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Review by **W. Michael Weis**, Illinois Wesleyan University

James Siekmeier is one of the most respected historians of post-World War II United States-Latin American relations and he writes a very provocative piece on the importance of Latin American economic nationalism in the formulation of U.S. relations in the hemisphere. Contrary to some historians (including me) who place greater emphasis on the containment of communism in the early Cold War period, Siekmeier asserts that North American officials also (even primarily) sought to contain economic nationalism.¹ Admittedly, most Americans tended to conflate the two (as seen in the infamous "duck test" devised in response to Jacobo Arbenz). Furthermore, Siekmeier asserts that in the early Cold War period, and especially in the Eisenhower administration, the United States used economic assistance in order to wean Latin nations from statist or protectionist policies and promote free trade and easy access for North American corporations. The issue is important, because as Siekmeier notes, U.S. relations with much of the Western Hemisphere have deteriorated sharply in the past decade – especially with Latin American nations associated with the resurgence of economic nationalism (the so-called "pink tide"). We are thus at a critical juncture in U.S.-Latin American relations.

Siekmeier's thesis is fundamentally correct and needs to be emphasized. The fact is that the United States has consistently opposed economic nationalism for more than a century

¹ Among the most prominent works emphasizing ideology in U.S.-Latin American relations in the postwar period are Stephen G. Rabe, *Eisenhower and Latin America: The Foreign Policy of Anticommunism* (Chapel Hill, 1988), and Richard H. Immerman, *The CIA in Guatemala: The Foreign Policy of Intervention* (Austin, 1982). See also W. Michael Weis, *Cold Warriors and Coups d'Etat: Brazilian-American Relations, 1945-1964* (Albuquerque, 1993).

and its opposition has been the subject of several outstanding monographs, including classic works by David Green and Robert Freeman Smith.² Moreover, American opposition to economic nationalism has placed it against the popular forces in Latin America on numerous occasions. For those who have toiled their entire careers to build a real hemispheric community or partnership (including Henry Stimson and A.A. Berle, who are quoted in the prologue, and including Professor Siekmeier and most of us in this field) this must cause much consternation.

As with current U.S. Latin American relations, in which U.S. influence in the hemisphere is at its lowest point in more than a century, many historians see the early Cold War as a critical period in which a great opportunity was wasted. The period following the Second World War represented the height of U.S. influence and prestige in the region and with a decade of growth behind them, the largest and most prosperous nations in Latin America (the ABC [Argentina, Brazil, and Chile] powers and Mexico) seemed poised to initiate what development specialists of the era termed the “take off” stage. With a massive infusion of capital and technical assistance, these nations would soon join the ranks of the modernized. The less prosperous nations of the region, such as Guatemala and Bolivia, would benefit from the take off and join them later.

The rosy prediction was not realized. Latin America never received its capital infusion, the United States left it to fight the Communists in Europe and Korea, and the European empires crumbled, giving U.S. capital even better opportunities in Asia and Africa. High birth rates and decreased mortality soon overwhelmed Latin America, leading to social, economic, and political crises. The continent descended into chaos and civil war followed by an authoritarian nightmare that did not end until the 1990s.

It did not have to happen that way. In the 1930s, with World War II on the horizon, the Roosