⁵⁰

The Congress meets in annual sessions on September 1 (Art. 65), but cannot be "prolonged beyond December 31 of the same year" (Art. 66). The President attends the opening of the regular sessions and submits a report, in writing, which indicates the general state of the administration of the country (Art. 69).

A quorum in the Senate consists of two-thirds of the total members; in the Chambers it takes "more than half" to open sessions and exercise their duties (Art. 63). If members fail to attend for 10 consecutive days, "without justifiable cause or previous leave from the president of their respective chamber," they renounce their attendance and their alternates

¹⁴⁹Needler, "Changing the Guard in Mexico," op. cit., pp. 28-29.

¹⁵⁰Brandenburg, op. cit., p. 155.

"will be called at once" (Art. 63). Furthermore, if Deputies and Senators, without cause or permission, fail to attend the sessions, they "shall have no right to remuneration for the day on which they were absent" (Art. 64).

Introduction of bills and decrees belongs to 1) the President of the Republic; 2) the Deputies and Senators of Congress; and 3) to the legislatures of the states. Bills submitted "by the President of the Republic, by the legislatures of the States or by deputations thereof shall be referred at once to Committee." Other bills, namely those introduced by Deputies and Senators "shall be subject to the procedure prescribed in the Regulations on Debate" (Art. 71). Under the by-laws of Congress, individual citizens or groups may petition the legislative body to consider their proposals.¹⁵¹

When bills are introduced they are normally sent to a committee. Members on the standing and special committees are appointed by the Gran Comisión, which is composed of one member from each state. Members on standing committees are appointed for three-year terms. The seniority rule which is so well known in the United States Congress is not the basic criterion for making the selection. Committees must report on bills with a recommendation for passage or rejection.¹⁵²

Each house chooses its presiding officers who serve for one month. They carry on the usual functions common to such

¹⁵¹Tucker, op. cit., p. 93.

¹⁵²Ibid., pp. 91-95.

offices, but the short tenure does not contribute to making the job a strong one. The majority leaders tend to be in a stronger position than the presiding officers.¹⁵³

After passing the committee stage, bills are placed on a calendar and taken up according to the priorities assigned to them by the party leaders. To pass, a bill must receive the approval of a majority of a quorum. The bill then goes to the President who signs it and has it published in Diario Oficial. Ordinarily, laws will become effective three days after publication (Art. 72).

The general powers of Congress are found in Articles 73 through 77 of the Constitution. They are quite detailed, covering about eight pages of single-spaced regulation size typewriting paper. Another page, including Articles 78 and 79 deal with the Permanent Committee. The powers include legislative, executive and electoral functions.

In evaluating the role of the Mexican Congress, most authorities do not hesitate to point out its weaknesses even though the Constitution makes it co-ordinate with the other two branches. Scott says that "the president's domination of the national legislature is almost absolute," and notes that in the Forty-first Congress in which 138 bills were passed, only "seven were initiated in the Congress itself."¹⁵⁴ Other observers, agreeing that the Congress is to a great extent what the

¹⁵³Ibid.

¹⁵⁴Scott, op. cit., pp. 262-64.

president wants to make it, but who nevertheless see it as something of a force, have described it as a "silent, potential censor."¹⁵⁵

The control of the Mexican Congress by the President reflects somewhat the advanced degree of political development found in that country. By way of example, the 1961 session of the legislature, upon recommendation of President López Mateos, "passed more reform legislation than any Congress since that in President Lazaro Cárdenas' administration." The reason for the new measures dealing with income tax reform, abolition of the inheritance tax, the social security system, profit-sharing between labor and corporations, lowering the legal hiring age of children and providing for the setting of a minimum wage, was to make Mexico available to receive the new Alliance for Progress aid grants. While the Alliance was not mentioned in the "debates," most of these measures were indirectly connected with the full implementation of the program.¹⁵⁶

The Congress of Peru is also bicameral. The number of deputies, which is currently 53 in the Senate and 182 in the House, is determined by law (Art. 91). Members of both houses are elected for periods of six years, terms which coincide with that of the President, and both deputies and senators "represent the nation and are not subject to any imperative mandate" (Art. 91).

¹⁵⁵For example, see Tucker, op. cit., p. 100.

¹⁵⁶New York Times, December 31, 1961, p. 21.

Present laws provide for two deputies to a department with population up to 100,000, up to a maximum of 24 deputies for departments with a population in excess of two million. The legislative article of the Constitution makes provision for a "functional" Senate, but until it is organized, laws give each department at least one senator. Those in excess of 400,000 may have up to the maximum of nine.¹⁵⁷

The legislative session begins annually on July 28 (Independence Day). The Constitution provides that it may convene even though the President fails in his constitutional duty to call it into session, and that it may open even though the President might not attend, as he is required by the Constitution to do (Arts. 108 and 110).

The ordinary session lasts 120 days. Special sessions may be called by the President of the Republic with the consent of his Council of Ministers. Special sessions may also be called when one-half plus one of the available members of Congress ask it. Congress is supposed to give preference to the business that occasions the call of a special session (Arts. 107 and 108).

Each house chooses its own officers which consists of at least a president, two vice-presidents, a secretary and a treasurer. Collectively, these officers become a steering committee which directs the day-to-day routine of the legislative process. The president of each house appoints members to the

¹⁵⁷Edelmann, op. cit., pp. 436-39.

permanent committees, which are not very important in the legislative flow.¹⁵⁸

The Constitution of 1933 does not give the President of Peru a veto power. Article 128 stipulates that: "Within ten days following the receipt by the President of the Republic of a law approved by Congress, the former must promulgate it and order its observance." If he doesn't, "it shall be promulgated and its observance ordered by the president of Congress, who shall order its publication in some periodical." (Art. 129). According to Miguel Jorrin, this has brought about considerable friction between the legislature and the executive, for the latter has at times taken the liberty of returning bills to which he objects, and the Constitution makes no provision for over-riding this unofficial veto.¹⁵⁹

Because of Peru's multi-party system, the President does not always enjoy the support which is taken for granted in Mexico. At the close of the 1963 elections, Belaúnde's AP-PDC coalition held slightly less than half of the seats in the Senate, and slightly more than one-third of those in the Chamber of Deputies. In other words, APRA and UNO delegates constituted majorities in both houses.¹⁶⁰

When Belaúnde began picking his cabinet, he apparently

¹⁵⁸MacDonald, op. cit., p. 380.

¹⁵⁹Governments of Latin America (New York: Van Nostrand, 1953), pp. 104-05.

¹⁶⁰HAR, XVI (August, 1963), p. 598.

tried to bargain off a few posts to the opposition in return for their support in Congress. Both Haya de la Torre and Odría, however, prohibited their members from accepting ministerial posts, thereby keeping their right to openly oppose the government's programs. When the Belaúnde-opposition talks broke up on July 26, 1963, leaders of APRA and UNO signed an agreement which assured their representatives in Congress of all important Senate and Chamber posts. The pact, to run through the 1963-64 and 1964-65 congressional sessions, gave the Senate presidency to Julio de la Piedra, a UNO member, with three more Odríístas filling the remaining posts. Fernando Leon de Vivero, a loyal Aprista, was to continue serving as president of the Chamber of Deputies. Of the seven remaining offices, four would be filled by Apristas and three by Odríístas. Furthermore, the APRA-UNO agreement stipulated that every committee chairmanship in the congress would go to one of their followers, leaving the less important posts for the AP-PDC members.¹⁶¹

While the Mexican Congress was quick to enact legislation to put in motion United States-aid supported programs, the Congress of Peru was hesitant. In mid-summer of 1960, President Eisenhower announced that United States aid in an amount exceeding \$53 million would be granted to Peru for certain social-purpose projects such as roads, housing, agriculture and land reform. Bills were introduced in the Peruvian Congress in September to provide for the implementation of the programs. The

¹⁶¹Ibid., (September, 1963), pp. 705-06.

following March, the bills were still bogged down in Congress. In commenting on the situation, Tad Szulc reported that "some members of Congress want to delay the reform measures because of the interests of the groups they represent."¹⁶²

Thus the make-up of the Peruvian Congress, perhaps more than its structure, plus the ideological orientation of its membership in past Congresses, has accounted for a situation in Peru which would be quite novel in Mexico. Further elaboration of the Legislative-Executive relations will be discussed in the section which immediately follows.

The Executives

The President of Mexico is chosen by direct election for a term of six years (Arts. 81, 83). He assumes the duties of office on December 1 of the election year, and he may never again be elected to that office (Art. 83). While his powers are broad, emphasis here will be on those dealing with the legislative process.

As indicated above, the President has the constitutional power to introduce laws and decrees. His bills appear to have a constitutionally preferred status (Art. 71). Most of the bills introduced and passed are introduced by him. When passed in the two houses, bills are sent to him for approval. If he refuses to approve a bill or a part of a bill, it must be returned, "with his objections, to the Chamber of origin." If the

¹⁶²New York Times, March 19, 1961, p. 28.

house of origin again approves the measure by a vote of two-thirds of the total membership, it goes to the other house where, in order to pass, it must receive a similar vote. When the latter house has acted affirmatively, the bill "shall become a law or decree and shall be returned to the Executive for promulgation" (Art. 72).

There are other Constitutional grants of power, such as calling the congress into special session (Art. 89, XI), but these grants tell only part of the story. Most authorities on Mexican government indicate that without question the President is the chief legislator. Scott, for instance, says that "policy--or law making--has been assumed by the president almost in toto." Policy making resides in Congress only "in the most sterile, legalistic sense, depriving the senators and deputies of even this small pretense of independence with which to salve their bruised egos."¹⁶³ While the president has the power to cast vetoes, only twice since 1917 has he had to use it, and then only in minor, technical issues.¹⁶⁴

Frank Brandenburg has drawn conclusions similar to those of Scott. The President of Mexico, he says, "delivers the definitive word on every matter." Rule throughout Mexico is from the top down, and the President is at the top.¹⁶⁵

Scott offers two basic explanations for the power of

¹⁶³Scott, op. cit., p. 262.

¹⁶⁴Ibid., p. 263.

¹⁶⁵"Mexico: 1966 and Beyond," Current History, L (January, 1966), pp. 32-37.

the Mexican President. Both reasons may be deduced from the information which has already been presented in this study. The first reason is that the Mexican people recognize the leadership as legitimate, including the machinery through which it works. Secondly, the mechanism through which the president works can be used to influence rebellious individuals, groups, or other political units.¹⁶⁶ Scott concludes:

So long as the president continues to provide fairly easy access to the political process, there probably will be no really violent struggle by interests outside of the PRI to win seats in Congress or to give it the true legislative function the constitution describes.¹⁶⁷

Brandenburg, who has referred to the Mexican political system as "Machiavellian," and who has noted that its "present system insults the intelligence of the Mexicans however much it may convince the foreign scholar that it works in the way propaganda says it does," still concludes that such a system offers some advantages. First, he notes, it works. Then he says:

Despite its sharp contradictions of fundamental provisions in Mexico's constitution and electoral laws, it provides political stability, peaceful transfer of power, a fair measure of political freedom and a workable formula for the eternal problem of patronage. The system has helped Mexico achieve notable social and economic progress, and has resulted in an improved tolerance among the Mexican people and between them and their governors.¹⁶⁸

The Peruvian president is elected by direct suffrage for a six year term (Arts. 135, 139). The term begins on July 28th of the year in which the elections take place, and ends

¹⁶⁶Scott, op. cit., p. 258. ¹⁶⁷Ibid., p. 266.

¹⁶⁸"Mexico: 1966 and Beyond," p. 34.

six years later (Arts. 139, 142). One who has been president may not again be elected until after the expiration of a presidential period (Art. 143).

The president of Peru is required constitutionally to attend the opening of Congress in ordinary session, and he has the power to convoke Congress to special sessions (Art. 154). The president has power to initiate bills, but not the power to veto them (Arts. 124, 129). If he has not promulgated a law and ordered its observance within ten days after having received it, "it shall be promulgated and its observance ordered by the president of Congress, who shall order its publication in some periodical" (Art. 129). Finally, the president has authority to make regulations "in respect of laws, without transgressing them or mutilating them and, with some restriction, to issue decrees and resolutions" (Art. 154, (8)).

Chapter II of the Peruvian Constitution deals extensively with the Ministers of State. The number, now 13, is determined by law. Collectively the ministers of state form the Council of Ministers. A president of the Council is appointed by the President of the Republic. The latter appoints and removes the ministers "on the proposal and with the agreement, respectively, of the president of the Council" (Art. 158). The President of the Republic "convokes extraordinarily and presides over the council of ministers." He also presides over it when the meeting is called by the president of the Council (Art. 163).

The acts of government and administration of the national

president are countersigned by the ministers of departments (Art. 166). The Council of Ministers is required to attend Congress together, or separately, to explain general policy of the executive power (Arts. 167, 169). Interpolation is made in writing (Art. 170), and a vote of censure against one or all of the ministers may be moved by any deputy or senator (Art. 172). If censured, a minister must resign, and the President of the Republic must accept his resignation (Art. 173).

During Prado's second administration (1956-62), two members of the cabinet resigned after serious criticism of them had developed in the Congress. According to Needler, Prado sacrificed them in order to build a better relationship with the legislature.¹⁶⁹ While actually there was no motion of censure, it did leave evidence that Prado did not have the kind of control over the Peruvian Congress in the same way that a Mexican president would have over the Mexican legislature.

While Belaúnde has been quite successful with the Peruvian Congress, he has also had some problems. On August 14, 1963, after a series of land seizures by peasants and Indians, he issued a decree ordering the expropriation of 78,417 hectares of land in the departments of Junín and Cerro de Pasco. His plan contained a provision, which had to have the approval of Congress, for repayment of the lands in 20-year bonds drawing five percent interest. The land's value was to be deter-

¹⁶⁹"Cabinet Responsibility in a Presidential System," Parliamentary Affairs, XVIII (Spring, 1965), pp. 156-61.

mined by its productivity during the five year period preceding its expropriation. The UNO members of Congress protested, saying they preferred payment in cash or short-term negotiable bonds. The Apristas took no immediate action, explaining that they needed more time to think it over.¹⁷⁰

At the close of the regular session of the Peruvian Congress in November, Congress had passed a constitutional reform bill, the first step in implementing the president's agrarian reform measure. The bill itself, however, had not been passed, so Congress called itself into special session on December 2 to consider the bill, along with the 1964 budget. In the meantime, a committee of 13 deputies had been meeting in an attempt to work out a compromise agrarian reform program. The make-up of the committee included six members from AP-PDC, the government coalition, six from the APRA-UNO coalition, and one representing the communist-dominated Frente de Liberación Nacional (FLN).¹⁷¹

The bill which the special committee members finally agreed upon was described as a compromise between the administration's proposal and that of APRA and UNO. The Congress responded favorably by setting up a program which was to begin in January, 1964. By October, Belaúnde was able to report that Negotiations with large land holders were moving along well.¹⁷²

¹⁷⁰HAR, XVII (October, 1963), pp. 798-99.

¹⁷¹Ibid., (January, 1964), p. 1082.

¹⁷²New York Times, October 6, 1963, p. 32.

Belaunde continued to find considerable opposition in Congress. His Prime Minister, Oscar Trelles, resigned under censure motion. The Lima neuro-surgeon, blamed for a football stadium disaster in which some 500 people lost their lives, was actually removed because "of his inability, or unwillingness, to deal severely with campesino uprisings against landowners and local authorities."¹⁷³ Trelles was believed to be sympathetic to the views of the protesters.

In October, 1964, Education Minister, Francisco Miro Quesda, resigned under censure. He was charged on some 16 counts, most of them involving accusations that he had been soft on communists and atheists. There were reports that after the censure, certain members of AP might support the calling of a national plebiscite in order to get a new congress. Belaúnde himself, however, did not give the proposal his personal support. Instead he continued to "consult regularly with opposition leaders, modifying important legislative measures and reshuffling personnel to meet opposition demands."¹⁷⁴

Executive power is curbed in Peru in ways that are unknown in Mexico. In the latter country, the chief law-maker is the president. Not only is he given adequate constitutional power to perform this role; it is also reinforced by custom. Furthermore, the president of Mexico is a product of, and the chief spokesman for the major party which has been overwhelming-

¹⁷³Patch, op. cit., p. 22.

¹⁷⁴New York Times, October 4, 1964, p. 31.

ly victorious in recent presidential and congressional elections. In addition, recent presidents in Mexico have been the chief promoters of the Revolutionary goals, which in themselves give impetus to political and economic development. Finally, the Mexican executive power enjoys a solid legitimate base. That is, the elections have become less and less corrupted until by 1964, even Díaz Ordaz' opposition conceded that the Mexican voters had made a choice about which there were no grounds for challenge.

In Peru the president has an opposition, a very decided one, both in and out of Congress. Within Congress, it is perhaps more of an opposition to his having become president than it is an opposition to his reform proposals, although there are the latter kind too. This is due to the entire spectrum of events surrounding the 1962-63 elections, as well as historical factors surrounding the presidential office in that country.

The president of Peru has not, in recent years, spoken for all of Peru. Only during Prado's recent administration, and now Belaúnde's, is this less so. Even in the latter case, the President cannot be labeled the chief legislator. Bills which he has introduced have been delayed or amended in Congress. From a slightly different angle, the semi-parliamentary system of Peru, while not a serious limiting factor, is at least a means whereby the Congress may embarrass him, a means which has been used repeatedly.

Finally, with respect to executive leadership in Peru,

it must be pointed out that even when progressively minded presidents such as Belaúnde, Prado, and to some extent Odría, are in office, it may not be so much the man, but the institutions, or the system, which constitute the major impediment to political and economic development. In other words, in a system of "structured violence," no single individual, not even the president, may be blamed single-handedly for lack of progress.

Administration

Probably more attention has been given in developing literature to the role of administration than to that of politics.¹⁷⁵ Adam Smith is reported to have said that if government would provide "law, honesty, peace, and easy taxes," economic development would follow.¹⁷⁶ Students of the development process since Smith have obviously extended the list, as well as modified some of the factors on it, especially the "easy taxes" part. With respect to the "law" category, it would remain on the list with the qualification that it be a "proper" type of law which would encourage development. The political process will to a great extent determine such a law's appropriateness. But to pass an appropriate law is only part of the problem. Effective implementation will depend greatly on the

¹⁷⁵A general summary of administrative studies that have been made in many countries may be found in Fred W. Riggs, Administration in Developing Countries (Boston: Houghton Mifflin Company, 1964), Part III, pp. 241-393.

¹⁷⁶Quoted by Kindleberger, op. cit., p. 73.

administrative system.

Public administration in Latin America has been described generally as a "survival from times past, with additions and adjustments, but without basic changes." There has been a "background of inertia," a "perpetuation of inefficiency, which is preventing the public administration in Latin America from adapting itself to the requirements of economic development, except in a few special cases."¹⁷⁷

One of the special cases is Mexico. Top echelons of administration there include some dozen "ministries," among which are those of Foreign Relations, Finance and Public Credit, National Defense, Navy, Agriculture and Stockraising, Communications and Public Works, Economy, Public Education, Health and Assistance, Labor, Hydraulic Resources, and National Property and Administrative Inspection. Sharing the top spot with the ministries are two "departments" which include the Agrarian, and Federal District. The position of the Attorney General, defined neither as a ministry nor a department, is on a par with the ministries.¹⁷⁸

The Law of Ministries and Departments outlines a general structure for each agency. In addition to the head minister (secretario), there is an under-secretary (subsecretario) and

¹⁷⁷United Nations, Department of Economic and Social Affairs, Towards a Dynamic Development Policy for Latin America (New York: United Nations, 1963), pp. 56-57.

¹⁷⁸Lucio Mendieta y Nuñez, La Administración Pública en Mexico (Mexico: Imprenta Universitaria, 1942), pp. 79-126.

a chief clerk (oficial mayor). Departmental organization is similar. These officials are appointed by the president, and it is he who determines their functions. The agency heads, theoretically equal in rank, may work collectively with the president or, as is more often the case, individually with him. They are required to countersign all laws and decrees, and are Constitutionally required (Art. 93) to make annual reports to the Congress.¹⁷⁹

The ministers, department heads, attorney general, and secretary to the president constitute an advisory group commonly known as the Cabinet. It meets on call of the president, who also presides, and performs primarily an advisory function.¹⁸⁰

In addition to the ministries and departments there are a large number of decentralized agencies (organismos descentralizados). Operating under a different set of laws, the Law of Decentralized Agencies, 1947, they number about 85. Owned partly or entirely by the government, they include eight in banking and general finance; five dealing with pensions, social security and insurance; fifteen in banking, subsidies, and agricultural promotion activities; and the largest group, some 34, are concerned with industrial problems.¹⁸¹

Justification for such agencies is akin to those used to explain the existence of similar agencies in the United States;

¹⁷⁹Tucker, op. cit., pp. 124-26.

¹⁸⁰Mendieta y Nuñez, op. cit., pp. 120-21.

¹⁸¹Tucker, op. cit., p. 142.

namely, that activities performing primarily technical, administrative, entrepreneurial, or welfare functions should be protected from direct governmental control. Others have suggested that they were set up "as a consequence of the conflict between state intervention and private initiative, since in this type of institution, government combines with private individuals to provide a public service."¹⁸²

Opinions with respect to the government's control over the decentralized agencies are not unanimous. One student of Mexican administration believes that the relationship is intimate because, with one exception, the managers or boards of directors of the agencies are "composed of administrators of the executive branch."¹⁸³ This position could be strengthened by the fact that the Secretary of Hacienda and the Secretary of National Property, both national ministries, were empowered under 1947 legislation, to "supervise closely the activities of these institutions." On the other side, Eduardo Bustamanta, Secretary of the National Patrimony, has referred to the decentralized system as feudalistic. "Each one," he has said, "manages its own affairs for its own account and risk, only occasionally giving notice of its activities. This has to stop."¹⁸⁴

It has become something of a standard practice for

¹⁸²Castellanos Coutino, of the Mexican Public Administration Institute, quoted by Glade and Anderson, op. cit., p. 135.

¹⁸³Delfano Solana Yañez, quoted by ibid., p. 136.

¹⁸⁴Ibid.

Mexican presidents to offer administrative posts to former heads of state. In March of 1962, seven ex-presidents held various posts. Alemán became chairman of the National Tourism Consultative Board; Cárdenas was executive director of the Balsas River Commission; Rodriguez was chairman of the Fisheries Bureau of the Commerce Department, and Ruiz Cortines was special advisor on non-metallic mineral resources. At the same time Portes Gil was heading the National Insurance Commission; General Pasqual Ortiz Rubio was governmental representative on the National Association of Mexican Engineers, and Roque Gonzalez Farza was coordinator of public works in the State of Hidalgo.¹⁸⁵ The practice, which has continued into the Ordaz administration, not only permits the president to check some of the more active political maneuvers of the ex-presidents, but also makes good use of a considerable pool of administrative experience.

The civil service of Mexico operates under congressional directives passed in 1938 and amended in 1941. The basic statute divides the public employees into two groups, "base workers" and "confidence workers." Positions in the latter category, involving about one-third of Mexico's 200,000 civil servants, include those of minister, department head, other chiefs, assistant chiefs, heads of important divisions and some specialized areas, all of whom are appointed by the president. The base workers fall into several classifications and are the primary

¹⁸⁵New York Times, March 18, 1962, p. 40.

concern of the regulatory statute.¹⁸⁶

There is no government-wide placement policy with respect to those in the "base worker" category. Each ministry, department or agency handles its own assignments. Likewise, promotions are made on an agency basis. The basic law does, however, cover such things as working conditions, hours of work, vacations, salaries, pensions, and union organization and operation.¹⁸⁷

Government employees may unionize, although union membership is not required by law, and there may be no more than one union per agency. The union may, by majority vote, expel a member, and by a similar vote, decide on a "temporary suspension of work," or strike. The law determines the justification for a strike, sets up a Tribunal of Arbitration to settle it, and prohibits strikers from resorting to violence. Few strikes by government workers have taken place.¹⁸⁸

The Law of Responsibilities for Officials and Employees puts certain responsibilities on the shoulders of public employees. In an attempt to avoid graft, the law requires that employees reveal their personal assets before taking office, at anytime during office, and after leaving their government jobs. The law, at one time all but ignored, has been more seriously enforced since about 1953.¹⁸⁹

¹⁸⁶Ernesto Lobato, "La Burocracia Mexicana," Revista de Económica, XIV (October, 1951), pp. 307-13.

¹⁸⁷Ibid.

¹⁸⁸Tucker, op. cit., pp. 133-35.

¹⁸⁹Ibid., p. 132.

The administrative organization in Peru is also quite centralized under presidential control. In addition to his power to appoint the president of the Council of Ministers and the ministers of state, Article 154 of the Constitution gives him power to administer the national treasury (9); to appoint, remove, and grant leave of absence, in conformity with the law, to public officials and employees whose appointment or removal does not devolve on other officials or corporations (11); to grant, in conformity with the law, retirement and superannuation pensions and gratuities (12); to decide conflicts which arise between the departmental councils (13); to exercise the national patronage in accordance with the existing laws and practices (21), and to exercise the other functions of government and administration which the Constitution and the laws entrust to him (27).

The Cabinet, or Council of Ministers, is second only to the president in the Peruvian administrative set-up. There are some 13 ministries: Government and Police, Finance and Commerce, Foreign Affairs, Justice and Worship, War, Navy, Aeronautics, Labor and Indian Affairs, Education, Development and Public Works, Health and Social Assistance, Agriculture, and Transport and Communication.¹⁹⁰

¹⁹⁰Sources on the administrative organization in Peru are scarce. Those used here include James L. Payne, Labor and Politics in Peru (New Haven: Yale University Press, 1965), pp. 3-26; Edwin E. Erickson, et al., United States Army Handbook for Peru (Prepared for the Department of the Army by the Foreign Area Studies Division, Special Operations Research Office, The American University; Washington, D. C.: United States Government Printing Office, May 1965), pp. 292-95.

As in many of the Latin American countries, the Ministry of Government and Police is one of the most important. The head of this agency assists the president in appointing other officials, and in supervising the departmental, provincial and district agencies of the government.

In addition to the regular ministries, there are a number of special agencies and offices. Some of these, similar to the decentralized agencies of Mexico, are concerned specifically with development.

The Congress passed a civil service law in 1950. It was implemented by decree in 1960. It covers many public employees, but there is a notable list of exceptions. The exclusions include employees of the judicial and legislative branches, foreign service personnel, members of the armed forces, school teachers, and political appointees, all of whom are chosen under other laws. The basic statute calls for a career civil service, competitive examinations, and promotion based on merit. In turn, it prohibits public employees from participating in political activities and from making contracts with state agencies.¹⁹¹ In practice, the full implementation of the law has been spotty, but a start has been made.

In summary, administration is more highly centralized in Mexico than in Peru. The president in Mexico has more discretion in naming his ministers and other governmental policymakers. In Peru, the president must be more careful to fill

¹⁹¹Erickson, op. cit., p. 295.

posts with personnel acceptable to Congress, to opposition parties, and to the armed forces. In addition, the Mexican president has considerable control over the decentralized developmental agencies, making it easier to coordinate the entire program of economic development. The development of similar agencies in Peru has only begun at this time. Finally, the Mexican government has a more highly developed civil service program than does Peru, to administer the government programs. In both systems, however, the presidency is the apex of the administrative organization.

Goals and Implementation of U. S. Foreign Assistance
Programs to Latin American Countries

One of the greatest challenges that the United States and the Latin American Republics have ever faced is the successful implementation of the Punta del Este goals. The task of accomplishing the revolution, under freedom, which the Charter of Punta del Este called for, was described by President Kennedy as "probably the most difficult assignment the United States has ever taken on."¹⁹²

Speaking at a White House reception for Latin American Diplomats on March 13, 1962, President Kennedy described the Alliance as a success in that it had already brought about a shift in thinking and attitudes about development in the

¹⁹²U. S., Office of the Federal Register, Public Papers of the Presidents of the United States: John F. Kennedy, 1962 (Washington, D. C.: Government Printing Office, 1963), pp. 883-84.

Western Hemisphere. People throughout the Americas, he noted, had accepted the goals of the Alliance. For the first time in Inter-American history, energies were being concentrated "on the central task of democratic development." But, the President hastened to add, there were obstacles in the path of progress. Social reform had to take place. Such reforms "are at the heart of the Alliance for Progress. They are the precondition to economic modernization." Yet, the United States understood, the President continued, that deeply rooted traditional social structures do not die easily. A good start, however, had been made.¹⁹³

Implementing the goals of the Alliance was subject to considerable evaluation throughout the latter part of 1962. In October, Secretary of the Treasury, Douglas Dillon, spoke about the problem to the Inter-American Economic and Social Council Meeting at Mexico City. A solid beginning had been made, he told the delegates, but there were also two serious defects in its operation up to that time. First, the pace of self-help and reform was not proceeding satisfactorily. Secondly, the role of private enterprise, both foreign and domestic, was becoming obscure. There had been no progress during the past year, he noted, in the area of private investment. "The plain fact of the matter is," he said, "that private enterprise has not always been made to feel that it is truly a part of the

¹⁹³American Foreign Policy, Current Documents 1962, op. cit., pp. 484-86.

Alliance." The situation was serious, he continued, because there simply did not exist sufficient public funds to adequately finance the proposed undertaking. He proposed, therefore, that the Latin American governments encourage growth in the private sector, reassure private enterprise in the soundness of investment, and grant the private sector whatever advantages had been granted the public one.¹⁹⁴

In a report approved by the delegates to the Mexico City meeting in October, 1962, it was pointed out that self-help and reform in Latin America should be given greater impulse. Especially in the areas of tax reform, land reform, and administration, the report stated, more attention should be speedily given. Therefore, the IA-ECOSOC recommended that participants in the Alliance "hasten the fundamental structural changes in the economic and social fabric necessary to convey the benefits of progress and equal opportunities to the great majority of the people of the Americas."¹⁹⁵

Two months later, in an address before the Economic Club of New York, President Kennedy stated: "I think that the situation in Latin America is very critical." The President briefly compared the Alliance for Progress with the Marshall Plan, and concluded that problems in implementing the former were staggering. The attempt by the Latin American countries

¹⁹⁴Ibid., pp. 511-12.

¹⁹⁵The text of the Report is in Department of State Bulletin, XLVII, No. 1224 (December 10, 1962), pp. 897-901.

to accomplish social revolution under freedom, the President pointed out, was being confronted with serious obstacles.¹⁹⁶

A similar theme characterized the analysis of the Alliance made in a report of the National Advisory Council on International Monetary and Financial Problems in mid-July, 1963. Accelerated growth, the Report noted, should take place immediately in the areas of development planning, land reform, taxation, education, and improved opportunities for exports.¹⁹⁷

By 1964, more optimistic views of the progress of the Alliance were being stated. Calling for still greater concentration and dedication to the program, President Johnson pointed out that foundations had been laid, and some significant changes had taken place. In his report to the Congress, the President noted that ten of the nineteen Latin American Republics had met or surpassed their goal of a 2.5 percent per capita growth rate in 1963; all of the countries had recently improved their tax administration systems; eight of them had passed major tax reform legislation; eight had prepared development plans; and twelve had at least introduced agrarian reform legislation. In addition, the President noted that by June 30, 1964, the Alliance had

helped construct 222,600 homes, 23,400 classrooms, 1,056 water systems and wells, and 2,900 miles of roads; produce

¹⁹⁶Public Papers of the Presidents of the United States: John F. Kennedy, 1962, loc. cit.

¹⁹⁷U. S. Congress, House of Representatives, National Advisory Council Report, House Document 144, 88th Cong., 1st Sess., July 23, 1963, pp. 26-28.

6,810,000 schoolbooks, build 554 health centers, hospitals and mobile health units; make 207,000 agricultural credit loans; train 47,930 teachers and 5,660 public administrators; and establish or expand the resources of 16 development banks or funds, 910 credit unions, and 74 savings and loan associations.¹⁹⁸

In the President's 1965 Annual Report to the Congress on the foreign assistance program, still further successes were catalogued. Two more countries had submitted development plans; two more, making a total of 14, had instituted land reform programs; more classrooms and homes had been built; additional textbooks had been distributed; the number of teachers trained had doubled; and the number of savings associations and credit unions had grown considerably. The Latin American region had received more than 30 percent of total AID country assistance commitments during 1965, and the Latin American countries, it was reported, were making a stronger effort to implement self-help measures.¹⁹⁹

President Johnson was still optimistic when he spoke at the Pan American Health Organization in Washington, D. C., on August 17, 1966. The Alliance, he noted, was designed to build democracy, and that it was currently a revolution at work. Its success had shattered the myth that communism was the wave of the future in Latin America. This progress was building "demo-

¹⁹⁸President Lyndon B. Johnson, The Foreign Assistance Program, Annual Report to the Congress Fiscal Year 1964 (Washington: U. S. Government Printing Office), pp. 45-46.

¹⁹⁹President Lyndon B. Johnson, The Foreign Assistance Program, Annual Report to the Congress Fiscal Year 1965 (Washington: U. S. Government Printing Office, 1966), pp. 13-14.

cratic stability" in which men "can labor without upheavals and without chaos."²⁰⁰

Implementation in Mexico and Peru

United States aid to Mexico and Peru has not been as much as it has been for some other Latin American countries. In order of amounts received 1945-1964 are Brazil, Chile, Argentina, Colombia, Mexico, Bolivia, and Peru. The amount granted to Mexico during the period was \$365 million while Peru received some \$222.²⁰¹

Typical of the agreements between the United States and Mexico concerning the implementation of the foreign assistance program is one which entered into force November 15, 1961, dealing with technical cooperation. In the exchange of notes which established the conditions under which the grants were authorized, the Government of Mexico agreed, through its Centro Industrial de Productividad, its agency for administering the program, to "specify in writing the type of work to be undertaken, its objective, methods of financing, and such other matters as the parties may deem pertinent." The Centro, the Mexican Government further agreed, would submit a final report

²⁰⁰U. S. Department of State Bulletin (Washington: U. S. Government Printing Office), LV, No. 1419 (September 5, 1966), pp. 330-34.

²⁰¹U. S. Department of Commerce, Bureau of the Census, Statistical Abstract of the U. S., 1965, op. cit., p. 865; for a more complete breakdown of aid to Latin America see U. S. Department of State, Bureau of Educational and Cultural Affairs, Resources Survey for Latin American Countries (Washington: U. S. Government Printing Office, 1965).

on any project completed. This summary would contain such items as "a record of the work done, the objectives pursued, the expenditures made, the technical problems solved, and any other basic data related to the project."²⁰²

Because of the state of development which currently exists in Mexico, few direct obstacles to the successful implementation of foreign assistance programs exist. This state of affairs is reflected in a joint communique issued at Mexico City by President López Mateos and President John F. Kennedy, during the latter's visit to Mexico in June, 1962. In the document, both governments declared a willingness to "strengthen the democratic institutions which their peoples, in the exercise of their sovereign rights, have constructed. . . ." President Kennedy recognized that the goals of the Alliance were the same as those of the Mexican Revolution. Finally, both Presidents agreed that "government has an essential role in stimulating and supplementing the efforts of private enterprise" for attaining their objectives.²⁰³

Carrying out the foreign assistance program in Peru has not been as easily accomplished as it has in Mexico. On July 18, 1962, the Director of the Office of News in the Department of State read a statement to newsmen concerning events

²⁰²U. S. Department of State, United States Treaties and other International Agreements (Washington: U. S. Government Printing Office, 1963), XIII, Part 2, pp. 1882-1888.

²⁰³U. S. Department of State, Bulletin, XLVII, No. 1204 (July 23, 1962), pp. 135-37.

which had recently taken place in Peru. The Peruvian armed forces had, according to the release, deposed President Prado and assumed control of the Government. "We deplore this military coup d'etat," the statement continued, "which has overthrown the constitutional government of Peru." The United States was, it was pointed out, watching developments in Peru. "Meanwhile, our diplomatic relations with Peru have been suspended."²⁰⁴

The following day, President Kennedy's Press Secretary, Pierre Salinger, read the following statement to newsmen:

The President has noted developments in Peru with great concern. It is his belief that the action taken by the Peruvian military to depose a democratic, constitutional government has contravened the common purposes inherent in the inter-American system and most recently restated in the Charter of Punta del Este, which the former Government of Peru and other hemisphere Republics pledged themselves to support a year ago. At that historic meeting, the signatories agreed to work together for the social and economic welfare of the hemisphere within a framework of developing democratic institutions.

The Declaration to the Peoples of America adopted at Punta del Este sets forth the aim to improve and strengthen democratic institutions through the application of the principle of self-determination by the people. In the case of Peru, this great cause has suffered a serious setback.²⁰⁵

On August 17, 1962, the State Department announced that diplomatic relations would soon be resumed. The about face had come about, it was noted, because the governing Military Junta had given assurances that free elections would be held in June of the following year. As proof of their sincerity, the Junta

²⁰⁴U. S. Department of State, Bulletin, XLVII, No. 1206 (August 6, 1962), pp. 213-14.

²⁰⁵American Foreign Policy, Current Documents, 1962, op. cit., p. 497.

agreed to admit witnesses at the future elections. In the meantime, the Junta had agreed to carry out any prior governmental commitments, including their responsibility under any previously signed "loan, grant, and other agreements of our economic assistance programs. . . ." ²⁰⁶ Political activity in Peru after this coup has been described above.

Summary

It can hardly be disputed that the role of government in economic development is a crucial one. The extent to which the government should or should not act in specific areas, however, remains open for further investigation. Nevertheless, it is generally agreed that at the minimum, "political stability" or "government stability" is an inducement to economic development.

The concept of political development is a recent addition to the literature on development. While not often precisely defined, it has been used in this study to mean that a legitimate government has the capacity to act effectively in pursuing its national goals. This is not, however, the way in which the term is used in foreign aid legislation passed by the United States Congress. Political development there, and as it has been used by certain presidents, means development toward a democratic method of governing. It is sometimes used to denote an end in itself, other times as an impediment to economic devel-

²⁰⁶U. S. Department of State, Bulletin, XLVII, No. 1210 (September 3, 1962), pp. 348-49.

opment. But regardless of whether it is used to mean democracy as known in the Western world, or whether it is used to mean an ability to act effectively, the same conclusions may be drawn about the systems of Peru and Mexico.

It has been shown above that a more advanced state of political development exists in Mexico than in Peru. While the formal structure of the two systems, as described in their respective constitutions, are similar, the informal processes of decision-making and decision-executing are not.

The base of support as determined by voter registration and turn-out, is much more extensive in Mexico. In Peru, few of the sierra Indians participate at all in national politics.

Mexico is basically a one-party state while Peru is a multi-party system. Most authorities agree that Mexican Partido Revolucionario Institucional has been an asset to development. Through its close association with the formal government, it has provided support and encouragement to the central authority, while at the same time building a legitimate base through the use of democratic procedures. Other political parties do exist in Mexico.

The party system of Peru consists principally of three major groups, each having provided, in recent years, formidable competition for the others. APRA, although still perhaps the largest party, can not yet be assured that it could legally take over the government even if legally elected. In the meantime, the Apristas remain, either alone or in a coalition with

the Odrifistas, a revengeful opposition. Such strong opposition is conducive neither to political or economic development.

The president in Mexico is at the same time the chief executive and the chief legislator. In Peru, the party struggles are reflected in the Congress and in legislative-executive relations. That is, the Peruvian president must expect more opposition from the Congress than would the president of Mexico from his legislative body.

In both countries the president is the chief administrator. The administrative organization in Mexico is, however, a more tightly woven system than that of Peru, and it is better shaped to handle the problems of economic development.

Finally, there is confidence in Mexico that "political stability," a term almost interchangeable with "political development," has been achieved.²⁰⁷ In Peru, on the other hand, political stability is still lacking.²⁰⁸ The society of the

²⁰⁷Edwin M. Martin, while Assistant Secretary for Inter-American Affairs in the U. S. Department of State, said: "Mexico has enjoyed political and economic stability since 1930." U. S. Department of State, Bulletin, XLIX, No. 1278 (December 23, 1963), p. 960.

In a study of another of the more highly developed systems in Latin America, Chile, the author concludes that its "highly specific structures" do not represent more than about one-fourth of the population. In Chile, the author concludes, a "sense of national community is yet to be achieved." Charles J. Parrish, "The Politics of Economic Development: Bolivia and Chile," (unpublished Ph.D. dissertation, Department of Political Science, University of North Carolina, 1964), pp. 420-21. Just the opposite appears to be the case in Mexico.

²⁰⁸There are many disunifying factors in Peru which constitute impediments to political development. On geography see Jose Pareja Paz Soldan, Geografía del Perú (Lima: Librería Internacional del Perú, S. A., 1955); and Avencia Villarejo,

latter country is in the process of transition from a traditional to a more advanced state. The government reflects this, is weakened by it, and is not, therefore, in the position to lead as effectively as those who favor immediate modernization would desire.

La Selva y el Hombre (Lima: Editorial Ausonia, 1959). Excellent accounts of social and cultural diversities are Roberto Mac-Lean y Estensos, Sociología del Peru (Mexico, D. F.: Instituto de Investigaciones Sociales Universidad Nacional Autónoma de Mexico, 1959); Jose Varallanos, El Cholo y el Peru (Buenos Aires: Imprenta Lopez, 1962); Louis E. Valcarcel, Ruta Cultural del Peru (Mexico, D. F.: Fondo Cultural Económica, 1945); Alan R. Holmberg, "Changing Community Attitudes and Values in Peru: A Case Study in Guided Change," in Richard N. Adams, et al., Social Change in Latin America Today (New York: Council on Foreign Relations by Harper and Brothers, 1961); and Richard N. Adams, A Community in the Andes: Problems and Progress in Muquiyauyo (Seattle: University of Washington Press, 1959); and William W. Stein, Hualcan: Life in the Highlands of Peru (Ithaca, N. Y.: Cornell University Press, 1961). For extensive treatment of national ideology in Peru see Harry Kantor, Ideology and Program of the Peruvian Aprista Party (Los Angeles: University of California Press, 1953). Mac-Lean y Estensos adequately summarized Peru when he said "la unidad nacional es inexistente, no existe una unidad en nuestra Patria," op. cit., p. 550.

CHAPTER V

POPULATION

Most studies in economic development, including the major textbooks, deal extensively with the influence of population on economic development. So much so, in fact, that Kindleberger refers to the discussion of population as a "well-worn topic," and indicates that he will attempt only to "re-capitulate the familiar."¹

Students of political development have so far done little with the topic.² For that reason, the emphasis in this chapter will be focused on the economic questions arising from the high population increases, and governmental actions in coping with the problem.

Concern with the effects of population increase and level of living may be traced at least back to Malthus. In his essay, "Principle of Population," he concluded that "population, when unchecked, increases in a geometrical ratio. Subsistence

¹Kindleberger, op. cit., p. 205.

²In a recent study by Robert T. Holt and John E. Turner, The Political Basis of Economic Development (Princeton: D. Van Nostrand Co., 1966), pp. 321-25, the authors treat the topic briefly.

only increases in an arithmetical ratio." The power of population, he continued, "is infinitely greater than the power in the earth to produce subsistence for man."³ While certain checks such as war, pestilence, famine, and premature mortality had curbed population in the past, he offered only one major solution to the increasing population problem: delayed marriages.⁴

Marxists,⁵ and other scholars inside and outside the socialist tradition, have accused Malthus of oversimplifying the population arguments. Most of them do, however, agree that a population increase under certain conditions may constitute an impediment to economic and social development. At the same time, it is generally recognized that an increase in population may, under certain conditions, be advantageous to a particular country.⁶

Hans Singer has described the differences between static overpopulation, and an increasing population, as they affect development. In the former case, it "lowers the national income per capita and is thus . . . an antidevelopmental factor." The lower the per capita income, "the more difficult it is for a

³T. R. Malthus, Principle of Population (New York: The Macmillan Company, 1921), p. 7.

⁴Ibid., p. 98.

⁵Ronald S. Meek, Marx and Engels on Malthus (New York: International Publishers, 1954), pp. 53-57.

⁶United Nations, Proceedings of the World Population Conference (New York: United Nations, 1954), Vol. V, pp. 1095-1113.

country to achieve the rate of domestic savings which will enable it to pull itself up by its own bootstraps."⁷ With respect to the latter, "you have to run in order to keep in the same place." The investment required to equip the increasing population with the same level as the rest "must be considered as unproductive investment." This latter investment does not help develop a country, but only helps it maintain the status quo. Therefore, the greater the population increase, the greater the amount of unproductive investment of this kind.⁸

A reduction in the rate of population increase will not necessarily, however, promote economic development. A reduction in fertility may be of assistance. But if the decline in population is due to an increase in mortality among the adult population, that is, the active workers, the effects may be harmful. If the mortality rate is high among the youth who are just preceding the productive ages, the decrease may be harmful. Therefore,

it is thus conceivable, although perhaps not likely, that an acceleration of population increase is beneficial for economic development. But this will normally require both falling birth rates and falling death rates, with the latter fall concentrated among the adult group.⁹

A combination of high birth rates and high death rates, so characteristic of the less developed areas, is economically wasteful. Resources are used to care for the large number of

⁷Singer, op. cit., p. 73. Singer was a participant at the World Population Conference at Rome in 1954.

⁸Ibid., p. 74.

⁹Ibid.

children, yet they may not live long enough to repay for the investment made in their food, clothing, shelter, education and other services. The low birth rate combined with a low death rate "leads to conditions favorable to high levels of consumption and capital formation and thus of economic development."¹⁰

World-wide figures show that there are about one-sixth less persons of productive age in the less developed countries than in say the United Kingdom. The figure for Latin America is even higher. Even if differences such as capital equipment, levels of education, climate, natural resources, etc. were ignored, the demographic factor alone would be responsible for output in the less developed countries being one-sixth lower than it is in the United Kingdom.¹¹

In summing up the relationship between population and economic development in the less developed countries, there are at least three ways in which the former may affect the latter. First, high birth rates may create a heavy economic load per adult. This not only makes it difficult to save for investment purposes, but it may also result in the denial of education and other long term development essentials to the children. Secondly, lower death rates and higher birth rates increase the population, thereby creating the need for larger and larger investment just to keep the individual worker equipped in the way to which he has become accustomed. Investment for the purpose

¹⁰Ibid., p. 81.

¹¹Ibid., pp. 81-82.

of improving the overall level would tend to be scarce. Thirdly, many of the less developed countries have a high agricultural population in relation to the land under cultivation.¹²

The Demographic Pattern in Latin America

The 1965 population of Latin America was estimated to be in excess of 225 million; the annual increase of about 5 million--about 2.5 percent--was among the highest in the world. From about 33 million and 3 percent of the world total in 1850, the 20 republics now have about 7 percent. According to United Nations estimates, the population of Latin America may be near 300 million by 1975 and possibly 600 million by the end of the century.¹³

Increases vary from country to country. During the period 1935-1955 the countries with the lowest average annual rates of increase included Uruguay, Haiti, Bolivia, El Salvador, Peru, Chile, and Cuba in that order. Those at the top and in descending order included Venezuela, Costa Rica, Nicaragua, Panama, Dominican Republic, Guatemala and Mexico. The projections for the period 1955-1975 indicate that all but four countries will have higher annual growth averages, with two of the

¹²United Nations, Proceedings of the World Population Conference, op. cit., p. 1103. Similar views are expressed by Joseph J. Spengler in "The Population Obstacle to Economic Development," American Economic Review, Papers and Proceedings of the Sixty-third Annual Meeting, XLI (May, 1951), pp. 343-54.

¹³United Nations, Department of Economic and Social Affairs, ECLA, "The Demographic Situation in Latin America," Economic Bulletin for Latin America, VI (October, 1961), p. 13.

latter remaining the same.¹⁴ The average annual rate of increase for all countries during the 1935-55 period was 2.2 percent while it rises to 2.6 percent for the projected estimates in the 1955-75 period.¹⁵

Population growth in Latin America is influenced by several factors. Among them are birth rates, death rates, and in certain cases, immigration. The latter has had at most only moderate effects, and has been limited mostly to Argentina, Brazil, and possibly Venezuela. Birth rates have changed very little from what they were in the early part of this century. They have always been high, probably around 45 per 1,000 population. Exceptions to this general pattern would be those of Argentina, Uruguay, Chile, Cuba and southern Brazil.¹⁶

The predominant factor accounting for the rapid increase in population in Latin America is the sharp reduction in mortality. While specific data of a reliable nature has been extremely difficult to obtain in the past, it has been estimated that during the early years of this century the death rate in Latin America as a general rule amounted to about 30 per 1,000. The birth rate, as indicated above, was in the general area of 45 per 1,000.¹⁷ As shown in Table 7, the death rate had de-

¹⁴See Table 6, page 191.

¹⁵Ibid.

¹⁶United Nations, "The Demographic Situation, . . ." op. cit., pp. 14-15; Carr B. Lavell, Population Growth and the Development of South America (Department of Sociology and Anthropology, George Washington University; Washington, D. C.: 1959), p. 6; see also Table 7, page

¹⁷Lavell, op. cit., p. 7.

TABLE 6
POPULATION ESTIMATES FOR THE TWENTY LATIN AMERICAN
REPUBLICS, 1935-1975 AND AVERAGE ANNUAL
RATES OF INCREASE^a

Country	Estimated population (thousands)					Average annual rate of increase (percentages)	
	1935	1945	1955	1965	1975	1935-55	1955-75
Brazil.....	37150	46215	58456	74572	95788	2.3	2.5
Mexico.....	<u>18089</u>	<u>22576</u>	<u>29679</u>	<u>40635</u>	<u>53561</u>	<u>2.6</u>	<u>2.9</u>
Argentina..	<u>13044</u>	<u>15390</u>	<u>19122</u>	<u>22159</u>	<u>27120</u>	<u>2.0</u>	<u>1.7</u>
Colombia...	8199	10152	12836	16985	22702	2.3	2.9
Peru.....	<u>6483</u>	<u>7727</u>	<u>9396</u>	<u>12420</u>	<u>16382</u>	<u>1.9</u>	<u>2.8</u>
Chile.....	<u>4700</u>	<u>5541</u>	<u>6761</u>	<u>8581</u>	<u>10800</u>	<u>1.9</u>	<u>2.4</u>
Cuba.....	4221	4932	6131	7553	9183	1.9	2.0
Venezuela..	3300	4267	5882	8081	10779	3.0	3.0
Haiti.....	2581	2928	3388	4133	5209	1.4	2.2
Bolivia....	2540	2850	3334	4152	5299	1.4	2.4
Ecuador....	2296	2781	3691	4912	6446	2.5	2.8
Uruguay....	2030	2256	2615	2896	3143	1.3	0.9
Guatemala..	1996	2438	3258	4320	5902	2.6	3.1
El Salvador	1531	1742	2109	2730	3571	1.7	2.7
Dom. Rep...	1484	1889	2454	3319	4605	2.6	3.2
Honduras...	1042	1261	1660	2179	2819	2.5	2.7
Paraguay...	988	1247	1498	1779	2214	2.0	2.0
Nicaragua..	728	923	1245	1692	2269	2.8	3.0
Panama.....	546	703	914	1206	1587	2.6	2.8
Costa Rica.	551	695	951	1335	1827	2.9	3.3
Total							
Twenty Reps.	113499	138513	175380	226459	291206	2.2	2.6

^aUnited Nations, Department of Economic and Social Affairs, ECLA, Economic Bulletin for Latin America, VI (October, 1961), p. 14.

TABLE 7

BIRTH RATE, DEATH RATE, AND NATURAL INCREMENT, 1953-57^a
(Per 1,000 inhabitants)

Country	Birth rate		Death rate		Natural increment	
	A	B	A	B	A	B
Argentina.....	24.1	24-25	8.5	8-9	15.6	15-16
Bolivia.....	31.0	41-45	11.0	18-25	20.0	18-25
Brazil.....	43.0 ¹	42-45	20.6	16-19	21.4	24-28
Colombia.....	40.4	44-45	13.0	15-17	27.4	28-29
Chile.....	34.4	35-37	12.6	13-14	21.8	22-24
Ecuador.....	46.0	44-48	15.3	15-17	30.7	28-32
Paraguay.....	46.6 ²	45-50	10.6	12-18	36.0	30-35
Peru.....	36.9	42-48	13.0	15-22	23.1	22-30
Uruguay.....	19.0 ³	18-20	7.4	7-8	11.6	10-13
Venezuela.....	46.5	44-47	10.1	12-15	36.4	25-32
Total	38.3	39-41	15.7	14-17	22.6	23-26
Costa Rica.....	48.0	44-48	10.5	10-15	37.5	30-36
Cuba.....	25.1 ⁴	30-32	5.8	10-11	20-21
El Salvador...	48.0	44-48	14.1	14-18	33.9	28-32
Guatemala.....	49.9	46-52	20.5	18-25	29.4	25-30
Haiti.....	45-55	25-35	15-25
Honduras.....	42.2	44-48	11.0	15-20	31.2	25-32
Mexico.....	46.4	45-47	13.6	14-17	32.8	29-32
Nicaragua.....	42.6	45-50	9.2	14-18	33.4	28-35
Panama.....	39.2	38-42	9.3	9-12	29.9	28-32
Dominican Rep.	41.1	45-50	8.8	15-20	32.3	25-32
Total	43.4 ⁵	43-46	12.5	15-18	30.9	26.30
Grand Total	39.7 ⁶	40-43	14.8	15-17	24.9	25-26

^aUnited Nations, Department of Economic and Social Affairs, ECLA, Economic Bulletin for Latin America, "Statistical Supplements for 1960," V, Table 3.

A= Recorded rate or official estimate

B= ECLA estimate

¹Estimates for 1940-50.

²Estimates for 1950.

³1953-54.

⁴1952

⁵1956

⁶Excluding Haiti.

clined by the mid-1950's to half that of 1910.

The death rate is still high in some of the Latin American countries, particularly those which are partly located in the Tropical Zone such as Brazil, Ecuador, Colombia and parts of Peru. With continued use of the inexpensive DDT in combating malaria, however, the death rate is expected to continue to fall in these areas.¹⁸

No important change in the average rate of growth of the Latin American countries has been predicted, even though the rates of growth in some of the countries are among the highest in the world. Some writers have speculated on the possibility of a mild decline in the fertility rate as urbanization grows, a trend which did apparently influence birth rates in the developed nations of the West. And in Latin America, the comparatively low rates of Argentina and Uruguay are sometimes attributed in part to attitudes which are commonly associated with the technologically advanced states. Even now, "in every Latin American country birth rates are markedly lower in urban than in rural areas, evidently because of the differences in living conditions between the two types of environment."¹⁹

The proportion of the population that lives in the urban areas of Latin America is increasing rapidly, and will have

¹⁸United Nations, "The Demographic Situation, . . ." op. cit., p. 17.

¹⁹Ibid.

some influence in decreasing the average birth rate. Such decreases, however, will be mild and slow, and "so long as there is room for a sizable reduction in the death rate, the possible small reduction in the birth rate will be far from sufficient to offset the tendency towards accelerated population growth." No significant changes will take place in the rate of population growth "without profound changes in social and individual attitudes, such as those which have occurred in Argentina and Uruguay."²⁰

The only hope for successful development under conditions such as those which exist in parts of Latin America, and the underdeveloped world as a whole, is, according to Staley, "for them to balance deliberate modernization in the spheres of economics and health with equally deliberate and organized efforts to lower the birth rate nearly as fast as the death rate."²¹ He adds, however, that "no one knows whether or not such a policy can be adopted and effectively implemented. . . . Technical advances in birth control and in the social technology of spreading new ideas may help."²² Other international

²⁰ Ibid.

²¹ Staley, op. cit., p. 282. At the recently held eighth international conference of the World Planned Parenthood Assembly, Santiago, Chile, Sir Colville Deverell of Britain, Secretary General of the International Planned Parenthood Federation, told the delegates from 87 countries that the population explosion could be curbed "only if governments and volunteer agencies greatly increase present efforts to make contraception and maternal services available to the public in the developing countries. . . ." New York Times, April 16, 1967. p. 1.

²² Ibid.

observers have expressed even greater concern for the overall problems of population increase. Julian Huxley, for example, has put it this way:

The world population problem is to my mind the most important and the most serious of all the problems now besetting the human species. The problem of avoiding nuclear war is more immediate, but that of overpopulation is, in the long run, more serious and more difficult to deal with because it is rooted in our own nature.

It is now a world problem in general public estimation, but it has only recently achieved that position.²³

India may have become something of a model for the less developed countries which want to take specific measures to encourage birth control. Through that government's Planning Commission, the Family Planning Association of India, and the International Planned Parenthood Association, which organized at a Bombay meeting in November, 1952, an attempt was made to disseminate birth control information to 80 percent of the Indian women.²⁴ India, however, enjoys one advantage in this sphere of activity which would not be prevalent in most of the Latin American countries; that is, the Hindu or Moslem religions do not constitute serious bars to the distribution of birth control information.

In matters dealing with birth control in Latin America, it may be assumed that pronouncements by officials of the Catholic Church would have considerable influence on any actions taken at the governmental level, and possibly those of a private

²³The Human Crisis (Seattle: University of Washington Press, 1963), p. 43.

²⁴New York Times, November 28, and November 30, 1962.

nature.²⁵ On the basis of this assumption, a brief resume of such pronouncements will be included here.

The Church's strongest pronouncements have been made in connection with abortion, a method of birth control which has never been very acceptable anywhere. Pope Pius XI, noting in a papal encyclical in 1930 that some people think it is an appropriate means for lowering the birth rate, condemned it even if the mother's life is at stake. "However we may pity the mother whose health and even life is gravely imperiled in the performance of the duty allotted to her by nature," he said, "what could ever be a sufficient reason for exercising in any way the direct murder of the innocent?"²⁶

The 1930 papal encyclical also condemned contraception. Called "shameful," "vicious," and "a grave sin," such practices were labeled offenses "against the law of God and of nature." In 1961, Pope John XXIII made similar statements in "Mater et Magistra." Anti-conception devices, he indicated, are expedients that "offend against the moral order established by God."²⁷

In one recent publication in which an attempt is made to justify the Catholic viewpoint on birth control, the Catholic

²⁵A similar assumption is implied in Robert S. Smith, "Population and Economic Growth in Central America," Economic Development and Cultural Change, X, No. 2, 1 (January, 1962), pp. 134-149, especially pp. 143-145.

²⁶"Casti Connubii," The Ecclesiastical Review, LXXXIV (March, 1931), pp. 242-43.

²⁷New York Times, July 15, 1961, pp. 7 and 8.

author deals specifically with the fertility rate in the under-developed countries.²⁸ "In my judgment," the author says, "the strongest appeal for birth prevention is based on the theory that it will help the newly developing countries to accumulate the capital for the modernization program." He then attempts to show, however, that population growth is not necessarily a "luxury which absorbs capital that might otherwise be diverted into the productive economy," but a force that "powers the economy into self-sustained growth." The real problem of solving overpopulation in developing countries, he concludes, "resolves itself into the work of increasing per capita production."²⁹

The much talked about "rhythm method" of birth control is sometimes referred to as a method which may find extended use in the heavily populated areas. According to Zimmerman, "the Church does not oppose guidance in child spacing which is directed toward preservation of family welfare and performed within the framework of the natural law." Such guidance is often given by physicians in developed countries when, he notes, it is requested by the parents. Therefore, "there is no reason to believe that a different policy would be applied to newly developing countries." But private advice and public campaigns aimed at birth control are totally different things. When

²⁸Anthony Zimmerman, S.V.D., S.T.D., Catholic Viewpoint on Overpopulation (Garden City, New York: Hanover House, 1961).

²⁹Ibid., pp. 181-86.

"approving Rhythm for solving family problems, the Church does not necessarily endorse undignified public Rhythm campaigns aimed at balancing a national budget."30

Zimmerman sees only one set of circumstances in which the Church might justifiably change its teachings on birth control: absolute overpopulation. At the present time, he thinks, such conditions do not exist, even in India and China. But should it occur, "reason would demand the employment of a legitimate form of population control, and the Catholic Church would presumably interpret the natural law in accordance with this circumstance."31

In spite of the conclusions such as those described above, some actions have been taken in Latin America which indicate there is an immediate concern with the problem of a burgeoning population. One such example was that involving the four-day meeting of the Pan American Assembly on Population, held at the Medical College of Universidad del Valle, Cali, Colombia, in August of 1965. Sponsors of the First Pan American Assembly on Population were the Colombian Association of Medical Schools, the Population Council of New York, the American Assembly of Columbia University of New York, and the Universidad del

30 Ibid., pp. 180-81.

31 Ibid., p. 211; similar views, with a slightly different emphasis, are those of Dr. Donald N. Barrett, a member of the Papal Commission on Population and Birth Control, in U. S. Congress, Senate, Population Crisis, Hearings before the Subcommittee on Foreign Aid Expenditures of the Committee on Government Operations, 89th Cong., 2nd Sess., II (Washington: Government Printing Office, 1966), pp. 384-420.

Valle at Cali.³²

The more than 150 delegates, representing "almost every hemisphere nation," were told by Dr. Frank W. Notestein, president of the Population Council, New York, that "the nation that chooses to be both prosperous and large in the long run can speed the day by reducing its birth rate drastically and at once." While pointing out that high birth rates do not have the same effects on all countries, Dr. Notestein continued by saying that "for undeveloped countries with high birth rates economic advances are out of the question because all available energy and capital are consumed in maintaining existing economic levels."³³

The loudest sounds coming from the conference, according to H. J. Maidenbergl, New York Times observer, was the silence of the Roman Catholic Church. Many of the delegate-priests, he said, "not only sat through speeches sharply attacking previous positions of the Church on birth control, but they also submitted some of the best and boldest papers on the subject." Some of the clergymen, he noted, were "more frank about their support of family planning--a term they prefer to birth control--than the more cautious lay delegates." A summary of the clerics' attitudes is as follows:

The best attitude our superiors could assume on these vital issues--until the Vatican clarifies the position of the Church--was to be silent. This does not mean the

³²New York Times, August 15, and 22, 1965, p. E 3.

³³Ibid.

hierarchy is in agreement with us or with the advocates of birth control programs. It does mean that the Church now realizes the dangers of alienating millions of devout Roman Catholics by supporting certain social attitudes. The Church knows, for example, that for every two births in Latin America there is one abortion and that almost half the female members of the Church now use some contraceptive device. Those not using such devices are usually the poorest classes, whose high birth rate creates social conditions that lead them to live outside the Church.³⁴

The success of the Assembly was expected to give encouragement to officials in the Latin American governments who would like to take positive action, such as the establishment of family planning clinics. Some delegates indicated, however, that the distrust of government by the lower classes might require that such aid be handled through non-governmental or at most semi-governmental agencies. Education as an answer to the problem was mentioned by some in attendance at the Assembly. According to one of the delegate-priests, Padre Gustavo Perez Ramires of Bogota, the main obstacles to family planning now are "lack of education and organization among the vast inarticulate Latin masses and not the Church."³⁵

The Demographic Situation in Mexico

The population of Mexico is increasing rapidly. The official censuses have indicated the following growth since 1895:³⁶

³⁴Ibid.

³⁵Ibid.

³⁶Gilberto Loyo, La población de Mexico: estado actual y tendencias, 1950-1980 (Mexico: Investigación Económica, 1960), p. 4.

Census	Date	Population
1	Oct. 20, 1895	12,632,427
2	Oct. 27, 1900	13,607,259
3	Oct. 25, 1910	15,160,369
4	Nov. 30, 1921	14,334,780
5	May 15, 1930	16,552,722
6	March 6, 1940	19,653,552
7	June 6, 1950	25,791,017
8	June 8, 1960	34,625,903

The increase, especially since 1940, has been relatively high. The figure for 1960 was approximately 8.8 million over that of 1950, and 15 million above that of 1940. On a percentage basis, the growth rate between 1940 and 1960 averaged about 2.9, moving closer to 3 percent during the 1950's. Since 1930, the population has more than doubled.

Most of Mexico's increase is due to high birth rates and falling death rates. There has been some immigration, such as the Spanish refugees who went to Mexico in the 1930's, but nothing on a large scale. It may be assumed that this increase will continue, even though little immigration is expected, primarily because of the better living conditions, a continued reduction in mortality rates, and a high birth rate.³⁷

As Mexico's population grows, there has been a heavy migration to urban centers. Using the Mexican census definition of urban as communities of 2,500 or more, the urban population as a percentage of the total population for various years is as follows:³⁸

³⁷Brandenburg, The Making of Modern Mexico, op. cit., pp. 234-35.

³⁸Ibid. Estimates for 1970 and 1980 are based on United Nations projections.

1900	18.2%
1930	33.5
1960	49.0
1970	55.0
1980	62.0

As the following table indicates, the already heavily populated areas, such as the Valley of Mexico, have since 1930 attracted most of the migrants from the rural areas.

TABLE 8

POPULATION INHABITING FEDERAL ENTITIES OF MEXICO WITH SPECIFIED POPULATION DENSITIES, 1930, 1940, 1950 and 1960^a
(Millions)

Density	1930	1940	1950	1960
Total (all densities) . . .	16.6	19.7	25.8	34.6
Under 5	2.2	2.3	2.5	1.1
5-25.	9.0	10.8	10.8	13.7
25 and over	5.4	6.6	12.5	19.8

^aUnited Nations, "The Demographic Situation, . . ." op. cit., p. 22.

The Federal District of Mexico has nearly quadrupled in population during the period 1930-1960. By 1964, estimates of its population were in the neighborhood of 6 million inhabitants. It has been predicted that by 1980 the District will have 15 million. Mexico City alone counted 2.3 million people in the federal census of 1960.³⁹

Other areas of Mexico have been growing also. In fact during the 1950's, there was a higher rate of growth in the

³⁹Brandenburg, The Making of Modern Mexico, op. cit., p. 236.

northern border states than there was in southern states, where there is a large concentration of indigenous Indians. The rate in Sonora, for example, was 4.2 percent; it was 3.8 percent in Chihuahua, and 3.5 in Tamaulipas. In the South, Hidalgo had a growth rate of only 1.5 percent; Oaxaca was 1.6; Yucatan had 1.7; and the percentage was 1.8 for Durango and Zacatecas.⁴⁰ Much of this growth in the outlying areas was, however, in urban centers such as Monterrey, Puebla, Ciudad Juarez and Leon.

The transition from a rural to an urban society may be a trend which favors economic development. Where there are large concentrations of people, transportation problems become less serious obstacles. A large and capable labor force may be assembled more easily, and markets can be organized on a more satisfactory scale. Education may become more accessible to a larger number of the inhabitants, and public health programs will be able to reach a larger percentage of the population.⁴¹

In most of the Latin American countries, more women than men leave the country to live in the cities. Consequently, more women than men make up the urban population, while in the rural areas it is just the opposite. In Mexico, in 1950, there were only 90 males per 100 females living in urban areas. In the rural areas, however, there were 103 males per 100 females.⁴²

⁴⁰Ibid.

⁴¹United Nations, "The Demographic Situation, . . ." op. cit., p. 22.

⁴²Urban is defined here as localities with 20,000 or more inhabitants; rural means the rest of the country.

This phenomena, characteristic also of population shifts in the United States,⁴³ appears to be associated with the European cultural pattern. The opposite appears to be the tendency in some non-European cultures such as those of India, Turkey, and the Union of South Africa.⁴⁴

As indicated earlier in this chapter, economists generally consider populations with high proportions of population in the 15 to 64 age brackets to be more efficient; that is, the ideal situation exists where there are about 2 potential workers for each non-working dependent. In 1960, 53.5 percent of Mexico's population was in this category. Projections for 1975 indicate that the figure will rise slightly, to 54.3 percent.⁴⁵

A further breakdown of the 15 to 64 age population is sometimes made. This involves the percentage of that age which is below 40 years. It is assumed that the 15 to 40 age group may more readily adapt themselves to new tasks. For every 100 persons in the 15 to 64 category, Nicaragua has 73 who are between 15 and 40. From that high downward, Uruguay has 57. Mexico has 71. This may not be as great an advantage as might appear, however, because the effectiveness of that 71 will depend to a great extent on their education and training. In the countries with high birth rates, it will create heavy demands

⁴³For each 100 females in the United States in 1950 there were 93 urban males and 108 rural males.

⁴⁴United Nations, "The Demographic Situation, . . ." op. cit., p. 38.

⁴⁵Ibid., p. 36.

on the educational system.⁴⁶

The percentage of the economically active population of Mexico in the late 1950's was 32.4 percent. For males, the figure was 53.4 percent of the total male population; for all females, 11.6 percent were economically active.⁴⁷ This relatively low percentage of economically active population is due mainly to the fact that about 43 percent of the population is less than 15 years of age as compared with about 31 percent in the United States. This again reflects the high birth rate among the Mexican people.

As indicated above, a main factor that accounts for the low percentage of economically active population is the fact that so few women are employed. The number has, however, been increasing. Women, as a percent of the total labor force, increased from 8 to 13 percent between 1940 and 1950. By 1960, the figure was close to 17 percent. This encouraged a percentage increase in the labor force as a part of the total adult population from 53 percent in 1940 to 59 percent in 1950 and to about 62 percent in 1960.⁴⁸ In other words, the number of jobs in Mexico rose in relation to the number of people. Much of the expansion in jobs for women was in business and government offices.

⁴⁶Ibid., p. 37.

⁴⁷United Nations, Demographic Yearbook, 1964 (New York, 1965), p. 203.

⁴⁸Víctor L. Urquidí, "Problemas fundamentales de la economía mexicana," Cuadernos Americanos, XX (January, 1961), p. 99.

Despite the rapid increase in population, the living standard in Mexico has progressively improved. According to Vernon:

Of course, giant discrepancies in income persisted in Mexico, not only among the different income classes of the nation but also from one geographical area to the next. But no solid support exists for the suspicion that Mexico's growth was largely a case of the rich growing richer while the real income of the poor declined. The rise of foodstuff consumption and decline of the infant death rate since 1940 suggest the opposite conclusion. So does the visible expansion in free public facilities for supplying education, medical help, and various other services.⁴⁹

The main reasons why Mexico has been able to stay ahead of her population growth have been discussed in preceding chapters of this study. In short, the Revolutionary ideology which encourages the government to act, and the fact that the government has acted, appear to be the two broad general reasons for success. Between 1940 and the present time, the government has acted, even if not always with the same degree of enthusiasm and success, in many ways to encourage economic growth. It was in the early 1940's that the government, through such institutions as Nacional Financiera, made its first tentative investments in manufacturing enterprises, a practice which was to become quite common in later years. Road improvement followed, with emphasis on the rural areas. Government financed irrigation systems were developed. Monetary and fiscal policies, carried out by the Banco de Mexico, kept inflation under control. The peso was devalued. Tariffs were adjusted to fit particular

⁴⁹Vernon, op. cit., p. 94.

needs. Large investments were made in dams, railroads, Pemex, and electricity. Money was borrowed from abroad, tourism was encouraged, and foreign investors were made subject to new controls.⁵⁰

By 1958, about the time of the election of Lopez Mateos, the threat of stagnation became a pronounced possibility. According to Vernon,

the astonishing increases in Mexican population . . . were beginning to make their inexorable demands on government revenues in the form of "nonproductive" expenditures--expenditures on schools, health facilities, even housing.⁵¹

At the same time, the government was becoming less willing to resort to deficit financing in order to obtain funds for the public sector. For a period of some two or three years, there was a pronounced decline in private investment. By 1961, however, with López Mateos' assurance to the business community that their role was vital and that the government was behind them, an upward turn took place.

While the Mexican government has been attacking the population problem by encouraging more investment and a higher rate of per capita production, little appears to have been done by way of discouraging the high birth rate. In fact, the few statements by Mexicans who have commented on the problem, have indicated very little sympathy with birth control programs.

Gilberto Loyo, the Mexican demographic expert, has stated that

demographic pressures create social and political forces which tend to accelerate progress. . . . Without these

⁵⁰Ibid., pp. 94-122.

⁵¹Ibid., p. 116.

demographic pressures I consider that the progressive evolution of this world would be slower and I doubt that it would be less burdensome.⁵²

A Mexican economist, Rubio L. Garcia, has drawn these conclusions:

With a very rapid demographic increase, year by year the standard of living rises--slowly, it must be admitted. This is because little exploited natural resources are important, and because the increase in density works in favor of economic progress.⁵³

Another economist, Víctor L. Urquidi, brushes the problem aside and out of the hands of the economists by stating:

Fundamentally, population control is a cultural problem. . . . I don't believe it is a problem for an economist. A demographic growth rate of 3 percent is a fact. I accept it. This means we simply have to plan the economy taking this fact into account.⁵⁴

A Mexican gynecologist, Dr. Alfonso Alvarez Bravo, writing for the newspaper Excelsior, recently stated that no contraceptive method is harmless. On the contrary he said,

the use of these methods will aggravate existing pathological conditions. In not a few cases, such methods provoke individual intolerances, predispose to the appearance and development of cancer, cause changes in the endocrine glands, the hypophysis, and in the female reproductive organs, and can likewise diminish fertility forever. . . . The psychic disturbances produced by the contraceptives form a sober gamut of frustrations and disturbing inhibi-

⁵²Problemas Demográficos de Mexico, cited in L. N. Stevens, "Problems of Population Growth," Public and International Affairs, XI (Fall, 1963), p. 121.

⁵³"El Desarrollo Demográfico de Mexico y sus Exigencias Económico-Sociales," Revista Internacional de Sociología, XIX (March, 1961), pp. 561-62.

⁵⁴Cited by Arthur Corwin, Contemporary Mexican Attitudes Toward Population, Poverty and Public Opinion (Gainesville: University of Florida Press, 1963), p. 6.

tions, guilt complexes, especially in religious people.⁵⁵

On two occasions within recent years, representatives of the Latin American governments have had an opportunity to express their opinions on birth control programs. The first was a proposal at the World Health Organization (WHO) that would grant assistance for family planning to countries that wanted it. The issue, firmly opposed by a coalition of Communist and Catholic countries, is reported to have almost torn the WHO organization apart. Apparently all of the Latin American delegates were against it.⁵⁶

A second opportunity to take positions on measures designed to encourage family planning came about in the United Nations General Assembly in 1962. A measure, sponsored by 12 Asian, African and European nations, proposed that the United Nations give assistance, when requested to do so, to countries engaged in establishing projects and programs dealing with problems of population. A watered down resolution was finally passed, after the "assistance" provision was deleted. Voting for the measure as it was originally introduced were only 2 Latin American countries, Chile and Costa Rica. The rest either abstained or voted negatively. Mexico abstained.⁵⁷

⁵⁵Excelsior (Mexico City), May 14, 1964.

⁵⁶J. Mayone Stycos, "Opinions of Latin-American Intellectuals on Population Problems and Birth Control," The Annals of the American Academy of Political and Social Science, CCCLX (July 1965), p. 20.

⁵⁷Ibid., p. 21. The Resolution as finally passed is found in American Foreign Policy, Current Documents, 1962, op. cit., pp. 176-78.

The Demographic Situation in Peru

The population of Peru is growing rapidly. Various estimates indicate the following growth since 1876:⁵⁸

Date	Population
1876	2,699,106
1908-1910	4,500,000
1921	5,500,000
1935	6,483,000
1945	7,727,000
1955	9,396,000
1958	10,213,000
1963	11,045,000

United Nations estimates have arrived at a growth rate of 1.9 percent for the period 1935-1955. Estimates for the period 1955-75 indicate a sharp upward turn to something near 2.8 percent, only slightly less than that in Mexico. Such a growth rate would give Peru a population in excess of 16 million by 1975.⁵⁹

The increase in population is due, as in Mexico, mainly to the high birth rate. Some immigration has taken place, but it is an insignificant number relative to the total population. The Oriental and Negro races together account for about one percent of the total population. According to ECLA estimates, the birth rate for both Mexico and Peru are higher than the average for the 20 Latin American republics. But the

⁵⁸Figures for 1935 through 1963 are from United Nations documents. Figures for preceding years are from various sources.

⁵⁹See Table 6.

death rate in Peru is considerably higher, a fact which probably accounts for a lower rate of natural increment in Peru than Mexico.⁶⁰

Although complete data are lacking, there appears to have been some shifts in the Peruvian population. This has come mainly in the form of Indian migration from the sierra, and a few from the selva, to the coastal area. Actually, the migration has not been to the coastal area in general, but primarily to the Lima metropolitan area which includes the city of Callao. Between 1950 and 1964, the population of Lima just about tripled in size; so did that of Callao. Arequipa, Peru's second city located inland from the southern coast, grew from 130,000 in 1950 to only 150,000 in 1964. The population of Cuzco, which is located in the southern sierra, just about doubled in population during the same period of time.⁶¹

Recent ECLA estimates have set the 1950 urban population of Peru at 35 percent in 1950 and 41 percent in 1960. "Urban," however, is rather loosely defined, applying to "administrative centers of departments, provinces and districts, and other localities having urban characteristics."⁶² Further estimates indicate that Peru's urban population will be 51 percent by 1975.⁶³

⁶⁰See Table 7.

⁶¹Ford, op. cit., p. 16.

⁶²United Nations, "The Demographic Situation, . . ." op. cit., p. 26.

⁶³Ibid., p. 30.

With respect to the sex ratios in the urban and rural areas, Peru is the only country in Latin America where there are more males in the urban population than females, and less males than females in the rural areas.⁶⁴ The only satisfactory explanation for this reversal of trends is that it is probably due to internal migration, primarily by young males who have left the sierra or selva and settled on the coast.⁶⁵

The age composition in Peru is very similar to that in Mexico. In 1960, 52.9 percent of the population was between the ages of 15 and 64. Projections to 1975 indicate that it will drop only slightly, to around 52.4 percent. Further, the number of persons aged 15-39 years per 100 persons aged 15-64, was the same in Peru (71) that it was in Mexico in 1960.⁶⁶

The percentage of the population which is economically active in Peru is 31.5, a figure slightly less than that of Mexico. For the total male population, the figure stands at 49.6 percent, low relative to Mexico's 53.4. For all females, the percentage who are economically active is 13.6, somewhat higher than Mexico's 11.6. The population below fifteen years of age amounts to about 43.3 percent of the total population, or roughly the same as Mexico.⁶⁷

⁶⁴The 1940 census indicated there were 102 males per one hundred females in the urban localities, and 97 males per one hundred females in the rural areas. Ibid., p. 38.

⁶⁵Ibid.; Ford, op. cit., pp. 17-18.

⁶⁶United Nations, "The Demographic Situation, . . ." op. cit., pp. 36-37.

⁶⁷United Nations, Demographic Yearbook, 1964, op. cit., p. 209.

There has been some improvement in the living standard in Peru in recent years, but it has not been as widespread as that of Mexico. The economic growth since World War II has been real, but lopsided. On the coast, particularly in the Lima area, the average annual income is currently in the neighborhood of \$600. In the highlands, however, it is closer to \$100. According to one report, urban wage earners on the coast have increased their share of national income between 1950 and 1963 from 39 to 48 percent. The highland farmers, on the other hand, have seen their share of national income during the same period drop from 22 to 12 percent.⁶⁸

In Mexico and Peru, the birth rate has been relatively high, but it has constituted less of an impediment to development in Mexico than in Peru. This is due primarily to the fact that the government of Mexico has been better equipped to meet the problem through the use of its monetary and fiscal policies. These policies have been made and carried out under stable conditions, supported by Revolutionary ideals. In Peru, where political development is not as highly advanced, an ever increasing population constitutes more of an immediate challenge to that country's leaders.

Belaúnde has indicated that he is opposed to family planning schemes. In 1962, he pointed out that "the greatest capital is the inventive genius of man," and, "can we know the mystery of unborn men, who might have brought a new message

⁶⁸New York Times, March 27, 1966, p. 5.

for humanity."⁶⁹ Peru's vote in the 1962 General Assembly, at the meeting in which the resolution to offer assistance in the area of population problems was introduced, was negative. Nevertheless, a presidential decree on December 4, 1964, set up a Center for Studies of Population and Development, one of its functions to be to

promote . . . analysis and use of the results of the population census . . . in order to prepare programs of action with which to combat the problems of population and of economic and social development as integral parts of the National Development Program.⁷⁰

The sale or manufacture of contraceptives is prohibited by the Peruvian Government. Nevertheless, observers have indicated that the law is not strictly enforced. Furthermore, several national conferences in Peru, sponsored by non-government agencies, have taken up the "planning" topic in recent meetings, and considerable support for more direct action in birth control programs has been forthcoming. At least one protestant church connected organization, the Comisión de Ayuda Social, has been quite active throughout the country in promoting the distribution of birth control literature and information. During the year of 1964, some 45 medical doctors in 14 Peruvian cities agreed to collaborate with the Comisión in promoting the use of intrauterine (IUD) contraception. The response from the Peruvian people is reported to have been enthusiastic. The

⁶⁹From the "Report of the United Nations Population Commission," December 18, 1962 (Mimeographed), and cited in Stycos, op. cit., p. 13.

⁷⁰Ibid., p. 22.

government, in the meantime, has apparently made no effort to stifle the work of the organization.⁷¹

United States' Views on Population Growth
and Economic Development

While the United Nations General Assembly was, in December, 1962, debating the position which that body should take on the world population crisis, the United States representative, Richard N. Gardner, expressed the views of his government on the relationship between population growth and economic development.⁷² After reviewing the general problem of high population growth rates, which he indicated were of particular concern to countries in an early stage of economic development, he summarized the policies of the government of the United States.

First, according to Gardner, the United States is concerned about the social consequences of its own population trends. Second, the United States want to know more, and wants other governments to know more, about trends in the developing countries "where present levels of population growth may constitute a major obstacle to the realization of goals of human economic and social betterment." Third, it is the policy of the United States to oppose any effort to dictate to any country how it should meet its population problem. Fourth, the United

⁷¹Bruce D. Carlson, "Comisión de Ayuda Social: Responsible Parenthood," in Population Crisis, I, op. cit., pp. 253-56.

⁷²U. S. Department of State, Bulletin, XLVIII, No. 1228 (January 7, 1963), pp. 14-17.

States does not believe that obstacles should be placed in the way of states which desire to do something about their respective population problems. "While we will not advocate any specific policy regarding population growth to another country," the American spokesman told the other delegates, "we can help other countries, upon request." Fifth, the United States believes that there is need for more information about the "impact of economic and social development on population trends and of population trends on economic and social development." Sixth, the United States believes that the United Nations and other international agencies can play a significant role in the area of population developments, and that member countries should be able to obtain from the United Nations and related agencies "such assistance as they may need and request in connection with their efforts to deal with their population problems."⁷³

In summary, the United States delegate informed his colleagues that it was the position of his government to support United Nations efforts to obtain adequate information, train nationals for demographic work, and promote full and adequate discussion of the problem. The resolution before the General Assembly, Gardner noted, was consistent with the views expressed; therefore, he cast an affirmative vote.⁷⁴

⁷³Ibid., pp. 17-18.

⁷⁴Ibid., pp. 18-19. The United States did abstain, however, on Article 6 of the resolution which contained the "assistance" clause. The abstention was explained on the grounds that the United Nations already had power to take such action; therefore, the provisions of Article 6 were superfluous. Ibid., p. 19.

On several occasions in recent years President Johnson has made public statements which indicate a growing sympathy, on the part of the United States, for efforts leading to solutions to the population problem in the developing countries. Perhaps typical of these statements is his reference to the population trends mentioned in a letter to Secretary General U Thant at the beginning of the Second United Nations World Population Conference, held at Belgrade, August 30, 1965.

"Second only to the search for peace," the President wrote, the population problem "is humanity's greatest challenge."⁷⁵ In the State of the Union Address before Congress, January 12, 1966, the President asked

. . . that you give a new and daring direction to our foreign aid program designed to make a maximum attack on hunger and disease and ignorance in those countries that are determined to help themselves, and to help those nations that are trying to control population growth.⁷⁶

In his Foreign Aid Message of February 1, 1966, President Johnson made further reference to the United States position relative to foreign assistance and population control. Placing much of the responsibility for economic development on the shoulders of the developing countries, the President said that only the people living in those areas and their leaders could "face the population problem squarely and realistically." But, he added, "we stand ready to help developing countries deal with

⁷⁵Excerpts of the letter and other statements are found in Population Crisis, I, op. cit., p. 3.

⁷⁶Ibid., p. 4.

the population problem."⁷⁷

Perhaps the most direct action yet taken by a United States agency to link more closely foreign assistance and population control was that undertaken by the Agency for International Development in February, 1966. At that time, AID headquarters advised all of its missions abroad to designate one of their officers as a population information specialist in each country. In the meantime, the Agency indicated that it would welcome requests for items needed in establishing organizations which were concerned primarily with the population problem. The Agency did not, however, institute programs providing for contraceptives nor devices for their manufacture.⁷⁸

Summary

The rate of population may be an important influence on economic development. Where there are relatively high birth rates and death rates, there tends to be less persons of productive age and is, therefore, an impediment to development. Conversely, low birth rates and falling death rates are quite likely to be an asset to development. The former situation exists in much of Latin America and most of the less developed world.

The current average annual increase in 20 Latin American countries is approximately 2.6 percent. It is closer to 3.0

⁷⁷The full text of the address is reprinted in ibid., pp. 182-191.

⁷⁸Ibid., p. 23.

percent in Mexico and Peru. In addition, both of these countries have relatively high death rates. To raise the standard of living under such conditions requires a high rate of investment. Due to its more economically and politically advanced system, Mexico has been in better shape than Peru to promote this requirement.⁷⁹

Another method of coping with the population "problem" of the developing countries is to promote birth control measures. A number of governments in the Middle East, Far East and Asia have undertaken such programs. In those areas, however, there are few religious obstacles to such official activities.⁸⁰ The opposite is true in Latin America. None of the governments in the latter region have officially espoused a positive birth control program at the governmental level.

In Mexico and Peru, leading spokesmen have indicated disdain for government action in sponsoring birth control programs. But in both countries, as is true for most of Latin America, private groups are promoting such activities, and the

⁷⁹This is not to say that either Mexico or Peru is presently overpopulated in relation to resources, but rather to take notice of Mexico's present position of being better able than Peru to balance these factors.

⁸⁰This does not mean, however, that other obstacles do not exist. In a study of the demographic situation in Egypt, for example, the author concluded that population control in "overpopulated" Egypt is difficult because many villagers feel that the number of children, like everything else, "is divinely ordained." Peter B. Heller, "Demographic Aspects of Development in Contemporary Egypt: An Integrated Study," (unpublished Ph.D. dissertation, Department of Political Science, New York University, 1963), pp. 367-68.

governments have taken no action to suppress these programs.

United States aid is now available for indirectly aiding birth control programs in developing countries. Only recently has this position become more definite. There is no evidence that any of the Latin American countries have as yet sought this aid, and it must be assumed that most of them will be reluctant to do so as long as the Catholic Church maintains an unsympathetic attitude toward it. And even though members of the Alliance for Progress are fully committed to promoting economic and social development, population control is not mentioned as one of the specific areas in which the governments should act.

CHAPTER VI

EDUCATION AND DEVELOPMENT

In one recent review of the literature on education and development, the author said that "it is difficult to find a subject in the field of economic growth and national development which has stimulated more new and imaginative thinking, publications, and conferences than the field of education."¹ Conferences on educational planning and development, he continued, "bringing together government officials, experts of international agencies, and university scholars, are the order of the day."² The result is a truly impressive volume of papers, reports and books on the topic.

The same observer accounts for current contributions and controversies due to a "rediscovery" of education by economists. At times, he notes, "one gets the impression that education has been taken over by those who are not professional educators, by the economist, the sociologist, the political scientist, and the development planner."³

¹Hans C. Blaise, "Education and Development: A Literature Survey and Comment," International Development Review, VI (September, 1964), pp. 7 and 27.

²Ibid.

³Ibid.

Most studies of development make at least a passing reference to the influence, control or direction given to education by the government.⁴ In one recent article, two authors delve into considerable detail to explain the relationship.⁵ "Education and politics," they say, "are inextricably linked." Such is true, they think, because "a government's education policy reflects, and sometimes betrays, its view of society or political creed." The formulation of policy is accomplished through the political process, and "the implementation of education policy has political consequences by affecting, among other things, types and levels of employment, social mobility, and the ideas and attitudes of the population."⁶ Responsible planners and advisors should, therefore, "acquaint themselves with the political ends the government intends the educational system to serve, and to point out the effects, for good or ill, which may be expected to follow from alternative courses of action."⁷

Most of the qualified advisors to the governments of the developing countries have strongly urged improvement and

⁴See, for example, W.W. Rostow, The Stages of Economic Growth, op. cit., p. 30.

⁵David Abernethy, and Trevor Coombe, "Education and Politics in Developing Countries," Harvard Educational Review, XXV (Summer, 1965), pp. 387-403.

⁶Ibid.

⁷Ibid., p. 288.

expansion of the public education system. The International Bank for Reconstruction and Development missions that visited Turkey and Iraq about mid-century, for the purpose of advising them how to proceed toward greater development, placed strong emphasis on education. "Probably no other type of investment, public or private," the mission's report stated, "will produce a greater return per unit of outlay," as that of education. The mission to Iraq said that as long as 90 percent of the people lacked fundamental education, "the benefits of economic development are unlikely to be diffused widely enough to produce stable social and political conditions."⁸

Several economists have attempted to put the argument for more educational emphasis on a dollar-and-cents basis. Mary Jean Bowman, for example, has found that "as of the 1950's, no country with less than a 40% adult literacy rate had a measured per capita income in excess of \$200 with one exception, in which oil dominated the picture."⁹ Below the 40 percent literacy rate, "there was almost no education-income correlation. This suggests a minimum threshold educational diffusion level at about 40% as a precondition of development."¹⁰

Studies have indicated that a 40 percent male liter-

⁸Quoted by Staley, op. cit., p. 32.

⁹Mary Jean Bowman, "Perspectives on Education and Development," International Development Review, VI (September, 1964), pp. 3-7.

¹⁰Ibid., p. 3.

acy rate preceded the beginning stages of the factory system in France and England. Even in Russia, by the end of the nineteenth century, urban literacy exceeded this amount.¹¹

Even though the 40 percent literacy rate may be a precondition for development, it is not sufficient in itself to assure development. A number of countries have literacy rates in excess of that figure, yet their per capita income is low.¹²

In a study similar to that of Bowman, Frederick Harbison found a strong correlation between a country's educational development and its economic productivity. His conclusion, in part, is as follows:

Using an indicator of educational development that is based on the enrollment in secondary schools and universities, we found that in the 75 countries the coefficient of correlation between educational level and the gross national product per capita is .888. The best single indicator of a country's wealth in human resources is the proportion of its young people enrolled in secondary schools.¹³

Harbison also adds, as most students of development do, that education alone isn't enough. The educational level in Japan, for example, ranks among the world's top 10 countries. Yet, its per capita gross national product is far below that for most of the advanced nations. Other countries ranking high in education but low in per capita

¹¹Ibid.

¹²Ibid., p. 4.

¹³Frederick Harbison, "Education for Development," Scientific American, CCIX (September, 1963), pp. 140-147.

gross national product include Egypt, India, and Thailand. The situation is just the reverse in some countries such as Saudi Arabia, Liberia and Venezuela. Because success of the educational expenditure will depend on so many other factors, "we cannot say that an investment of x dollars in education will produce a y result in economic growth." Nevertheless, it can be predicted "that a well-educated and motivated people will do extraordinarily well, as the little country of Israel, with its very limited natural resources, is demonstrating."¹⁴

Balance in the educational system is important. The educational program must, in order to be successful, be tailored to the needs of a particular country. Such balancing will be concerned with compromise among:

- (1) quality and quantity, (2) science and the humanities, (3) vocational training in school and on the job, (4) regulation of salary incentives by the state and by the market and (5) the needs of the individual and the needs of the state.¹⁵

Most authorities agree there must be an educational base from which to start. This base is elementary or primary education where the "3 R's" are emphasized. As one observer has put it,

the "crust of custom" in traditional societies is not broken until a significant segment of a culture has been

¹⁴Ibid., p. 147.

¹⁵Ibid.; the way in which the Conference of African Ministers of Education chose to balance their educational programs, in a long range 25 year plan, is described in United Nations, Economic Commission for Africa, UNESCO, Final Report, Conference of African States on the Development of Education in Africa (Addis Ababa: 1961).

introduced to a more systematic means of obtaining and disseminating information about the production and distribution of goods.

By breaking traditional, inefficient word-of-mouth communication patterns, primary education on a large scale brings a new, more systematic informed set of actors onto the economic stage.¹⁶

Once a "floor" of citizenry educated at the primary level has been established, then "that society will have a base upon which to build an increasingly more complex and efficient production and distribution system."¹⁷ Such an educational base "is an absolute precondition for the fruitful application of research and development to the process of production."¹⁸ It is only when "the working force at all levels is sufficiently literate, educated, trained, and mobile to take advantage of new advances in techniques and organization of production that the creation of a built-in industry of progress becomes possible."¹⁹

In looking at historical records, it may be shown that 39 countries in 1948 had more than 10% of their population enrolled in primary schools. These 39 countries "provided the first 34 countries in 1958 in per capita output." Four of the remaining 5 countries (Ceylon, China-Taiwan, Mexico, and the Philippines) "led their neighbors and-- with

¹⁶Alexander L. Peaslee, "Elementary Education as a Prerequisite For Economic Growth," International Development Review, VII (September, 1965), pp. 19-21.

¹⁷Ibid., p. 20.

¹⁸Singer, op. cit., p. 70.

¹⁹Ibid.

the exception of Ceylon--appeared on the road to continuing economic progress."²⁰

The primary school may be an instrument for nation building. A national language, for example, may be stressed. Through emphasis upon the country's history, "an important measure of popular (and sometimes "jingoism," too, unfortunately) can be created."²¹ Furthermore, a public education system assists in strengthening "the kinds of loyalties and values that are necessary for a specialized and impersonal economy to operate."²²

Some of the elementary school graduates should go on to secondary schools. Once there, they should probably concentrate on vocational and technical courses set up to meet the needs of the particular government. A small fraction of those who enter secondary schools should pursue general education which will prepare them for work at the college level.²³

Some countries have tended to stress secondary and higher education at the expense of primary enrollment. Peaslee identifies 3 of these countries as being India, Pakistan and Egypt. He singles out 4 others, Brazil, Mexico, Spain, and China-Taiwan, which have put greater emphasis on primary education. The former group, he thinks, has over-

²⁰Peaslee, op. cit., p. 20.

²¹Enke, op. cit., p. 387.

²²Ibid.

²³Ibid., pp. 387-88.

invested in secondary and higher education, "while failing to put enough emphasis on elementary programs." He continues:

If the Indians in 1958 had had the same ratio of enrollment that Mexico had in secondary schools in 1945 (roughly five years after Mexico began to show sustained growth, which India has not), India would have had 2,464,000 students in secondary schools instead of 14,426,000. Using the same ratios for higher education, India would have had in universities in 1958 only about 576,000 students instead of 913,000. The expenditures on the excess secondary and higher education students (since the cost per student at those levels is much greater than in elementary schools), if allocated instead to primary schools, would have permitted expansion of Indian elementary enrollment to well beyond 10%, thereby providing a real opportunity to break the 'crust of custom.'²⁴

The question is sometimes raised, is education a cause or an effect of development? According to Peaslee, the enrollment and growth data of those countries for which they are available indicate that "sustained growth in no case began before the nations had attained primary enrollments of at least 6% of total population."²⁵

Education in Latin America

In listing what the economists think are the social requirements for economic development, Urquidí puts "improvement in the quality and extent of education" at the top of the list.²⁶ An educational system must be oriented, he believes, "so that it will be instrumental in the rapid attain-

²⁴Peaslee, op. cit., p. 20.

²⁵Ibid.

²⁶The Challenge of Development in Latin America, op. cit., p. 79.

ment of economic goals, which in turn, will bring cultural and educational opportunities within reach of an increasing proportion of the population." Such a concept, he concedes, "makes it clear that education is an economic problem, although it is usually presented as a social one." This being the case, "economic development and education must be dealt with jointly."²⁷

According to UNESCO figures for 1950, some 40 to 42 million of the 97 million persons in Latin America above 15 years of age were illiterate. The study conjectured that the absolute number of illiterates was still growing at that time. Such an illiteracy rate, of some 42 to 43 percent, may be compared with the Asian rate of about 61 to 65 percent, and the European rate of 7 to 9 percent.²⁸

All of the Latin American constitutions specify that elementary education shall be universal and free. But for most of these countries, such provisions constitute goals which currently are far removed from the social realities of the situation. Yet there is evidence that the situation is improving. From 1950 to 1960, primary school enrollment for the 19 signatories of the Alliance for Progress increased from 14.3 million to 24.8 million. For each 100 persons in the 5 to 14 year age group, 64 were enrolled in primary edu-

²⁷Ibid., p. 79.

²⁸United Nations, Economic and Social Council, World Survey of Education, II: Primary Education (Paris: 1958).

cation in 1955. By 1960, the figure had risen to 78 percent. Even as impressive as these figures are, they are tempered somewhat by the fact that the drop out rate is high; 50 percent leave school while still in the first three grades, and only 20 percent, in the area as a whole, actually complete the first 6 years of primary education.²⁹

Primary education in the rural regions is especially a problem. There, the primary school lasts for only 2 to 4 years. Attendance is low, transportation is difficult, and the basic health of the children is inferior to that of the children in the urban areas. Furthermore, trained teachers are scarce.³⁰

Galo Plaza, former president of Ecuador, has recently pointed out that the basic needs from the standpoint of primary education in Latin America is for more schools, rather than just better schools. The latter, he thinks, can come later. The primary school, he believes, "is becoming more and more a part of the community. But if we are to lower substantially the menacing statistical figures for illiteracy, we will have to treat the problem on an emergency basis."³¹

Another Latin American statesman, Luis B. Prieto,

²⁹Gabriel Betancur-Mejia, "Education: Backbone of the Alliance for Progress," Américas, XV (September, 1963), pp. 2-9.

³⁰Ibid.; See Table 8.

³¹"Problems of Education in Latin America," in Mildred Adams (ed.), op. cit., pp. 159-69.

president of the Venezuelan Senate at the time of his writing, has asserted that "education is also an effective instrument for promoting progress."³² Primary education, he notes, "has specific tasks to fill." They include the attaining of

security and freedom, and to foster habits of cooperation in a free world. It [education] must be compulsory and free, designed to give man an understanding of his environment and to train him for productive work. It should awaken community spirit, through which the pupil learns by cooperation with others that he is a member of a larger nucleus from which he receives benefits and to which he has obligations. It must also foster respect for the principles of coexistence, which is the law of the community.³³

Prieto believes that one of the most challenging tasks for the Latin American educational system is to "de-ruralize" the country schools. The "two" educational systems which now exist in so many countries puts the rurally trained individual at a disadvantage when he goes to the city to work.³⁴

In Latin American secondary education there was an average increase in enrollment of 14.84 percent during the 1955 to 1960 period. The increase in numbers was from 2,194,000 in 1955 to 3,837,000 in 1960. This is not, however, as impressive as it may appear because of two factors. First, there were large numbers of drop-outs. About 78 percent of the initial enrollees failed to complete the course period of

³²"Education for Latin America," in Mildred Adams (ed.), op. cit., pp. 169-77.

³³Ibid., p. 171.

³⁴Ibid., pp. 171-72.

TABLE 8

TEACHERS IN CERTAIN COUNTRIES: 1960-62/63^a
(Trained and untrained)

Country	With a degree	Without a degree	
		Number	% of Total
Argentina	140,311	629	0.5
Bolivia	5,028	7,824	60.9
Brazil	122,743	102,826	45.6
Colombia	15,308	33,221	68.5
Costa Rica	6,620	2,142	24.4
Chile	18,681	13,419	42.0
Ecuador	5,789	9,963	63.3
<u>Mexico</u>	<u>48,277</u>	<u>66,232</u>	<u>57.8</u>
Panama	5,560	454	7.5
<u>Peru</u> ¹	<u>16,348</u>	<u>15,769</u>	<u>49.0</u>
Paraguay	4,862	6,356	56.7
Uruguay	8,497	1,241	12.8
Venezuela	18,500	17,789	49.0

^aInstituto Interamericano de Estadística, América en Cifras 1963, V: Situación Cultural (Washington, D.C.: Unión Panamericana, 1964), Tables 501-34; cited in Unión Panamericana, Estudio Social, . . . op. cit., p. 141.

¹Data from UNESCO, La Situación Educativa en América Latina, pp. 240 and 246, as cited in Edelmann, op. cit., p. 122.

approximately 6 years. Secondly, the courses of study being pursued did not correspond to the economic needs of under-developed systems. In 1960, for example, 9 percent were enrolled in industrial studies; 15 percent was in commercial; a scant 1 percent was in agriculture and animal husbandry; 2 percent was in home economics; 10 percent was in normal school; and a whopping 63 percent was in general secondary education courses.³⁵

There is also a shortage of qualified teachers at the secondary level in some of the Latin American countries. Only about 30 percent of the teachers have taken courses in teacher training, "and it is precisely in the subjects that today require the best teachers--mathematics and the sciences --that the inadequacy is most evident."³⁶

According to Galo Plaza, "secondary education is by far the weakest link in our school system." This is due, he thinks, to the French influence on the Latin American educational systems. The traditional aim of instruction at this level has been

to develop an intellectual elite, capable of appreciating the arts, letters, and sciences. Its task was to select and train the best minds for positions of leadership in social, economic, and public life. It imparted general education, with a heavy emphasis on classical subjects and little attention to applied sciences and vocational subjects. Its goal was to prepare for the universities.³⁷

³⁵Betancur-Mejia, op.cit., pp. 3 and 4.

³⁶Ibid., p. 4.

³⁷Plaza, op. cit., pp. 162-63.

Prieto has expressed similar views to those of Plaza. "We have remained," he says, "captives of a literary humanism. When the continent needed expert labor and technicians, we were turning out lawyers to settle suits among landowners, clergymen, and poets." Furthermore, the secondary school "has suffered from an excessive intellectualism inherited from French and English schools, a survival which is dangerous to our economic and social development."³⁸

In the area of higher education, there was an annual growth of 5.3 percent during the period 1955 to 1960. In the latter year, the 519,000 students enrolled in colleges and universities amounted to 3.1 percent of those in the 20 to 24 age group. By way of comparison, some 34.9 percent of that age group in the United States was enrolled in institutions of higher education in 1960.³⁹

Course enrollment in colleges and universities is very similar to that in the secondary school. It does not match the needs of a developing country. In 1960 the percentage of students in agriculture was 2 percent; fine arts, 3 percent; exact and natural sciences, 4 percent; education, 4 percent; humanities, 11 percent; social sciences, 17 percent; law, 20 percent; and medical sciences, 21 percent.⁴⁰

At the Punta del Este Conference, 1961, resolutions

³⁸Prieto, op. cit., pp. 172-74.

³⁹Betancur-Mejia, op. cit., p. 4.

⁴⁰Ibid.

were passed which empowered the Secretary General of the Organization of American States to appoint task forces to carry out work in various fields covered by the Charter. One of these fields is education. In November, 1962, Secretary General José A. Mora named members to the Special Commission for the Programming and Development of Education, Science and Culture in Latin America, which became the Education Task Force for that field. The Task Force has since published criticisms of education in Latin America and at the same time has suggested a number of ways in which it could be improved.⁴¹

With respect to primary education, the Education Task Force has emphasized the problem of the drop-out rate. In the area of secondary education, the Task Force has noted that:

It is obvious that secondary education in Latin America needs considerable diversification in order to cope with cultural, social, and economic characteristics of the various regions of the same country and also with the individual differences of the heterogeneous population found in its classrooms.⁴²

In the field of higher education, the Task Force noted:

At present it may be said that the university has failed to keep pace with the social and economic evolution of the Latin American countries, and has made little effort to promote the 'new' professions needed for accelerating development. Although there is a critical shortage of trained high-level manpower, Latin American universities continue to emphasize the tra-

⁴¹Ibid.

⁴²Quoted in Ibid.

ditional professions, many of which are neutral towards development and have failed to train enough persons capable of leadership or to contribute to the mobility of societies. . . .⁴³

Included among the recommendations of the Task Force was the suggestion that a greater percentage of a country's GNP be allocated to the educational function. In 1960 only one country was spending 4 percent of its GNP for education. Three countries were spending between 3 and 4 percent; 8 were spending between 2 and 3 percent; and 8 were spending less than 2 percent. At the Conference on Education and Economic and Social Development held in Santiago, Chile, in March, 1962, a declaration was passed which recommended that not less than 4 percent be allotted to education by 1965. By 1970, it was suggested that the figure be 4.53 percent of GNP, and by 1975, the figure suggested was 5.72 percent. These higher figures would compare favorably with the percentages being allotted for education in the United States, the Soviet Union, and the OECD countries, where they are 5.29, 5.9, and 4.8 respectively.⁴⁴

By 1964, only 3 countries were spending more than 4 percent of GNP for education. Four were spending between 3 and 4 percent; 4 between 2 and 3 percent; and the rest, for which data is available, less than 2 percent. Several countries, notably Brazil, Peru, Venezuela, Colombia, Chile,

⁴³Cited in Ibid.

⁴⁴Ibid., p. 6.

Panama, and Mexico, had made impressive improvements. Several others, including Bolivia, El Salvador, Guatemala, and Paraguay were spending less percentage-wise of their GNP on education than they had in 1960.⁴⁵

Five Latin American countries were spending between 20 and 30 percent of their national expenditures for education in 1964. There were 12 spending between 10 and 20 percent.⁴⁶ In the same year in the United States, the composite expenditure for education by state governments included approximately 40 percent of total expenditures.⁴⁷

The Task Force on Education set up specific goals with respect to school enrollment at all levels. Before doing so, they separated the countries into 3 groups. The actual enrollment and goals were as follows:

	Enrollment as a percentage of this age population			
	(Actual) 1960	1965	1970	1975
Group I (Argentina, Chile, Uruguay, Venezuela)	88	100	100	100
Group II (Mexico, Peru, and 10 other republics)	78	81	100	100
Group III (Guatemala, Haiti, Honduras)	43	56	70	89

The Task Force further emphasized the need to see that a

⁴⁵See Table 9.

⁴⁶See Table 10.

⁴⁷United States, Department of Commerce, State Government Finances in 1964 (Washington: Government Printing Office, 1965), p. 7.

TABLE 9

EDUCATIONAL EXPENDITURES AS A PERCENTAGE
OF GNP: 1960-1964^a

Country	1960	1964
<u>Peru</u>	<u>2.9</u>	<u>4.9</u>
Brazil	1.5	4.5
Panama	3.4	4.4
Venezuela	2.3	4.0
Chile	2.7	3.7
Costa Rica	3.9	3.6
Argentina	2.9	3.6
Colombia	1.6	2.7
<u>Mexico</u>	<u>1.5</u>	<u>2.7</u>
Ecuador	1.6	2.6
El Salvador	2.5	2.4
Nicaragua	1.6	1.8
Honduras	1.7	1.7
Bolivia	1.5	1.6
Paraguay	1.6	1.5
Guatemala	2.8	1.4
Haiti	2.6	---
Dominican Republic	1.5	---

^a"Datos y Cifras de las Américas," Américas, XVIII
(March, 1966), pp. 46 and 47.

TABLE 10

EXPENDITURES FOR EDUCATION IN LATIN AMERICA: 1964^a

Country	Percent for Education
Costa Rica	29
Honduras	28
Panama	28
El Salvador	27
<u>Mexico</u>	<u>25</u>
<u>Peru</u>	<u>24</u>
Colombia	20
Brazil	18
Guatemala	18
Paraguay	17
Chile	16
Venezuela	16
Ecuador	15
Bolivia	14
Dominican Republic	14
Nicaragua	13
Haiti	11
Argentina	10

^a"Datos y Cifras de las Américas," Américas, XVIII (March, 1966), pp. 46 and 47; data for Mexico is from New York Times, August 22, 1965, p. 36, and December 26, 1965.

larger percentage of primary students complete the primary grades. It was suggested that in Group I, the percentage who complete their work rise from 30 percent in 1960 to 70 percent by 1975; in Group II, from 6 percent to 60 percent; and for Group III, from 7 percent to 50 percent.⁴⁸

In the area of secondary education, the Task Force made overall recommendations that the number enrolled in school be increased from 24,396 in 1960 to 36,946 in 1975. Percentage wise, this would amount to a jump from 15.7 percent of those eligible to 35 percent of those in the secondary age category. With respect to the areas of study, the following emphasis and changes were recommended:⁴⁹

Area of Study	Percentage of Total Enrollment			
	1960	1965	1970	1975
Agriculture	1	3	7	12
Industrial	11	15	20	28
Teacher-training	10	12	14	16
Commercial	15	15	14	14
General Secondary	63	55	45	30

In the area of higher education, the Task Force recommended that enrollments increase from 16,466 in 1960 to 21,696 in 1970, and to 24,577 in 1975. On a percentage basis, this would amount to an increase from 3.1 percent to 5.2 percent and on to 8.6 percent in 1975.⁵⁰

Education in Mexico

A survey of the literature on the subject of social

⁴⁸Betancur-Memla, op. cit., p.8.

⁴⁹Ibid.

⁵⁰Ibid., p.9.

and cultural forces affecting development reveals something like unanimous opinion on the specific influence of education in Mexico. At least two major works attempt to show that the attention given to education is primarily responsible for building a climate within which development could take place.⁵¹

Before the triumph of Juarez in 1867, little had been accomplished by way of making education available to the Mexican masses. It was primarily in the hands of the Church, even though a statute was passed in 1829 giving some encouragement to secularized education. Also, the Constitution of 1857 proclaimed that elementary schooling was to be free and compulsory. Social, cultural, political and economic factors, however, prevented implementation of the compulsory provision.

The foundation for Mexico's modern school system was laid during the latter part of the nineteenth century. Between 1880 and 1910, a group of lay personnel of the positivist school of philosophy (the "Scientists") had considerable influence in guiding the learning process. One of them, Enrique Rebsamen, wrote a Guide for the Teaching of Writing and Reading and Guide for the Teaching of History, both of which were used extensively by public school teachers. Another of the lay group, Joaquin Baranda, became

⁵¹They are George C. Booth's, Mexico's School-Made Society (Stanford: Stanford University Press, 1941); and Goodwin Watson's Revolution by Education (New York: Council for Pan-American Democracy, 1940).

Minister of Education and completed the reorganization of the primary urban schools in 1886. Still another of the scientists, Justo Sierra, whom Francisco Larroya says "was able to envision the ultimate consequences of education in a liberal society," took over the Ministry of Education in 1905 and made several significant changes in the system.⁵² A Superior Council of Federal Education, an agency set up to promote a smoothly functioning school system, was established. A Secretariat of Public Instruction and Fine Arts was created in 1910.

Two Congresses of Education were held, one in 1889, another in 1891. Partly as a result of the work done at these meetings, the Statutory Law of Obligatory Instruction was passed in 1892. By the end of 1907, 557 primary schools had been established. By 1910, the number had risen to 641, and in addition 6 kindergartens had been set up.⁵³

One of the first important tasks undertaken as a result of the revolutionary movement of 1910 was the creation of rural schools. In 1911, the Congress passed a law making the central government responsible for supporting education throughout the country. Since 1912, there has been an attempt to make instruction in the rural schools practical

⁵²Francisco Larroya, "Half a Century of Education in Mexico," Texas Quarterly, II (Spring, 1959), pp. 113-25; see also his "La Educación," México y la Cultura (Mexico City: Secretaria de Educación Pública, 1946), pp. 583-626.

⁵³Ibid.

and of a utilitarian character. The goal has been to fit the instruction to the needs of the rural people, while at the same time giving them something of a liberal education, but stressing most of all improvements in their reading ability.⁵⁴

From 1912 on, a group of young men at the University of Mexico had considerable influence on education. The group, organized officially as the Ateneo de la Juventud, wanted to take culture to the people.⁵⁵ Among the members were Antonio Casa, Alfonso Reyes, Martin Louis Guzman and Alfonso Caso. They established what they called the Popular University. Members of the Ateneo, working in the name of their University, visited workers' gatherings, employee centers, and similar places. They gave lectures, organized visits to museums and planned excursions to historic sites.

Because of internal conflicts taking place between 1914 and 1921, there was little the federal government could do to support education. The work was left mostly to the states. The Constitution of 1917, however, contained some revolutionary pronouncements which embodied the convention's ideas about the theory and practice of education in Mexico. Article 3 begins by stating that education imparted by the Federal State "shall be designed to develop harmoniously all

⁵⁴Ibid.

⁵⁵A more complete account of this organization is found in José Vasconcelos, Conferencias del Ateneo de la Juventud (Mexico City: Imprenta Lacund, 1910).

the faculties of the human being and shall foster in him at the same time a love of country and a consciousness of international solidarity, in independence and justice." Such education "shall be maintained entirely apart from any religious doctrine and, based on the results of scientific progress, shall strive against ignorance and its effects, servitudes, fanaticism and prejudices."

Education, Article 3 continues, "shall be democratic, not only as a legal structure and a political regimen, but as a system of life founded on a constant economic, social, and cultural betterment of the people." Education "shall be national . . . without hostility or exclusivism." It is to "contribute to better human relationships," promote esteem "for the dignity of the person," and produce an appreciation "of the general interest of society." It shall avoid "privileges of race, creed, class, sex, or persons." Private education was authorized under Article 3, but such institutions were required to obtain, "in every case, the express authorization of the public power." Furthermore, they would have to operate in harmony with official plans and programs." Authorizations to private institutions to operate "may be refused or revoked by decisions against which there can be no judicial proceedings or recourse." Religious corporations, ministers of religion, and others "devoted to propagation of any religious creed shall not in any way participate in institutions giving elementary, secondary and normal education

and education for laborers or field workers."

Article 3 further stipulated that elementary education would be compulsory, and free. Finally, it empowered the Congress of the Union, to "issue the necessary laws for dividing the social function of education among the federation, the states and the municipalities, and for fixing the appropriate financial allocations for this public service."

The Ministry of Education under the Constitution of 1917 was established in 1921. No such agency had existed after 1914. José Vasconcelos was named the first Minister. The philosopher-educator led a program to combat illiteracy, multiply elementary schools, create technical schools, establish agricultural schools, train teachers and other adults, and coordinate the work of federal-state-local governments in the educational system.⁵⁶

The work of Vasconcelos was carried on by successive Ministers, particularly José Manuel Puig Casaurano (1923-1928) and Narciso Bassols (1931-1934). It was President Cárdenas, however, who led a movement in 1933-34 to get the educational article of the 1917 Constitution changed. He succeeded, and the new provision adopted in 1934 stated:

Education which the state imparts will be socialistic and, besides excluding all religious doctrine, will combat fanaticism and prejudices, to which end the school will organize its teachings and activities so as to

⁵⁶Larroya, op. cit., p. 118; Tucker, op. cit., pp. 354-5; George I. Sanchez, "Education," Annals of the American Academy of Political and Social Science, CCCVIII (March, 1940), pp. 149-52.

create in youth a rational and exact concept of the universal and social life.⁵⁷

Cárdenas was also instrumental in establishing the National Polytechnic Institute, promoting an anti-illiteracy campaign, and doubling the number of federal rural primary schools between 1934 and 1938. The Church led some opposition to Cárdenas' programs, particularly about the question of "socialism" in education. Opposition also came from fanatical peasants and employees of the hacendados, who were said to have been responsible for the slaying of some 300 rural school teachers between 1935 and 1939.⁵⁸

Administrations since 1940 have taken more of a middle-of-the-road position on education. Ávila Camacho was mainly responsible for a constitutional amendment in 1945 which modified the tone of Article 3 concerning educational purposes. No longer was state education described as "socialistic," and designed primarily to combat "fanaticism." The new provision stressed the need to harmonize "all the faculties of the human being and foster in him, at the same time, the love of his country and the awareness of international solidarity in independence and justice."⁵⁹

The Camacho administration was also primarily responsible for almost doubling the number of kindergartens, primary and secondary schools between 1940 and 1946. Other

⁵⁷Quoted by Larroya, op. cit., p. 119.

⁵⁸Tucker, op. cit., p. 356.

⁵⁹Article 3.

accomplishments during his period of office included the setting up of the Institute Federal de Capacitación to instruct teachers, and the reforming of the Institute of Anthropology and History, and the Polytechnic Institute. He founded the Astrophysical Observatory of Tonantzintla and the Seminary of Mexican Culture in 1942. In the following year he created the Committee for the Co-ordination of Scientific Information. Beginning in 1944, the campaign to obliterate illiteracy was started. Through a program whereby the literate would help the illiterate, some half million more Mexicans had learned to read by mid-1946.⁶⁰

Mexico's educational system continued to expand throughout the decade 1950 to 1960. It was after the election of President Lopez Mateos, however, that the whole system was singled out for special attention. The new President, himself a former educator, claimed that his administration would be stamped by the advancement made in free education. One of his first acts was to appoint a commission to determine how private enterprise and government could work together to promote the educational system. In his first budget, the Ministry of Education got the largest appropriation of any agency. The amount allocated amounted to 18.31 percent of total expenditures, highest in Mexican history. Besides funds to build more classrooms and employ more teachers, new funds were to be used at the National University, the National

⁶⁰Larroya, op. cit., p. 124.

Polytechnical Institute, and to help integrate the Indians into national life. The program of motorized cultural missions was to be expanded, and rural education was to be boosted by 20 demonstration teams which were to travel in sparsely populated areas teaching reading, writing, and agricultural fundamentals.⁶¹

Three years after the election of López Mateos, his Minister of Education, Dr. Jaime Torres Bodet, a former president of UNESCO, reported that the number of schools in the centers of Indian population had increased from 2,524 in 1958 to 3,900 in 1960. Student population had increased from 269,464 to 318,000, and the number of teachers in these schools climbed from 4,856 to 7,074. Rural teachers without degrees were being taught through correspondence courses and radio broadcasts. Carried by some 100 stations, the broadcasts helped 3,000 rural teachers get degrees in 1961. Twice that number was enrolled in 1962.⁶²

In still another area, that of free texts, some 17 million were distributed in 1960. In 1961 the number was increased to 20 million, and in 1962, to 22 million.⁶³ There was some opposition by Church leaders to text content. But to the critics, President Mateos replied: "it is a shame for Mexico that those who try to hinder the progress of knowledge do not show their faces but use children to say

⁶¹New York Times, December 27, 1959, p. 22.

⁶²Ibid., January 14, 1962, p. 40.

⁶³Ibid.

what they do not have the courage to express." To this he added: "These same irresponsible people try to mislead the Mexican public. They talk about the single textbook as if its contents deform the national conscience."⁶⁴

The seriousness with which Mexico continues to attack its problem of education has recently been described by one observer:

For three hours today a corner of this capital's main park became a center for intensive self-improvement. At 10 a.m. a truck marked "Secretaría de Educación Pública" drove up to what ordinarily serves as a music grove in Chapultepec Park. Benches, tables and blackboards were unloaded and set up under the trees. . . . /Soon thereafter/ 25 men listened and wrote intently in notebooks as a teacher explained an electrical circuit on a blackboard. Nearby, young girls watched a teacher knead dough and make pastry decorations. On an adjoining bench women were being taught to make artificial flowers and further on others were learning how to measure and cut a dress pattern. . . . In the midst of this relatively advanced activity, four youths sat laboriously copying the letters that a young teacher had written on a blackboard. Later they were joined by an old woman.⁶⁵

The Sunday morning scene described above was also taking place in other parks in Mexico City. The instruction was free, and people were encouraged to come and bring a friend, especially someone who needed to learn to read and write.⁶⁶

One of Mexico's biggest educational problems has been the establishment of additional primary schools to accommo-

⁶⁴Christian Science Monitor, March 2, 1963.

⁶⁵New York Times, August 22, 1965, p. 36.

⁶⁶Ibid.

date the increasing population as well as to make more schooling available for those already in school. In 1955 there were roughly 3.5 million students in primary schools. By 1962, the figure had jumped to more than 5.5 million.⁶⁷ To accommodate this increase, the number of schools had increased from 27,826 in 1955 to 35,165 in 1962.⁶⁸ The number of teachers increased from 83,444 in 1955 to 126,705 in 1962.⁶⁹

Even though the increases in numbers are impressive, less than half of the population 5 to 14 years of age was in school in 1960. The 1960 census indicated there were slightly over 9.5 million children in this age group. Of that total, only 4.6 million, or 48.4 percent were attending school.⁷⁰ The percentage of those attending, however, had risen considerably from that in 1940 when it was about 40 percent.⁷¹

As shown in Table 8, the percentage of primary teachers without a degree in Mexico in 1961 was 57.8. Of the 16 countries for which figures are available, only 4 of them

⁶⁷Departamento de Asuntos Sociales de la Unión Panamericana, Estudio Social de América Latina, 1963-1964 (Washington, D.C.: Unión Panamericana, 1964), p. 137.

⁶⁸Ibid., p. 135.

⁶⁹Ibid., p. 140.

⁷⁰Ibid., p. 139.

⁷¹Oscar Lewis, "Mexico Since Cárdenas," in Richard N. Adams, et al., op. cit., pp. 285-345.

had a higher percentage of primary teachers without degrees than Mexico.⁷² Also high in Mexico, is the number of students per teacher. In 1961, this figure stood at 46, a number higher than most of the other countries of Latin America.⁷³

The percentage of primary school graduates who go on to secondary school is very small, even by Latin American standards. In 1965, when there were in excess of five million students attending primary school, there were only 281,000 in the secondary grades.⁷⁴ The first priority in Mexico, literacy, has called for emphasis on primary instruction. In recent years, however, secondary education has been declared to be the second priority. At the present time, an expanded program of television instruction is being beamed to those in the rural areas. The same textbooks and examinations which are used in the day schools are being used.⁷⁵

Enrollment in higher education in Mexico amounted to about 2 per 1000 population in the late 1950's. The figure for Uruguay at that time was 4.8 per 1000 population;

⁷²They are Bolivia, Colombia, Ecuador and Nicaragua.

⁷³In Argentina, where the lowest ratio prevailed, it was 1-21; Unión Panamericana, Estudio Social, . . . op. cit., p. 144.

⁷⁴New York Times, December 26, 1965, p. 16.

⁷⁵Ibid.

for Argentina it was 4.1; in Haiti it was 0.3; and in the United States it was 15.2.⁷⁶ Higher education in Mexico has had a priority subordinate to that of elementary and secondary systems in recent years. Enlarged appropriations, however, especially for the National University in Mexico City and the National Polytechnical Institute were introduced in López Mateos' budget of 1959. While higher education in Mexico has, as in other Latin American countries, placed emphasis on non-technical studies, there was a growing tendency discernible in the 1950's to encourage concentration in the newer fields. In 1948, for example, those getting degrees in medicine and law amounted to 15.1 percent of total degrees given. By 1957, this percentage figure had dropped to 8.3. During the same period of time, degrees in commerce and other fields increased from 84.9 percent of the total to 91.6 percent of all degrees given.⁷⁷ During the same period of time, the total number of degrees conferred more than doubled.⁷⁸

Mexico has not suffered the vicissitudes encountered by some other Latin American countries in implementing the goals of the University Reform Movement. The Mexican

⁷⁶Asher N. Christensen, "Latin America: The Land and People," Government and Politics in Latin America, ed. Harold E. Davis (New York: The Ronald Press, 1958), pp. 56-57.

⁷⁷"Commerce" degrees include auditors, private and public accountants, bookkeepers, etc. "Other fields" includes engineers, architects, agronomists, nurses, pharmacists, etc.

⁷⁸Cline, Mexico, op. cit., p. 205.

Constitution of 1917, adopted a year before the University Reform Movement began in Argentina, expressed roughly the same goals for education in Mexico that the Movement expressed for all of Latin America: that higher education should be more closely linked with the problems faced by a particular country or locality.⁷⁹

Education in Mexico, whether at the primary or university level, has had a close tie with the Revolution since 1917. This does not mean, however, that Mexico is without problems in the area of higher education. There are those, for example, who believe that students have too much control over policy-making in university affairs.⁸⁰ Another problem involves the concentration of trained personnel in the Federal District. Students, who migrate to Mexico City from outlying areas, often stay there once their training has been completed. This deprives other parts of Mexico the services of badly needed specialists in many fields of development.⁸¹

One of Mexico's major successes has been its campaign to eradicate illiteracy. This success may be shown by comparing the illiteracy rate for various years. The

⁷⁹Luis Alberto Sánchez, "The University in Latin America: Part III, The University Reform Movement," Américas, XIV (January, 1962), pp. 13-16.

⁸⁰Edelmann, op. cit., pp. 137-143.

⁸¹L. Vincent Padgett, The Mexican Political System (Boston: Houghton Mifflin, 1966), p. 225.

rate for people 6 years old and over fell from 66.6 percent in 1930 to 58 percent in 1940, to 43.2 percent in 1950, and to 37.8 percent in 1960.⁸² By mid-1964, Education Minister Jaime Torres Bodet announced to the Mexican people that the illiteracy figure had further declined to a new low of 28.91 percent. One observer did note, however, that his precise figure "was received with doubt."⁸³

Looking at the Mexican educational system from another angle, one can explain its growth and development, at least in part, by looking at the percentage of the national expenditures allocated to education. In 1921, 4.9 percent of total national expenditures were for education. By 1930, the percentage figure had risen to 11.3; in 1940 it was 11.9; by 1950 it was down slightly to 9.1; in 1960 it had risen to 18.6; and by 1965 it had risen to approximately 26 percent.⁸⁴

Education in Peru

Part III of the Peruvian Constitution of 1933 is devoted to education. Some of the more appropriate provisions will be quoted here. The technical direction of education is a function of the states (Departamentos). "Primary edu-

⁸²UNESCO, World Illiteracy at Mid-Century (Paris: 1957), p. 95; Unión Panamericana, Estudio Social. . . , op. cit., p. 126.

⁸³New York Times, August 30, 1964, p. 36.

⁸⁴Cline, Mexico, op. cit., p. 194; New York Times, December 26, 1965, p. 16.

cation is obligatory and free" (Art. 72). There is to be at least one school in every locality where there are 30 pupils (Art. 73). "Complete primary instruction shall be given in every provincial and district capital" (Art. 73). The State "promotes education in its secondary and superior grades, with a tendency to free education" (Art. 75). For each department "there shall be at least one school of an industrial scope" (Art. 76). "The State promotes the technical education of workers" (Art. 77), and the law "shall indicate the minimum amount of the revenue destined for the maintenance and diffusion of education and the proportion in which it must annually be increased" (Art. 83).⁸⁵

The above provisions in Peru's Constitution reflect the development of education in that country up to the time it was written. Throughout the nineteenth century, various decrees, laws, and constitutional provisions had indicated concern for a better educational program. None of them, however, seem to have ever been fully implemented. One of the first major steps taken in Peru, in this century, was the assumption by the national government, in President José Prado's administration (1904-1908), of the educational system. Responsibility for education was taken away from the municipal councils, free and compulsory education was established, funds were appropriated, and national supervision

⁸⁵"Constitution of Peru, 1933," in Amos J. Peaslee, Constitutions of Nations, III (Revised ed; The Hague, Netherlands: Martinus Nijhoff, 1956), pp. 135-59.

was introduced.⁸⁶

Organic Laws were passed in 1920 and 1941. The latter enactment constitutes what continues to be the basic law of Peru's educational system. While it strengthened the system from top to bottom implementation was delayed primarily because of World War II. It was not until the late 1940's under President General Odría's Minister of Education, General Juan Mendoza, that extensive progress was made. In the first two years of Mendoza's ministry, "school enrollments increased by 150,000 and the educational budget had an even greater proportional increase."⁸⁷

In 1950, a ten-year Plan de Educación Nacional del Peru was adopted. The Plan gave special attention to programs which would help integrate the Indians into the national society; to rural and urban school improvement programs; to the development of vocational type schools; and to higher education in general. A thorough review of the entire system was made in 1957.⁸⁸

The educational system in Peru has undoubtedly suffered somewhat in recent years due to the general political climate. There were two teacher strikes, in 1960 and in

⁸⁶Adela R. Freeburger and Charles C. Hauch, "Education in Peru," United States Office of Education Bulletin, No. 33 (Washington, D.C.: U.S. Department of Health, Education, and Welfare, 1964), pp. 3-4.

⁸⁷Ibid., p. 5.

⁸⁸Ibid., pp. 5-6.

1961, before President Prado left office.⁸⁹ During the period of military rule, 1962 to 1963, there appears to have been the usual concern for education, but no more. Another strike took place in May, 1963. After the Minister of Education declared it illegal, some of the teachers returned to work. They were demanding, as they had done before, increases in their salaries which, at that time, amounted to about \$60 a month in United States currency.⁹⁰ After Belaúnde became president in 1963 he indicated some concern for education, but his pronouncements were quite unlike those made by López Mateos of Mexico in 1959.⁹¹ In 1964, after Education Minister Miro Quesda was censured by Congress, considerable shifting took place in Belaunde's Cabinet. Sixteen charges were brought against Quesda, including charges that he had been soft on communists and atheists.⁹²

In May, 1963, the United States made grants of \$1.1 million, under the Alliance for Progress program, to the Peruvian school system. Administration was to be carried out by Columbia University Teachers' College in collaboration

⁸⁹Payne, Labor and Politics in Peru, op. cit., pp. 234-53.

⁹⁰HAR, XVI (July, 1963), p. 487.

⁹¹"Inaugural Speech," New York Times, July 29, 1963, p. 7; New York Times, August 2, 1964, p. 22.

⁹²New York Times, October 4, 1964, p. 31.

with the Ministry of Education in Peru. The funds were to be used to try and increase attendance at the primary schools, and to upgrade the industrial arts programs. About the same time, the Ford and Rockefeller Foundations announced grants of some \$450,000 to the Agrarian University in Lima for the purpose of studying and planning the agrarian reform program in Peru.⁹³

About a month after the private grants were made, the Agency for International Development announced an additional grant which would bring the total amount assigned to education in Peru to \$2,322,829. The funds were to be spent over a three-year period, and in addition to the goals mentioned above, educational television was to be extended, scholarships in education were to be made available, more modern texts were to be printed, technical and vocational education were to be expanded, and specialized polytechnic institutions were to be established.⁹⁴

Plans were made for the opening of South America's first graduate-level school of business, the Escuela en Administración de Negocios para Graduados, for the Fall, 1963. It was to be located in Lima, and was to be under the initial administration of Stanford University. Scheduled to cost some \$975,000 during its first 2 years of operation, AID grants of \$575,000 were to be matched by \$400,000 of

⁹³HAR, XVI (July, 1963), p. 487.

⁹⁴Ibid., (August, 1963), p. 600.

Peruvian currency.⁹⁵

The enormity of Peru's educational challenge has been captured by those who reported on the Cornell-Peru project at Vicos. When a leader of the project first arrived at Vicos in 1949, he discovered that an elementary school was in existence. He was unable to find, however, even one child of primary school age who could read or write in any language. By 1951, out of more than 1600 children eligible to attend school, only five could read and write, and only 36 were attending school. Some 1,566 had not gone to school at all. Those who had attended had done so under discouraging conditions. The school building consisted of a crumbling adobe hut which contained no chairs or desks. The teacher was poorly trained, and "it was unheard of to send a girl to school."⁹⁶

Under the guidance of the project leadership at Vicos, more than 200 students were enrolled by 1957, and 7 teachers were employed. Much of the labor used to build a new school plant came from the community, and the Minister of Education in Lima cooperated fully. About one-third of the students enrolled were girls, and the attitude towards education by members of the community had begun to change

⁹⁵Ibid.

⁹⁶Allan R. Holmberg, "Changing Community Attitudes and Values in Peru: A Case Study in Guided Change," in Richard N. Adams, et al., Social Change in Latin America Today (New York: Council on Foreign Relations by Harper and Brothers, 1961), pp. 68-69.

from that of distrust and indifference to outright goodwill.

The Public Law of Education, 1941, requires children between ages 7 and 16, or until completion of the sixth year, to attend school. Illiterates between 16 and 40 are also required to attend. Textbooks and supplies are free.⁹⁸

There has been a steady increase in numbers, as well as in percentages, of children in the 5 to 14 age group who are attending primary school. In numbers, students attending increased from 1.1 million in 1955 to 1.5 million in 1962.⁹⁹ The percentage of the 5 to 14 year olds who were in school in 1960 was in excess of 55 percent.¹⁰⁰

The number of primary teachers increased from 29,753 in 1955 to 45,011 in 1961.¹⁰¹ As late as 1958, however, roughly half of those teachers had no degree.¹⁰² The Student-teacher ratio declined steadily between 1955, when it was 38-1, and 1961 when it amounted to 33-1.¹⁰³

Under Peruvian law, any adolescent may attend free

⁹⁷Ibid., p. 92.

⁹⁸Freeburger and Hauch, op. cit., pp. 10-11.

⁹⁹Unión Panamericana, Estudio Social. . . , op. cit., p. 137.

¹⁰⁰Ibid., p. 139; similar data is found in Freeburger and Hauch, op. cit., p. 139.

¹⁰¹Ibid., p. 140.

¹⁰²See Table 8.

¹⁰³Unión Panamericana, Estudio Social. . . , op. cit., p. 144.

secondary education. But to be admitted, one must be between 12 and 16 years of age, must have completed the elementary school program, must be in good health and must have had a record of good behavior.¹⁰⁴

Throughout most of the post-war years, and particularly during the 1950's, the Peruvian secondary schools were going through a process of reorganization. By 1960, there were 181 public secondary schools, and 306 private and evening ones. Total enrollment at the secondary level was approximately 158,000 students. Secondary school graduates amounted to 20,433 in 1961. Of that number, 13,183 graduated from public secondary schools while the remaining 7,250 completed their work at private institutions.¹⁰⁵

In addition to the general secondary schools, there are the vocational schools. They are divided into 3 types, agricultural, commercial, and industrial. In 1962 they had a combined enrollment of 49,707. Less than 5,000 of the total were in agricultural schools, while more than half were in industrial schools. There were 2,098 graduates of the vocational schools in 1961.¹⁰⁶

In the mid-1950's less than 2 students per 100 population were attending institutions of higher learning in Peru. Total enrollment at the 8 major colleges and universi-

¹⁰⁴Freeburger and Hauch, op. cit., p. 11.

¹⁰⁵Ibid., pp. 15-16.

¹⁰⁶Ibid., pp. 16-17.

ties by 1960 was slightly in excess of 35,000. Some 14,000 of that total number were enrolled at the Universidad Nacional Mayor de San Marcos. Another 6,000 were enrolled at the Universidad Nacional de Trujillo. In the former University, some 5,000 students were taking courses leading to degrees in medicine (1,840), letters (1,751), and law (1,532).¹⁰⁷ Another 3,000 were enrolled in economic and commercial science course studies; 1,308 were in sciences; and 1,238 were in education. Only 225 were pursuing work in chemistry, and 270 were in veterinary medicine.¹⁰⁸

Some 16 additional universities were established between 1960 and 1963. Five of them are private. The majority of these new establishments specialize in technical fields.¹⁰⁹

The influence of the University Reform Movement in Peru has not always been steady since first initiated there by Haya de la Torre in the early 1920 's. The goals of the Movement in Peru, as in other Latin American countries, was the overall improvement of university education. According to Luis Alberto Sánchez, the beginning of the Movement in Peru was

a violent reaction against the archaic professors who repeated their lectures every time verbatim, who admitted no arguments or questions, and who disappeared

¹⁰⁷ Ibid., p. 58.

¹⁰⁸ Ibid., p. 31.

¹⁰⁹ Ibid., pp. 32-37.

from the classroom as soon as they had spoken the last word of a lecture.¹¹⁰

Revolutionary goals of the Movement have been turned on and off in Peru almost every time the government has changed hands since the early 1920's. The goals, for example, were out of favor in the late 1920's, in again in 1931, out in 1932, on mildly after 1935, on in full force in 1945, out again in 1948, mildly influential after 1956, in full effect in 1960, only moderately influential in 1963-1963, and possibly more influential since 1963.¹¹¹

Writing about the university in Peru in the mid-1950's, Jorge Basadre, a professor at the University of San Marcos, said "the old bureaucratic, stereotyped, rhetorical, formalist university must go." More people, he indicated, should be trained, but he hoped that the universities would not be "completely given over to practical applications."¹¹²

Higher education in Peru has, since 1945, become more democratic, and more stress has been placed on the study of technical and practical fields of learning.¹¹³ But the main general criticism of university education in Latin America, that is, that higher education remains too far afield from the immediate needs of specific areas and local-

¹¹⁰Luis Alberto Sánchez, op. cit., p. 15.

¹¹¹Ibid., pp. 14-15; Jorge Basadre, "Some Problems of the University in Peru," ed. Angel del Rio, Responsible Freedom in the Americas (Garden City: Doubleday, 1955), pp. 126-33.

¹¹²Basadre, loc. cit., p. 133.

¹¹³Ibid., p. 129.

ities, still applies strongly to Peru.¹¹⁴

Peru has waged campaigns since 1940 to reduce the illiteracy rate. Despite its efforts, the illiteracy rate of 58.6 percent in 1940 had declined to only 55 percent by 1961.¹¹⁵ In the Sierra it is much higher--about 73 percent--than it is on the coast where it is as low as 29 percent. In recent years governmental agencies have been using radio, evening classes, and mobile units to help erase the "darkness." In the areas where there are heavy concentrations of Indians, there has been an attempt to teach first Quechua, or other native languages, then Spanish.¹¹⁶

Expenditures for education in Peru have been, in recent years, among the highest in Latin America. Furthermore, expenditures for education as a percentage of total expenditures has climbed steadily since 1955. In that year, educational expenditures constituted 13.87 percent of the total national budget. By 1960, the figure had risen to 17.36 percent, and by 1964 to around 24.0 percent.¹¹⁷

A report by the Peruvian Minister of Education, at the 1963 Conference of Education at Bogotá, indicated that

¹¹⁴Luis Alberto Sánchez, "The University in Latin America: Part IV, As It Looks Today," Americas, XIV (February, 1963), pp. 14-17.

¹¹⁵UNESCO, World Illiteracy, op. cit., p. 70.

¹¹⁶Freeburger and Hauch, op. cit., pp. 37-40.

¹¹⁷Ibid., p. 7; see Tables 9 and 10.

education in Peru was suffering primarily "from the lack of a well-defined educational policy directed toward the economic and social development of the Nation."¹¹⁸ Educational problems were, the report noted,

further complicated by an underdeveloped economy, inadequate transportation and lack of communications facilities; the high rate of illiteracy, and the lack of integration of the indigenous population into the national life; the shortage of teachers and their inadequate preparation; the excessive centralization of the administration and direction of education; and the lack of financial resources to implement a program for the improvement and development of education.¹¹⁹

There is a high dropout rate in Peru's primary schools, and instruction in the vocational schools is poor. Vocational schools do not have the prestige of the general secondary schools, and when instruction is so poorly administered that jobs cannot be secured upon graduation, the problem is compounded.

On the credit side, it should be pointed out that the government of Peru has, in recent years, become keenly aware of its educational inadequacies and has been working toward correcting them.

United States Aid Programs and Education

In proposing the Act for International Development of 1961, administration spokesmen made it clear that the

¹¹⁸Ministerio de Educación Pública, Informe Sobre el Desarrollo de la Educación en el Peru Durante el Año 1962 (Lima: The Ministerio, 1963), cited by Freeburger and Hauch, op. cit., pp. 41-42.

¹¹⁹Ibid.

category of foreign assistance to be known as "development grants" would include a substantial share for education. One of the basic needs in the less developed countries, it was pointed out, was a greater number of people possessing technical, vocational, and managerial capabilities. In addition, it was noted, there was lack of "effective organizational and institutional forms in the fields of government, finance, commerce, and education."¹²⁰

Development grants, as conceived in 1961-62, would involve funds for projects in which the recipient government would help share the costs, sometimes contributing the major share. The projects would be determined by joint consultation with certain stipulated criteria to determine the priorities of projects. Among the criteria, in fact at the top of the list was: "Whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, governmental improvement or economic growth."¹²¹

In justifying this new emphasis on education, State Department personnel pointed out that progress in the developing states was being held back because of widespread illiteracy and "lack of adequate means for the dissemination and absorption of knowledge." Increased education and training "unquestionably raises present levels of living by opening

¹²⁰U.S. Department of State, An Act for International Development, 1962, op. cit., pp. 56-57.

¹²¹Ibid., p. 59.

up new worlds of thought, social mobility, and enjoyment," the spokesmen continued. Nevertheless, it was noted, education requires the longest "lead time" of any of the resources needed for economic development. Dams, factories and roads can be built in a relatively short period of time; but for managers, administrators and other skilled personnel, it may take 10 years.¹²²

Emphasis on education in the Charter of Punta del Este has been described above, and some of the accomplishments since 1961 under the Alliance for Progress have already been mentioned.¹²³ Not only have grants and loans been made under the Alliance but through other United States' programs and agencies as well.¹²⁴

In President Johnson's message to the Congress on February 1, 1966, he singled out education in the developing countries as an area in which more attention, through the foreign assistance program, should be given. To combat ignorance, the President pointed out, "I propose a 50-percent increase in AID educational activities to a total of more than \$200 million."¹²⁵ In the same address, the President

¹²²Ibid., p. 64.

¹²³Supra, pp. 60 and 257-258.

¹²⁴A detailed breakdown of aid to individual countries is found in U.S. Department of State, Bureau of Educational and Cultural Affairs, Resources Survey for Latin American Countries (Washington: Government Printing Office, 1965).

¹²⁵Text of the address is reprinted in U.S. Department of State, Bulletin, LIV, No. 1392 (February 28, 1966), pp. 320-27.

promised Congress that he would soon transmit to it a special message proposing an International Education Act.¹²⁶

In the special message on education and health, the President presented a new four-point program for the former. Part four dealt with educational assistance to developing nations. In it, the President called for expanded appropriations for education, the development of new techniques for teaching basic educational materials and fighting illiteracy, an expanded Summer Teaching Corps, and other programs.¹²⁷

On August 17, 1966, in a speech made at the Pan American Health Organization headquarters in Washington, D.C., President Johnson reaffirmed the interest of the United States in educational progress in the developing states. "Education," he said, "must become the passion of us all." While progress had been made under the Alliance, he noted,

¹²⁶It was in the same speech that President Johnson sounded a firm warning to aid recipients that the United States would continue to expect more and more from them. "The United States can never do more than supplement the efforts of the developing countries themselves," he said. If they do not carry their load, he continued, "nothing we can supply will substitute." Furthermore, the President warned, "action would be the standard of our assistance." Those countries not fulfilling their commitments to help themselves, "cannot expect help from us." Finally, the President made a firm guarantee to the American people that "no funds will be used in these and other countries without a clear case that such expenditures are in the interest of the United States." Ibid., pp. 321-35.

¹²⁷Text of the message is printed in Ibid., pp. 328-35. The latter part of the message deals with health.

so far it had only scratched the surface of a world of illiteracy.¹²⁸

An International Education Act was passed in the closing hours of the Eighty-Ninth Congress, and signed into law by the President at Chulalongkorn University in Thailand, October 29, 1966, while on his 17-day tour of Asia. As passed, the bill was not exactly what the President had asked for, because it was concerned principally with international education within American colleges and universities and how it could be improved.¹²⁹ The provisions dealing with the expansion of assistance to education in the developing nations was not acted upon.¹³⁰ Senator Wayne Morse indicated, however, that expansion of the program would be attempted in later sessions of the Congress; but at least one informed source speculated that such expansion might have to await improvements in the Vietnam situation.¹³¹

United States' development aid for education to Mexico has been relatively small, while that to Peru has been rather extensive. The different stages of development of the two educational systems account for this fact. Long time concern for and concentration on building an adequate

¹²⁸U.S. Department of State, Bulletin, LV, No. 1419 (September 5, 1966), p. 332.

¹²⁹The text of the Act is found in Education and World Affairs, International Education Act of 1966 (New York: 1966), pp. 7-18.

¹³⁰Ibid., p. 59.

¹³¹Ibid.

system of education in Mexico has been so successful that it may be expected to continue to develop without extensive outside assistance. In Peru, where emphasis on education is primarily a post-World War II phenomenon, the foreign aid in-put into its educational system can be a significant contribution to further growth.

Summary

The importance of education in development has been well established. From the standpoint of political development, it can be a major element in the creation of national unity. With respect to economic development in a more direct sense, it is a means whereby the population may be equipped for carrying on the many specialized tasks in a developing system.

Students of development have suggested several guides for measuring the state of educational development in the less developed countries. All agree, for instance, that the first priority in any development scheme is a literate population. Bowman has indicated that a literacy rate of approximately 40 percent is a precondition for take-off. Mexico's literacy rate is far above this figure, amounting to 70 or 75 percent at the present time. As early as 1940, the literacy rate for Mexico was slightly above the 40 percent minimum.

Peru had, in 1940, about the same literacy percentage

as Mexico. During the succeeding 20 years, however, it had increased only slightly to about 45 percent. Furthermore, Peru continues to have pronounced extremes in its overall literacy rate, ranging from a low of 27 percent in the highlands to a high of 71 percent on the coast.

Other students of development have suggested that it is necessary to have from 6 to 10 percent of the population enrolled in primary schools before growth can begin. Currently both Mexico and Peru have about 12 percent of their total population enrolled in primary school. In both countries the rate is higher in the urban centers than in the rural areas; but here again, the differences in Peru are considerably greater. The drop-out rate is high in both countries, with only a small percentage of the primary enrollees going on to secondary institutions. In the latter case, Mexico enjoys a slight edge over Peru.

It has been suggested by the OAS Educational Task Force that no less than 4 percent of the GNP be allocated to the educational system. Figures for 1964 indicate that Mexico was spending slightly less than 3 percent for this purpose, while Peru was spending almost 5 percent. Education in both countries, however, is currently receiving about 25 percent of total national expenditures per year.

Instruction in Mexico may be of a higher quality than that of Peru because more of the teachers in the former have been trained. Peru has, however, a slightly lower student-

teacher ratio than Mexico.

Abernethy and Coombe have indicated that there is a close relationship between government and the educational system in most countries. The latter is, they think, a tool of the former, one to be used in implementing a country's goals. In Mexico this has been done. Since 1917, education has been a means of promoting the Revolution. Through such education ministers as José Vasconcelos in the 1920's, and Jaime Torres Bodet in the 1950's and 1960's, extensive promotion has taken place. Several presidents, especially Cárdenas and López Mateos, have dedicated their administrations to the promotion of the educational system. Other presidents have been only slightly less enthusiastic.

Extensive progress in the educational system of Peru did not begin until after World War II. Much attention has been given to it since. But in the words of a recent Minister of Education, the system in that country has been moving along without direction; a well defined policy for the whole educational system is still lacking.

Education in Mexico has contributed to economic and political and social development for at least 30 years. It has been a tool of, and has supported the Revolutionary goals. In Peru, it has captured the imagination of government leaders only in recent years and has suffered from overall lack of attention throughout most of the past half century. It is too early to determine, at this time, the impact on the

system which is being made by the progressive administration of President Belaunde. Even the most impressive plans which are proposed in Peru will be difficult to implement because of the serious obstacles posed by the large Indian populations which live in the Sierra region.

Emphasis on education has become one of the cardinal features of United States foreign assistance programs. President Johnson has stated emphatically on recent occasions that a literate population is basic to economic, social and political development. He has recently suggested doubling the foreign aid expenditure for education in the developing countries.

CHAPTER VII

AGRICULTURE AND LAND REFORM

Problems of agriculture and land reform occupy a conspicuous place in most studies of less developed countries. Agriculture alone is more often treated as an economic question, but agriculture and land reform combined are described as social and economic questions.

An economist, Professor Harvey Leibenstein, has compiled what might properly be described as a definitive list of the characteristics of underdeveloped areas. Under the sub-heading "economic," he deals with agriculture. Agriculture in the underdeveloped areas, he points out, has a high proportion of the population engaged in it, perhaps above 70 percent. Some of these countries have an "absolute over-population" in agriculture, which means that a much smaller proportion of the population in agriculture could produce the same amount of commodities. The capital per head is low; the income per head is low, near the subsistence level. Small size of holdings impede the most efficient use of available capital; tools are primitive.¹

¹Economic Backwardness and Economic Growth (New York: John Wiley and Sons, 1957), pp. 40-41.

Even if more production were possible, adequate markets would not exist. Modern agricultural techniques are usually employed only in the larger establishments, which are producing for a foreign market.

The small landowners and workers in the less developed areas have more difficulty weathering a short-term crisis. Indebtedness is high, and there is constant hunger for more land. As the population increases, there is pressure to subdivide the available holdings.²

According to Rostow, the agricultural sector must play a major role in the transition from the primitive stage to the take-off stage. First, he says, "agriculture must supply more food."³ Such an increase may result in an expanded supply of foreign exchange, or it may "minimize the foreign exchange bill for food."⁴

The agricultural sector may also play a conspicuous role with respect to demand. As output grows, the modern sector may be stimulated to produce such things as farm machinery, fertilizers, and other materials needed in expanding agriculture.⁵ Finally, "agriculture must yield up a substantial part of its surplus income to the modern sec-

²Ibid.

³Rostow, op. cit., pp. 22-23.

⁴Ibid., p. 23.

⁵Ibid.

tor." The surplus income derived from expanded production "must, somehow, be transferred out of the hands of those who would sterilize it in prodigal living into the hands of the productive men who will invest it in the modern sector."⁶

Stephen Enke points out that industrialization and urbanization, twin goals of developing countries, "require a greater total food availability."⁷ This additional increment, he adds, "must usually come from domestic output." For centuries, he continues, "economists have agreed that more wage goods are a prerequisite of industrial expansion and urban growth."⁸

From still another angle, Enke points out that the industrial sector "must receive its labor force from the original subsistence subeconomy." Gains in agriculture may make this transition difficult. If there is considerable hesitancy to move from country to town, the "planners may wish to extract all increments of agriculture output from village communities, making these extra supplies available exclusively to city inhabitants."⁹

Land reform may or may not be instrumental in achieving the goals laid out for agriculture in the foregoing dis-

⁶Ibid., pp. 23-24.

⁷Enke, op. cit., p. 144.

⁸Ibid.

⁹Ibid., pp. 144-45.

cussion. As a general rule, Kindleberger says, "land reform cuts down production, increases consumption, reduces supplies available for shipment to the city and for export, uses up capital, and cuts down capital formation." On the other hand, he concedes, "land reform is a political necessity in many areas where land is held in great latifundia and where the aspirations of the peasantry have become identified with the ownership and cultivation of separate plots of land."¹⁰

Paul Alpert claims that in most cases land reform "is necessary for both economic and social reasons."¹¹ It may be economically wise if it involves the breaking up of large landed estates where there is less than maximum productivity. It may be unwise if it breaks up the medium and large size productive landholdings. It may be necessary, however, to break up these latter for social and political reasons. If so, efforts should be made to insure that the immediate decline in productivity will be only a temporary phenomenon.¹²

Enke's view appears to be similar to that of Alpert. Land reform, he says, "if supplemented by many other essential changes and improvements, is a necessary but insufficient condition of increased agricultural efficiency."¹³ Therefore,

¹⁰Kindleberger, op. cit., p. 225.

¹¹Alpert, op. cit., p. 113.

¹²Ibid., pp. 113-14.

¹³Enke, op. cit., p. 153

Enke continues, it would be

dishonest to urge land reform as a means of increasing farm output unless plans are also advanced for ensuring larger holdings, investment of capital, specialization of output, innovation of crops and methods, and more aggressive entrepreneurship.¹⁴

Agriculture and Land Reform in Latin America

In the late 1950's, roughly half of all employed persons in Latin America were in agriculture. The percentages of total employment in agriculture ranged from some 83 percent in Haiti and 72 percent in Bolivia, down to 25 and 30 percent in Argentina and Colombia respectively. For Latin America as a whole, this 50 percent in agriculture accounted for only about 25 percent of the gross domestic product in the late 1950's.¹⁵

For Latin America as a whole, agriculture is still the chief economic activity. Manufacturing would be second, as it falls about 5 percent below that of agriculture. Some two-thirds of the total value of all Latin American exports are accounted for by agriculture. Nevertheless, during the period 1945 to 1957, when "the gross national product of all other activities taken as a whole increased at an annual rate of over 5 per cent," the growth rate of agriculture averaged only about 2.5 percent annually. The latter growth rate was just about the same as the annual growth rate in

¹⁴Ibid.

¹⁵J.P. Cole, Latin America: An Economic and Social Geography (Washington, D.C.: Butterworths, 1965), p. 128.

population.¹⁶

As the above figures might indicate, productivity per agricultural worker is low. It has been shown that in relation to agricultural workers in Italy (Italy=100), production during the period 1956-1960 in Argentina was 94, Colombia 45, Venezuela 32, and Guatemala 21. Showing the same problem in a different way, that is, by the number of workers required to produce 100 kilograms of maize, it has been shown that it takes only 2 days in the United States, 5 days in Argentina, 30 days in Chile, 33 in Mexico, and 47 in Colombia.¹⁷

In the overall area of Latin America, the per capita production of foodstuffs is lower now than it was back in the 1930's. The countries which would be an exception to this general rule have managed to increase the production of certain commodities, namely cotton, coffee, and bananas, all of which are destined for export. Productivity in agriculture is usually low because

of the uneven distribution of property, the inadequate systems of land tenure and use, and the archaic rural labour and recruitment systems which still obtain in many areas of Latin America. To all of this must be added the shortage of capital and the lack of a proper infrastructure for the development of productive

¹⁶United Nations, Department of Economic and Social Affairs, ECLA, "An Agricultural Policy to Expedite the Economic Development of Latin America," Economic Bulletin for Latin America, VI (October, 1961), pp. 3-4.

¹⁷Cole, op. cit., p. 129.

activities, widespread ignorance of--or failure to apply--agricultural techniques through which a better combination of factors under existing conditions can be secured and, very often, the absense of a policy of economic incentives and of structural changes directed towards the achievement of specific development targets.¹⁸

A surprisingly small amount, about 5 percent, of the total land area of Latin America is in cultivation. Another 18.5 percent is in pasture; 47.5 percent is in forest; and 29 percent is classified as non-agricultural. In comparison, more than 10 percent of the total land area in North America is arable.¹⁹

Even with a small percent of the land area in Latin America under cultivation, one of the major problems "is the insufficient use of Latin American agricultural resources, particularly manpower and land." With respect to manpower, many of the laborers work only part of each year. In Argentina the rural worker works on the average about 218 days per year. A rural worker puts in about 200 days of work per year in Colombia, and about 180 in El Salvador. In some areas where there is strong emphasis on a single agricultural crop, the number of days worked may be as low as 80 or 100 days per year.²⁰

In areas where such idleness prevails, it would be unwise to introduce labor-saving devices. Such methods

¹⁸United Nations, "An Agricultural Policy," op. cit., pp. 3-4.

¹⁹Cole, op. cit., p. 130.

²⁰United Nations, loc. cit.

would tend to create more unemployment. Therefore, a first step toward solving the agricultural problem should be to promote "full employment of the labour force and the adoption of improved techniques which save land and absorb manpower."²¹

Another major problem in Latin America is the proper use of available land. There are "vast areas occupied by great estates and single-crop entrepreneurs with idle resources." At the same time, "there are armies of small producers--e.g., farm-owners, share-croppers, tenent farmers, etc.,--who do not have enough land to keep fully employed throughout the year." A small percentage of the total farms, usually less than 8 percent, control 60 to 70 percent of the arable land. More than 75 percent of the holdings "cover only 5 to 10 percent of the suitable land."²²

One possible way to achieve the badly needed growth rate in Latin American agriculture would be through proper land redistribution. This would involve the breaking up of large estates as well as combining some of the smaller units. The owner of the large estate in some countries is

not interested in investing more in agriculture and increasing his income from that sector, since he cannot do so without additional managerial and administrative staff. He prefers to use his present methods of working on his estate and to invest his profits therefrom in business, industry and other urban activities which are easier to control, present fewer risks

²¹Ibid., p. 5.

²²Ibid., p. 4; "Datos y Cifras de las Américas," Américas, XVI (November, 1964), p. 47.

and provide a high yield. As population pressure grows, the conditions under which labour is recruited and paid become more stringent because, in the final analysis, it is the landowner who possesses that scarce resource--land. On the other hand, in those cases where better farming practices have been applied, the extra profit usually goes to the landowner.²³

The small landowner, on the other hand, produces only enough for himself and his immediate family. His methods are primitive. Furthermore, "he is usually outside the monetary economy and he can hardly respond to incentives based solely on price increases." Therefore, land reform, which by itself will not "ensure fulfilment of the objectives of accelerated growth and income redistribution," is nevertheless, "both essential and urgent."²⁴

At the meeting of the Latin American governmental economic leaders in Buenos Aires, March 26, 1966, Hernan Santa Cruz, the Chilean regional director of the United Nations' Food and Agriculture Organization, told the delegates that the region's "stagnant agriculture" had to be activated in order to alleviate the deepening world hunger problems. Latin America, he suggested, had to double its production by 1980, not only to feed itself, but also to help feed the millions of Asia. Since the inauguration of the Alliance for Progress in 1961, Santa Cruz noted, "food production expanded at a rate barely keeping pace with popu-

²³ United Nations, loc. cit., p. 6.

²⁴ Ibid., pp. 6-7.

lation growth."²⁵

Mr. Santa Cruz further commented that the Latin American nations must "massively incorporate modern technology and science into their agriculture," and at the same time "adopt radical and pragmatic changes in antiquated agrarian structures that don't adapt to the dynamics of progress."²⁶

As pointed out earlier in this study, the Latin American governments agreed at Punta del Este in 1961 to promote agrarian reform. At the same time, a number of well-known land reform programs were in operation. Among them were those of Mexico, Bolivia, Guatemala, Venezuela, and Cuba. Since 1961, Brazil, Colombia, Costa Rica, Chile, Honduras, Nicaragua, Panama, and Peru have passed laws which are designed to implement agrarian reform programs. But as Mr. Santa Cruz told the Buenos Aires meeting, agrarian reform calls for "political decisions that only the individual countries can make."²⁷

Urquidí, along with most other economists, sees the agrarian reform problem in Latin America as both an economic and social necessity. The economist, he says, "is able to isolate certain problems or important social obstacles to

²⁵New York Times, March 27, 1966, p. 6.

²⁶Ibid., p. 6.

²⁷Ibid.; a description of recently passed agrarian laws may be found in Unión Panamericana, Estudio Social, op. cit., p. 147.

economic development, but he is not qualified to make specific recommendations to remedy these matters." The specialists who deal with the social problems, he continues, "should familiarize themselves with the problems of economic development, because social measures may solve or allieviate social problems only to the extent that they contribute to economic development." Finally, Urquidi summarizes, "the social aspects of economic development and the economic aspects of social development must blend together into a single drive toward progress."²⁸

Agriculture and Agrarian Reform in Mexico

During the 1950's, almost 58 percent of Mexico's labor force was engaged in agriculture. Agriculture's contribution to gross domestic product about the same time was 25 percent.²⁹ The percentage in agriculture, however, has declined consistently from a figure of 70 percent in 1930 to 65 percent in 1940.³⁰

During the period roughly 1940 to 1960, agriculture's contribution to gross domestic product was roughly 20 percent. Agriculture production just about doubled during the years 1945 to 1957, during which time the population increased by only about 40 percent. During the same period, industry and

²⁸The Challenge of Development in Latin America, op. cit., pp. 85-86.

²⁹Ibid., p. 161.

³⁰Lewis, "Mexico Since Cárdenas," op. cit., p. 313.

commerce were gaining a larger percentage of the total labor force.³¹

Mexican agriculture has, since 1940, performed the function which economic development specialists had hoped it would. That is, production has increased to the point where agricultural commodities may be exported. Therefore, an export shift from minerals and oil to agricultural products has taken place. This has in turn given Mexico a greater capacity to import.³²

Even with increased production, agriculture continues to be one of the most serious of Mexico's problems. As late as 1965, reports indicated that Agricultural Minister Gustavo Diaz had repeatedly declared that "agriculture is Mexico's most acute problem politically, socially, and economically."³³ Present problems appear to be centered primarily around the question of land redistribution, with increased production as a secondary issue, although the latter problem is still a serious long-range challenge.

Arable land in Mexico in 1950 amounted to 10.1 percent of the total land area. Another 38 percent was in pasture; 20 percent was in forest; and 32 percent was classified as non-agricultural.³⁴

³¹Ibid., p. 312.

³²Ibid., pp. 314-15.

³³New York Times, March 21, 1965, p. 30.

³⁴Cole, op. cit., p. 130.

According to one authority on Mexican land systems, "the entire land system has been in a state of transition" since 1910.³⁵ At that time, the percentage of heads of families who held no land was more than 90 percent in every Mexican state except Baja California, where it was 88.2. In 28 of the states, the percentage was above 94 percent.³⁶

Land reform actually began in Mexico in 1915. In that year, President Carranza issued a decree providing for the establishment of ejidos. The land reform plan was given constitutional status in 1917. The famous Article 27 of that document states that

ownership of the lands and waters within the boundaries of the national territory is vested originally in the Nation, which has had, and has, the right to transmit title thereof to private persons, thereby constituting private property.

Some 8 pages later in Article 27, the Constitution states that in each State, Territory, or Federal District, "there shall be fixed a maximum area of land of which a single individual or legally constituted society may be the owner." The excess over the fixed amount "shall be subdivided by the owner within the time fixed by the local law, and these parcels shall be offered for sale under terms approved by the governments." If the owner should oppose the subdivision, "it shall be carried out by the local government, by expropriation." Owners "shall be required to

³⁵George McCutchen McBride, The Land Systems of Mexico (New York: American Geographical Society, 1923.), p. 139.

³⁶Ibid.

receive bonds of the local Agrarian Debt" at an interest rate "not exceeding 3% per annum.³⁷

The law of ejidos was issued on December 28, 1920, and was supplemented by the Reglamento Agrario of April 10, 1922. Under the guidance of a national agency known as the Comisión Nacional Agraria, and similar agencies at the state level, land expropriation and redistribution began. Pueblos, or local villages, were encouraged to apply for such land located in the immediate vicinity of such settlements. Not all requests were honored, but if they were, the quality of the land determined the per capita grant."

From December 1, 1920, to September 1, 1921, ejidos were given to some 225 pueblos. Another 92 pueblos received grants of land between September 1, 1921, and September 1, 1922.³⁸ The program was not, however, without its critics and opponents. According to James G. Maddox,

the expropriation of private property to turn it over to people who only a few years before had had a status hardly different from that of slaves, struck deep, hard blows at the very heart of the values system. . . . It was a hard, and often bloody, struggle all through the twenties and early thirties. Landlords were recalcitrant; the peones . . . were adamant that they receive land; laws were not clear, and were constantly being changed; the courts often sided with the landowners almost regardless of how the laws were drafted. . . .³⁹

³⁷Ibid., pp. 160-61; see also Guillermo Vasquez Alfaro, La Reforma Agraria de la Revolución Mexicana (Mexico City: Carlos B. Zetina, 1953), pp. 42-46.

³⁸McBride, op. cit., p. 165.

³⁹Mexican Land Reform (New York: American Universities Field Staff, 1957), p. 16.

Faced with such obstacles, it is not surprising that the land reform program did not get moving rapidly until the years of the Cárdenas administration. During the first 18 years, 1916 to 1934, some 8 million hectares of land had been distributed to 783,000 persons. During the Cárdenas period, 1935-1940, some 18 million hectares were distributed to 815,000 persons. After Cárdenas, the program slowed down considerably. During the 3 administrations between his and that of López Mateos, only 13 million hectares were re-distributed.⁴⁰

By the late 1940's the ejido systems were coming more and more under attack as uneconomic units of production. The ejidos are of two types: "collective" and "cooperative." The former account for only about 5 percent of the total and are located in the regions of La Laguna, Lombardia and Nueva Italia, and on the Yucatan peninsula. In these collectives, so designated because of the advantages of large scale operations, members are compensated for the amount of work they contribute. Dividends are distributed at the end of a year's operations.⁴¹

⁴⁰Thomas F. Carroll, "The Land Reform Issue in Latin America," ed. Albert O. Hirschman, Latin American Issues (New York: The Twentieth Century Fund, 1961), pp. 161-201; Brandenburg, The Making of Modern Mexico, op. cit., p. 254; Jesus Silva Herzog, El Agrarismo Mexicana y la Reforma Agraria, Exposición y Crítica (Mexico, D.F.: Fondo de Cultura Economica, 1959), pp. 405-51.

⁴¹The collective ejidos are described in Clarence Senior, Land Reform and Democracy (Gainesville, Fla.: University of Florida Press, 1958), pp. 96-116.

In the cooperative ejidos, plots of land are parceled out to each family; the ejido members cooperate with each other in the use of machinery, technical information, repair work, bookkeeping and price setting. They work with the Agrarian Department of the Ministry of Agriculture, and the National Ejido Bank, through local officials known as "commisars." The latter officials may wield a considerable amount of power over the communities.⁴²

The cooperatives have been criticized for a number of reasons, the most important one being the use of the small productive unit. The ejidatarios become part-time farmers because there is not enough work to keep them occupied year around. They lack education, many of the members are hard to discipline, and finally, the land does not actually belong to them. The latter point, in particular, has raised considerable controversy in recent years. Some critics feel that production is impeded because the worker has only "use title" to the land. Laws prevent him from selling, leasing, renting or mortgaging, and he must not let it lie idle for more than 2 years.

Partly as a result of these basic questions concerning the use of the ejidos, the Mexican government added a program in 1947 which is called the "colony" system. Under this arrangement, which has been used quite extensively in recent years along with the older program, the owner receives

⁴² Christian Science Monitor, August 1, 1962.

title to the land for a small fee, and may dispose of it after it is paid for. In 1958, the giant Cananea ranch owned by citizens of the United States and containing some 648,000 acres, was expropriated for colonizing projects. Similar actions involving other large land holdings were also taking place in the states of Campeche and Yucatan, as well as in the territory of Quintana Roo.⁴³

Another important action was taken by the Mexican government in connection with the land reform program in 1949. In that year, the Agrarian Code was amended for the purpose of preventing the spread of more small holdings. It provided for a minimum size grant of roughly 10 hectares if irrigated, and 20 hectares otherwise. Furthermore, the 1949 amendment provided for the issuance of certificates of "inaffectability" to certain private land holdings, in an attempt to assure them that their land would not be expropriated.⁴⁴ The certificates were to be issued in those cases where maximum production was believed to be taking place.

In 1954, one of the long-time supporters of the ejido system, Professor Antonio Díaz Soto y Gama, changed his mind about the use of them in promoting development in Mexico. It was not working well, he claimed, for the whites and mes-

⁴³New York Times, July 30, 1961, 18.

⁴⁴Edelmann, op. cit., p. 237.

tizos, but was still acceptable for some of the Indian areas.⁴⁵ José Vasconcelos soon joined him in the criticisms. According to the former minister of education, the ejido "has been effective politically. . . , but. . . disastrous economically."⁴⁶

In 1950, something like 45 percent of the Mexican farm land was in ejidos. In 1960 these systems were producing about 70 percent of Mexico's tobacco, a little more than 60 percent of the wheat, rice, sesame and henequen, and around 40 percent of the corn, beans, sugarcane, barley and bananas grown in the country. Nevertheless, in some of the private holdings, yield per acre was considerably higher than that on the ejidos.⁴⁷

If the ejido, as a method of land reform, is on its way out in Mexico, it does not mean that its use was a mistake. According to Carroll, who has worked extensively with the land reform issue and programs in Latin America, "all writers agree that the main politico-social objective of the reform, the elimination of the latifundios and the institutions they maintained, was accomplished." Furthermore, "it is also generally acknowledged that the reform has given a tremendous boost to the consolidation of stable and repre-

⁴⁵ Ibid., p. 235.

⁴⁶ New York Times, March 10, 1954, p. 11.

⁴⁷ Ibid.

sentative government." Finally he says, the ejidos led, at least indirectly, "to the extraordinarily rapid rate of economic development during the forties and fifties."⁴⁸

The cry for land in Mexico continues. There are still some 2 million landless farm workers. By the end of López Mateos' administration, it appeared that Mexicans for the first time were beginning to realize there was not enough usable farm land to go around. In 1964, Díaz Ordaz, who was the PRI's presidential nominee, told a crowd at Cuernavaca: "More than three-quarters of the cultivable land is in the hands of the peasants." He continued: "There is hardly any allotable land remaining and, it seems, we are reaching the end of distribution."⁴⁹

Agriculture and Land Reform in Peru

Roughly 60 percent of Peru's labor force was engaged in agriculture in the 1950's.⁵⁰ Cole has estimated that agriculture's contribution to the gross domestic product at the same time was 25 percent.⁵¹ The percentage of the labor force engaged in agriculture appears to be about 5 percent

⁴⁸Carroll, op. cit., p. 174.

⁴⁹New York Times, June 14, 1964, p. 7.

⁵⁰United Nations, "Evolution of the Employment Structure in Latin America, 1945-55," op. cit., Table 9.

⁵¹Cole, op. cit., p. 128; More recent ECLA figures place agriculture's contribution to Peru's GDP as follows: 1950, 26.2 percent; and 1963, 21.5 percent; the figures for Mexico are 23.9 percent in 1950 and 19.2 percent in 1963.

higher than it was in 1940 when it was contributing around 40 percent of the gross domestic product.⁵²

Peru's agricultural production record during the 1950's was not at all impressive. As a matter of fact, one Peruvian observer has referred to the agricultural situation as "deplorable." Using the 1954 as a base year, one index of production has shown that production actually declined, in certain commodities, relative to population during the following 4 years. The latter included commodities such as rice, barley, wheat, corn and potatoes. During the same period increases took place in the production of certain foodstuffs, primarily beans.⁵³

Agriculture has not performed the function for the Peruvian economy that it has for the Mexican economy.⁵⁴ In fact, the importation of agricultural foodstuffs has increased appreciably over the years. Large amounts of dairy products have been imported; so have such commodities as wheat, rice, corn, and canned fruits.⁵⁵ In the absence of agricultural products to export, Peru has relied heavily on

⁵²Cesar Guardia Mayorga, La Reforma Agraria en El Peru (Segunda Edición, Lima: Imprenta "Minerva" Miraflores, 1962), p. 175; the 40 percent figure is an estimate based on data found in Unión Panamericana, Estudio Social, 1962, op. cit., p. 261.

⁵³Mayorga, op. cit., pp. 171-73.

⁵⁴Carlos Moreyra, and Carlos Derteano, "Evolución de la Agricultura Nacional en el Siglo XX," in Gallo, op. cit., p. 180.

⁵⁵Mayorga, op. cit., pp. 176-77.

minerals to serve this purpose. Cotton and sugar have, however, become important export crops in recent years.⁵⁶

In 1961, only about 1.5 percent of Peru's total land area was arable. Only 9.5 percent was in pasture, while more than half of the total, 54.5 percent, was in forest. The remaining third, about 34.5 percent, was classified as non-agricultural.⁵⁷ Due to the increase in population since 1940, when the number of hectares in cultivation per capita was 0.23, there has been a decline to 0.18 hectares in cultivation per capita in 1960.⁵⁸

The land situation in Peru depends somewhat on the area in which it is located, although there are some similarities in the 3 major regions. On the coast, 80.73 percent of the holdings are in minifundios of 5 hectares or less. They farm only 6.61 percent of the area in cultivation. At the other extreme, some 0.40 percent of the holdings consist of farms in excess of 500 hectares. The latter farm 55.68 percent of the total arable land.⁵⁹

In the Sierra, the situation is not nearly so extreme. Some 82.42 percent of all production units consists of less than 10 hectares. They farm 17.63 percent of the total land

⁵⁶Cole, op. cit., pp. 288-91; Unión Panamericana, Estudio Social, 1962, op. cit., p. 265.

⁵⁷Cole, op. cit., pp. 130-31.

⁵⁸Mayorga, op. cit., p. 171.

⁵⁹Ibid., p. 169.

area. Properties in excess of 500 hectares, which amount to 0.35 percent of the total, control 37.15 percent of the land in cultivation.⁶⁰

In the Selva, 61.07 percent of the holdings are 10 hectares or less. They farm only 0.84 percent of the total land area. There are 2.19 percent of the holdings which are in excess of 1,000 hectares, and they control 91.63 percent of the arable land.⁶¹

As the above figures indicate, most of the cultivable land in Peru is owned by the large property holders. An overwhelming number of farmers work only a small percentage of the land. Such conditions have led, particularly in recent years, to demands that the government set up an effective program of land reform.

There are in Peru basically two types of land tenure systems: the collective systems of the Indians, and the more individualistic operations rooted in Spanish culture. The latter has been subdivided by Ford into 4 different types. They are (1) non-operating owners, (2) owner-operators, (3) non-owner operators, and (4) farm laborers.⁶²

Non-operating owners consist of individuals, commer-

⁶⁰Ibid., p. 170.

⁶¹Ibid.

⁶²Thomas R. Ford, Man and Land in Peru (Gainesville, Fla.: University of Florida Press, 1955), p. 76.

cial corporations, national and local governmental bodies, and religious, charitable and educational institutions. They invest their surplus capital in lands because investment for good land is considered wise in Peru. In July, 1949, the government issued a decree declaring its intention to expropriate all such lands which were not being improved; but enforcement of the decree was not forthcoming due to the opposition of the landowners.⁶³

The 1940 census classified 40 percent of the population employed in agriculture and related categories as owner-operators. The rather high percentage figure is probably due to the fact that most of the operations are small.⁶⁴

The non-owner operators may be administrators, cash renters, standing renters, combination cash and standing renters, sharecroppers producing a share only, or sharecroppers producing a share and labor. All of the renters, regardless of how classified, may be required to perform a certain amount of labor. The government passed a law in 1947 requiring written contracts between the cash-renter and the landlord. The law has not, however, been enforced.⁶⁵

The practice of requiring standing rent for the land is a more popular practice in Peru than is the cash rental program. Standing rent involves payment of a fixed amount

⁶³Ibid., pp. 76-80.

⁶⁴Ibid., pp. 80-81.

⁶⁵Ibid., p. 84.

to the landowner. Such renting on the coast is known as yanaconaje. In the Sierra standing renters may be known as colonos and partidarios. Along with the yanaconaje a practice called habilitación has become prevalent. Under the latter, the owner will furnish tools and equipment, even cash when needed, to assist the yanacona in making the crop. The renter must repay for any advances made to him under habilitación, with interest, and the purchase price may be higher than a competitive market system would establish. In addition, the yanaconas may be expected to donate a certain amount of labor to other lands farmed by the landowner.⁶⁶

A law known as the Law of Yanaconaje was passed in 1947. According to Ford, the law stipulated that

all contracts should be written and that they could not include clauses obliging the yanacona to sell his crop excess to the owner, to contribute free work not in connection with his own land, to make permanent improvements without compensation, or to trade obligatorily with the commissary of the proprietor. The law also called for a reduction of the fixed rent in case of crop failure. . . and extended a minimum lease term of three years. . . . A maximum rent not to exceed 6 percent of the assessed value of the property was set, and it was further stipulated that the interest rate of the habilitación could not legally exceed 12 percent. The proprietor was required to furnish a house for the tenant or to pay for one which the tenant himself constructed. Further provisions. . . provided that cases of disputes should be submitted for arbitration.⁶⁷

The Law of Yanaconaje was never enforced, but the fact that it was passed indicated that the power of the

⁶⁶Ibid., pp. 81-86.

⁶⁷Ibid., p. 86.

renters was generally increasing.

The sharecropping systems undoubtedly constitute the majority of the tenancy systems in Peru. Here, the tenant returns to the landowner a certain percentage of the crop produced, rather than a fixed amount as is the practice with the yanacona. The division is usually in halves, but other amounts may be agreed upon. The landowner supplies the land and water; the renter pays half the costs of seed, equipment, fertilizer and other commodities necessary to production. In addition the renter is responsible for the harvest. Practices vary somewhat from region to region.⁶⁸

The farm laborers, which make up more than half of all persons engaged in any way with agriculture, are not a tenure status group such as those just discussed, but due to a practice known as enganche, their relationship to the total agricultural system is worth mentioning. This practice involves working by collective contract for a specific job or task. An enganchador acts as a go-between for the farm operator and the mass of workers. Wages are small, as low as 15 cents in United States currency per day in 1949, and are often paid in part with rations.⁶⁹

The "Native Communities," or comunidades form still another important part of the land system of Peru. The present day communities have evolved from the reducciones.

⁶⁸ Ibid., pp. 88-89.

⁶⁹ Ibid., pp. 91-95.

which were established during the rule of Spain, and the Spanish ayllus which were also introduced during the colonial period.⁷⁰ The 1950 census in Peru listed some 1,500 Indian communities, although there is reason to assume there are more, and they contained in excess of 1 million inhabitants.⁷¹

The Peruvian Constitution gives the native communities constitutional status. The communities are, it says, entities which "have a legal existence and juridical personality" (Art. 207). The State "guarantees the integrity of the property" (Art. 208), and "the property of the communities is imprescriptible and inalienable, except in the case of expropriation on account of public utility, on payment of compensation" (Art. 209). Furthermore, "the state shall endeavor to provide by preference lands for the native communities who do not possess them in sufficient quantity for their needs, and may expropriate lands in private ownership for this purpose" (Art. 211). Finally, "the state shall issue the civil, penal, economic, educational, and administrative legislation which the peculiar conditions of the natives demand." (Art. 212).

In practice, the current system operates more like the colonization systems in Mexico than as the ejido in

⁷⁰ Ayllus were systems where the whole community owned the land. Reducciones "were a synthesis of the ayllu and the Spanish village." Ford, op. cit., p. 97.

⁷¹ Ibid., p. 96.

Mexico. The families consider certain plots to be their own, and operate them as such. The size of the family holdings differ considerably, and they are willed to their offspring. Redistribution of land no longer takes place, and individual holders may sell their shares. Sale is restricted, however, by community sanctions to members of the community. Adjoining lands may be purchased by members of the community, after which they are part of the community for legal purposes. A major advantage to many members of the community is that of mutual aid which is still very much in vogue. Under the direction of local officials, some conservation measures are often carried out.⁷²

There has been considerable unrest among the Sierra Indians in recent years. The problem appears to be connected with their demands for more land, land which must come from nearby ranches or haciendas. James C. Carey has pointed out that there were 195 Indian peasant invasions of the haciendas between July, 1962, and early 1965. Some 80 to 110 persons were killed in the fighting which ensued. According to Carey,

only the fact that the Indians are disorganized and separated by mountains, valleys, deserts, jungles and even language prevents them from taking more directly furious action. Communists, or alleged communists, . . . have tried to rouse the peasantry from its lethargy and to incite them to concerted violent action.⁷³

⁷²Ibid., pp. 97-99.

⁷³Carey, op. cit., p. 325.

As early as August, 1956, President Prado set up a commission on land reform and housing. Pedro Beltrán, later a prime minister, headed the body which drafted a comprehensive agrarian law in September, 1960. The proposal provided for a "gradualistic" approach to the land problem, but in its final stages would have seen the purchase and distribution of about 25 percent of the useable land in Peru. The land would be bought with funds set aside in the annual budget, income from new taxes, and loans from abroad. The proposal, strongly opposed by many landowners, was sent to Congress in late 1960. It was never acted upon by that body.⁷⁴

The military junta issued a decree in November, 1962, which was to lay the base for agrarian reform in Peru.⁷⁵ It may be said that more was left out of the law, however, than was included in it; ⁷⁶ nevertheless, it was quite extensive in scope.⁷⁷

The military government used the Instituto de Reforma Agraria y Colonización (IRAC), first set up by Prado, as the national agency to give immediate direction to agrarian re-

⁷⁴Carrol, op. cit., pp. 194-95; Erickson, et al., op. cit., pp. 456-57.

⁷⁵"Bases de la Reforma Agraria," No. 14238 de 1962.

⁷⁶For some important provisions not included in the law see Unión Panamericana, Estudio Social, 1963-64, op. cit., p. 147.

⁷⁷The main provisions of the law are outlined in OAS, Economic Survey of Latin America, 1962, op. cit., pp. 233-34.

form laws in Peru. It would in turn receive direction from the National Agrarian Reform Council, a body chaired by the Minister of Agriculture. The IRAC took a first step in agrarian reform in March, 1963, when it declared some 23 estates, which had about 125,000 acres of land in cultivation to be subject to expropriation. The land was located in La Convención Valley, Department of Cuzco, and was destined to be the place of settlement for about 14,000 tenants and workers living in the area.⁷⁸

Belaúnde lost little time, after his election in July, 1963, in offering Congress his land reform proposals. His bill, presented to Congress in early October, 1963, called for a five-year plan to provide land, credit and technical assistance to 100,000 small farmers and landless peasants. Much of his program would be paid for with a loan from the United States. In Belaúnde's initial message to Congress, he indicated that he had talked personally with some of the Indian community leaders, and had secured from them promises to halt further invasions of private holdings. About the same time, he announced that he had held talks with the Fernandini family, who owned a 700,000 acre estate in Pasco, and that they had agreed to sell the property to the government. Similar talks, he indicated, were taking place with other large land owners, including the Cerro de

⁷⁸ Erickson, et al., op. cit., p. 457.

Pasco Corporation, a United States-owner mining operation which held more than 1.25 million acres of land in the Sierra.⁷⁹

There was the expected opposition to President Belaúnde's agrarian reform bill. Full-page advertisements were placed in most of Peru's daily newspapers denouncing the program. In them, the landowner's organizations deplored the land invasions which were taking place, and criticized the government for not taking more direct action to stop them.⁸⁰ As pointed out earlier in this study, there was considerable opposition to the proposed law within the Congress. Nevertheless, a new law was passed in May, 1964.

The new act, as described by Carey, has the following objectives:

distribution of land to the landless (allotments must be farmed and not rented out); protection of land farmed efficiently; elimination of small plots; introduction of modern agricultural techniques; consolidation of Indian communities; development of cooperatives; preservation of the sugar industry; rationalization of irrigation; destruction of feudalism; encouragement of peasant leadership; punishment of peasant leaders who raid and seize land; encouragement of family farming; denial of individual ownership in Indian "communities;" promotion of colonization in areas of unimproved land; and the financing of industry through agrarian debt.⁸¹

It is impossible at this time (1967) to evaluate the

⁷⁹New York Times, October 6, 1963, p. 32.

⁸⁰Ibid.

⁸¹Carey, op. cit., p. 324.

agrarian reform law of 1964. At least one recent report has indicated that in some cases the program does not seem to be taking hold very quickly, while in other cases there is belief that some progress is being made.⁸²

United States Aid and Agriculture and Land Reform

In President Johnson's Foreign Aid message to the Congress in February, 1966, he re-emphasized the interest of the United States in agricultural and land reform progress in the developing countries. About the former, he pointed out that only the people and their leaders in the less developed world could make the needed changes, one of which was land reform, in order to develop economically. But, he promised, the United States would help.⁸³

With respect to agriculture, President Johnson noted that hunger continued to be one of the incessant problems of the less developed countries. The fact that food production is not keeping pace with the rising demands for it "is a catastrophe for all of us." Agriculture production must be increased, the President pointed out, because the United States cannot, in the future, meet the world needs. The solution, he indicated is clear: there must be "an all-out effort to enable the developing countries to supply their

⁸²New York Times, March 27, 1966, p. 5.

⁸³The text of the message is found in U.S. Department of State, Bulletin, LIV, No. 1392, op. cit., pp. 321-22.

own food needs, through their own production or through improved capacity to buy in the world market."⁸⁴

In order that the United States might meet its responsibilities toward eliminating world hunger, President Johnson proposed to the Congress that the Agency for International Development

increase its efforts in the field of agriculture by more than one-third, to a total of nearly \$500 million. One-third of this total will finance imports of fertilizer from the United States. The remainder will finance transfer of American farming techniques, the most advanced in the world; improvements of roads, marketing, and irrigation facilities; establishment of extension services, cooperatives and credit facilities; purchase of American farm equipment and pesticides; and research on soil and seed improvements.⁸⁵

President Johnson made similar comments to the Latin American delegates at the Pan American Health Organization at Washington, D.C., August 17, 1966. He reminded the participants that farm production in Latin America, in order to meet anticipated demands, should increase by 6 percent every year for years to come. But, he pointed out, the current increase was only half that, because lands were lying idle, or operating at less than maximum capacity, production methods were inefficient and an extensive national market was non-existent. The elimination of such barriers

⁸⁴ Ibid., p. 322.

⁸⁵ The President immediately added that such programs would be beneficial to the farmers in the United States in that it would likely create greater demand for United States' exports. Ibid.

to development, the President indicated, would require extensive planning in all phases of agricultural production.⁸⁶

The United States, alone and through the United Nations has been an ardent supporter of agrarian land reform. In 1951, at the Geneva meeting of the Economic and Social Council of the United Nations, the United States delegate, Isador Lubin, plainly outlined the position of his government. The pattern of land ownership in most of the less developed world, Mr. Lubin indicated, was such that it constituted a formidable barrier to "higher output and to higher standards of living." Existing conditions were such, he noted, that they "inevitably crush the hopes for economic betterment of those who work the land." In addition, "land reform is important not only because of its potential effect on incentives to production," but it may spell the difference "between explosive tensions and stability, between apathy and hope, between serfdom and citizenship." He continued:

We in the United States recognize that the attainment of peace and stability depends to a considerable degree on immediate and positive steps to correct systems of land tenure which exploit the workers on the land, steps which will remove inequitable taxes on farm lands and agricultural products, eliminate unreasonably high rents and exorbitant interest rates on farm loans. We are of the firm conviction that peace and stability in many parts of the world will require the elimination of those economic and social

⁸⁶ U.S. Department of State, Bulletin, LV, No. 1419, op. cit., pp. 331-33.

practices which work extreme hardship on rural people.⁸⁷

Shortly after Mr. Lubin outlined the United States position on land reform at Geneva, Mr. Willard L. Thorp, Assistant Secretary of State for Economic Affairs, made similar comments at the Conference on World Land Tenure Problems held at Madison, Wisconsin, October 9, 1951. After explaining to the Conference that leaders in both the United States and the United Nations were fully cognizant of the economics of small versus large scale land production units, Mr. Thorp continued:

We have. . . encouraged and supported the land-reform programs of other nations. We will continue that encouragement and support. You may be sure that we will continue, as we have in the past, to support land reforms through international organizations such as the General Assembly, the Economic and Social Council, and the Food and Agriculture Organization.⁸⁸

In proposing the Act for International Development, 1962, administrative spokesmen explained that funds under the heading "Development Grants" would be used to give assistance to agriculture and land reform. "By changing tenant-landlord relationships through land reform and land distribution programs, market relationships by the organization or rural cooperatives, and borrower-lender relationships by providing agricultural credit," it was believed

⁸⁷The speech is reprinted in U.S. Department of State, Land Reform, A World Challenge, Publication 4445 (Washington, D.C.: Government Printing Office, 1952), pp. 27-44.

⁸⁸The full text of the address is carried in Ibid., pp. 54-56.

that an important pressure would be felt among traditional institutions of the rural societies and encourage change and development.⁸⁹

During the years 1961-1963, United States grants and loans through AID for agriculture and related programs in Latin America was higher than for most other categories of assistance. Due to the progress Mexico had already made in this field, only small amounts were contributed by the United States. In Peru, substantial sums from the United States for agriculture and related development were granted.⁹⁰

Summary

The role of agriculture in a developing country is a significant one. Ideally, a country should be able not only to satisfy its own demands for food, but, at least in the early stages of development, seek to establish an export surplus in agricultural products. For much of Latin America, the goal of agricultural self-sufficiency alone has not yet been realized.

Land reform may or may not be conducive to increased production. Conditions existing in a particular country will determine whether it is wise. These conditions are not

⁸⁹U.S. Department of State, An Act for International Development, op. cit., pp. 69-70.

⁹⁰Unión Panamericana, Estudio Social, 1963-64, op. cit., pp. 235-39.

solely "economic," however, because as most authorities recognize, land reform may be necessary due to "social" causes as well. Because of either economic or social pressures, or both, most of the Latin American countries have passed agrarian reform laws.

There are extensive differences between the agricultural and agrarian reform systems of Mexico and Peru. In the former, early concern for the problem and subsequent programs to handle it, has put Mexico far ahead of Peru in this phase of development.

Agricultural production in Mexico has increased tremendously in the past 20 to 30 years. The increase has been so great that Mexico can presently feed itself and at the same time export surplus foodstuffs, thereby accruing a more adequate supply of foreign exchange. In Peru, agricultural production has increased with respect to some commodities, and has decreased in others in relation to population growth. Peru continues to be an importer of a considerable amount of the food which its own people consume.

Agrarian reform was first introduced in Mexico in 1915. In every administration since, some land has been redistributed. It was under Cárdenas and López Mateos that land redistribution found its greatest support and advancement. By 1960, almost half of Mexico's arable land was in ejidos, and Díaz Ordaz was able to report that more than three-fourths of the lands were in the hands of the peasants.

Mexico has advanced so far in the area of land reform that it may have passed into a stage where emphasis is now more on colonization and land improvement programs than on the continued use of the ejido as a basic unit of production. In fact, so much of Mexico's land has been redistributed that the government may now begin to concentrate on programs to get the surplus rural population off the farms and into the factories.

Agrarian reform in Peru is just beginning. The law of 1964 will not be easy to implement successfully because there is not the wide support for it which Mexicans have had for their program, at least in latter years. In addition, in the areas of Peru where reform is badly needed, particularly in the Sierra, centuries old habits and customs provide almost impenetrable barriers to the adoption of modern farming tools and methods.⁹¹

The progress which Mexico has made during the past 50 years in increasing agricultural productivity, while at the same time satisfying the basic desire of many peasants to own land, reflects a state of political development found in few of the Latin American countries. The difficulty in

⁹¹In a study of land reform in Colombia, the author points out difficulties, similar to those found in Peru, which have impeded effective implementation of land reform attempts in that country since 1936. Ernest A. Duff, "Agrarian Reform in Colombian Problems of Social Reform," (unpublished Ph. D. dissertation, University of Virginia, 1964), p. 331.

getting an agrarian law passed, and the question of proper implementation thereafter, reflects the lack of political development in Peru.

Mexico's agricultural sector is presently an asset to development in that country. The same cannot be said of Peru. The latter country may, however, have made a start.

The United States has fully supported agricultural development and land reform for many years. A substantial amount of the foreign assistance funds distributed through the Agency for International Development have been designated to this sector of the Latin American systems. Peru has received considerable sums for this purpose while Mexico's funds for this sector has been relatively small.

CHAPTER VIII

SUMMARY AND CONCLUSIONS

This study was concerned with the concepts and uses of certain political and social factors affecting economic development in the less developed countries, and the extent to which they have been recognized in the United States' foreign assistance programs.

As recognized by most economists and many political scientists, there is a multitude of factors, often called "social," "political," and "cultural," which, in addition to those commonly labeled "economic," affect the developmental process in the less developed countries. No attempt was made to treat most of the forces and factors. Rather, four of them were singled out for specific study: "government," "population," "education," and "agriculture and land reform." These four were chosen because of the widespread interest in each one, because there is something of a consensus with respect to their role, and because a considerable amount of study has been given to each one.

The approach of the United States foreign assistance program in general was surveyed, but emphasis in this study

was on the Alliance for Progress. To dramatize the difficulties of implementing the expressed goals of the United States foreign assistance program in Latin America, considerable attention was given to existing conditions in that region. For purposes of more detailed case problems, two Latin American countries, Mexico and Peru, were singled out for further study.

In order to present the overall economic picture in Latin America, a general survey of the economy was included. Some of the more basic problems with which those countries have been faced in recent years include low per capita incomes; single product export systems; price instability; unfavorable terms of trade; balance of payments deficits; a decline in direct foreign investments; inflation; indirect and regressive taxes and inefficient tax administration systems, and a large percentage of the total labor force in agriculture.

Mexico and Peru have escaped or have grown apart from many of these common Latin American problems. Both countries are multiple-export systems, inflation has not been serious in either, and foreign investment or the lack thereof has not created serious economic and political problems. Exports have increased in both cases, but in Mexico the rise has been more pronounced. Finally, while the per capita income is relatively low in both Mexico and Peru, it is considerably higher in the former than in the latter.

Even with the multitude of problems which the state of Mexico still faces, Rostow has classified it as being at the "take-off" stage economically. Only one other nation in Latin

America has rated this distinction--Argentina. Peru cannot be so classified at this time, but may, due to recent advances made in the country, be meeting the "pre-conditions" for take-off. Perhaps more accurately Peru may be described as in a period of transition from the traditional society to the take-off period.

Conclusions Applicable to the Factors Used

Government and Politics. This factor plays key roles in most development schemes. The ability of the government to act in accord with desired goals is itself determined by a number of factors, for example, unity, while it in turn must act to meet certain pre-conditions for further growth. At the very minimum, government can help plan a favorable environment for individual efforts conducive to development. At the maximum, government may become an active partner by not only preparing development plans, but by extensive public investment in the economy.

The term "political stability" has been widely used to describe a state of affairs which is classified as being an asset to economic development. The term "political development," now used widely and especially by political scientists, is often used to describe a similar state of affairs and is also classified as an asset to economic development. The terms do not always, however, mean the same thing. The former has often been used as a synonym for democracy. The latter term is currently being used to describe systems which may tend

more toward authoritarianism than democracy.

Population. There is a widely held view among economists that population growth may have important effects on economic development. The effects of population on economic development are determined by a number of variables affecting a particular case. If the case is one of "static overpopulation," meaning that the economic growth rate is less than the population growth rate, the national per capita income follows a downward trend, and is consequently an antidevelopmental element. In countries with an "increasing population," a steadily increasing rate of investment is required to equip the new members of the society with the same goods and services as the rest.

Other variables determining the effects of population on development include the mortality rates, whether they are increasing or falling, and whether they are high or low in the adult population or among the nation's youth. High birth rates coupled with high death rates, a situation common in the less developed areas, is not economically beneficial; but low birth rates accompanied by low death rates creates a situation which encourages economic development.

Education. There is wide consensus about the role of this factor in affecting economic development. It is a first priority whose goal is to erase illiteracy; therefore, emphasis is on primary education. While it is difficult to measure the exact influence of a literate population on the developmental

process, it has been shown generally that a correlation does exist. Most of the developed states have had a 40 percent or higher literacy rate before take-off toward economic development began. It is, however, not enough to have a literate population to meet the preconditions for take-off. But combined with other conditions, it becomes a necessary element.

There has been less concern for the effects of secondary education on the developmental process. Nevertheless, there is wide agreement that students above the elementary grades should be specializing in such fields as engineering, agriculture, science and vocational areas, rather than concentrating in popular areas such as law, philosophy, and the humanities.

Agriculture and Land Reform. Most studies of the less developed countries give extended treatment to the influence of the agricultural sector on the developmental process. The first prerequisite of this sector of the economy is to supply sufficient food to feed the population. As production increases there may be an expanded supply of foreign exchange or it may decrease the supply of foreign exchange needed for food. The surplus income from increased production may be used as investment in the industrial sector.

In most instances, and particularly in Latin America, land reform is considered as being basically an integral part of the overall agricultural problem. The goal is greater production, which may or may not be aided by redistributing the

land; only circumstances in a given country will determine that answer. Land reform has not been, however, a response to solely economic methods of more efficient production. It has often been carried out in response to social demands.

These four factors, singly or combined, create very important influences on the developmental process. Of the four, government and politics may be classified as the most important. The politically developed systems can more adequately handle the problems created by the other three factors, although it must be pointed out that the other factors could operate as an impediment to the establishment of a politically developed state.

Conclusions Regarding the Use of Four
Factors in United States' Foreign
Assistance Programs

In studying the major foreign assistance acts of the 1950's and the 1960's, it was found that Congress stipulated some general guides, which were closely associated with the goals, for the implementation of the assistance programs. Most Congressional acts and related documents have clearly stated that the United States' aid programs were designed to promote the foreign policy of the United States. Other considerations have been listed, but they are secondary.

From the beginning of the foreign assistance programs, Congress made it clear that conditions, determined by the United States, would be attached to receipt of the funds. As early as 1951, Congress specified that the director of the Mutual

Security Agency make assurances that a recipient's fiscal, budgetary, and political resources be conducive to the successful operation of the development assistance funds. In more specific terms, Congress has repeatedly indicated that funds would be spent in such a way that they would help not only to eliminate barriers to free enterprise, but would provide incentives for it.

Throughout the life of the foreign assistance programs, the Congress has entertained arguments pro and con with respect to the most effective and efficient method of channeling funds to the developing countries. There have been ample warnings about the political consequences of bilateral aid programs. The merits of the multilateral approach has had wide publicity; therefore, in continuing to use the former means, Congress has not done so blindly.

It was the Foreign Assistance Act of 1961 that expressed more explicitly than any acts had done up to that time the conditions upon which foreign grants and loans would be made. The principle of self-help was again emphasized; and it was in that Act that Congress made it clear that social development, as well as economic development, was a goal of United States' policy makers. Even here, however, just as in most other aid programs, Congress gave great discretion to aid administrators in determining the exact conditions which should be met. Many of these conditions, however, had already been specifically outlined in Alliance documents.

With respect to the factor "government and politics," both Congress and aid administrators have made it clear that one of the goals of the aid program in general, and especially in Latin America, is the building of political democracy. Repeated emphasis on the "social basis of democracy," the desire "to end tyranny," the fact that "social change is a necessity," and "the Alliance is one of free governments," have been made. "Political stability" and "political development" have been declared goals. In fact, it is quite clear that Congress has tended to equate development with democracy. In a number of cases, including that of Peru in 1962, aid was temporarily halted when political coups removed the constitutionally elected head of state.

The United States has handled the "population" problem carefully. Only recently, and then primarily from administrative sources, has a more direct position been detectable. It has recently become clear, for example, that the United States is concerned about the world-wide population "explosion," particularly as it affects development in the low income countries. It is their problem, leaders in the developing countries have been told, but the United States is willing to help them when requested to do so. Only last year, spokesmen for the Agency for International Development indicated that assistance was available, upon request, for helping countries set up institutions for solving their population crises.

In regard to education, the United States' position

has been consistent and clear. Through the foreign assistance programs, the improvement in educational facilities and instruction has been emphasized. The Charter of Punta del Este and the Foreign Assistance Act of 1961, gave further impetus to education in Latin America as well as other less developed areas. Only last year, President Johnson suggested that still further encouragement be given to this field.

Since the early 1950's, the United States has been a firm supporter of increased attention to the agricultural sector and to programs of land reform. At least by implication, the United States has indicated that it supports land reform for social as well as economic reasons. President Johnson has made repeated statements reminding the Latin American countries of their Punta del Este commitments to redistribute the land.

Of the four factors studied, Congress and the aid administrators have taken less direct action on "population" than any of the others. The reason for this is quite clear: the religious objections to a more direct program of birth control, particularly in Latin America. While Congress has yet to speak with a clear voice concerning the use of funds for this purpose, aid administrators are pursuing a course of more positive action.

Conclusions With Respect to Applying the Conditions in Latin America

Political traditions and cultures are such in many of the Latin American countries that successfully implementing the

factor "government" is not an easy one. It is even more difficult because the United States interprets the goal as democratic government. The ease with which implementation of this factor may take place, however, varies widely from country to country.

The governing system of Mexico has been a stable one at least since 1940, and the movement toward political development and democracy has been steady. Mexico has, therefore, been a model for the successful implementation of Alliance goals. In fact, many of the reforms called for at Punta del Este had already been effectively instituted in the Mexican state. The status of political development and democracy in Peru, remains nebulous. Neither can be said, at this time, to have become a reality. Therefore, whether such programs as the recently passed Agrarian Reform Law will be successfully implemented, remains a question.

With respect to "population," Latin America currently has one of the highest annual growth rates of any area of the world. But here again, it varies widely from country to country. Both Mexico and Peru have relatively high increases at the present time. In neither country is there any indication that the government intends to set upon a program of birth control at this time, although non-governmental association and organizations, which are encouraging the use of birth control devices, are currently operating in both republics. In neither case has the government taken measures to curb the activities

of these private groups.

There appears little likelihood that the Latin American governments will, as such, take more positive approaches to curbing population growth as long as the position of the Roman Catholic Church remains opposed to it. In the meantime, Mexico will be better able to absorb a high population increase than Peru because of its more highly developed status.

Most of the governments of Latin America have been stressing the importance of education. This is especially true of Mexico and Peru. Both countries currently have about 12 percent of their total populations enrolled in primary schools, and both countries are currently allocating about 25 percent of their annual expenditures for this function. The literacy rate of Mexico is, however, far in advance of that of Peru, with something like 70 to 75 percent in the former compared with only about 45 percent in the latter.

Support for increased agricultural production has been almost unanimous among leaders in the Latin American Republics. Even so, food production since the launching of the Alliance in 1961 has barely kept pace with the population growth. The solution to the problem undoubtedly lies in the massive incorporation of modern technology into the agricultural sector, and the redistribution of lands which are currently being used in only minimum production. Aid funds are being expended for both, and about three-fourths of the countries have adopted agrarian reform programs of some type.

Both Mexico and Peru have had agricultural and land reform problems. In the former, agricultural production has increased to the point where some of it may now be exported. Part of Mexico's success may be attributed to its land redistribution program which began as early as 1915. Distribution continued well into the 1960's, and has been slowed primarily because most all available land has been redistributed.

Agricultural production in Peru has not grown to the point where the Peruvians can fully feed themselves. Peru continues to import some of its foodstuffs. At the same time, there have been outbreaks of violence in the highlands, caused primarily by Indians who want more land and who have invaded the adjoining haciendas. In response to these cries for land, recent administrations, including the military junta, have supported some type of reform.

The Hypothesis Validated

The initial hypothesis of this study was that these four factors which influence economic development have been given serious concern and consideration in carrying out the foreign assistance program of the United States. The hypothesis has been validated. Three of the factors used have been given more serious consideration than the fourth. The latter, "population" signifies what may be a new undertaking in the distribution of the foreign assistance funds of the United States.

In a more general way, Víctor L. Urquidí's following

remarks provide an adequate summary for this study: "The social aspects of economic development and the economic aspects of social development must blend together into a single drive toward progress."

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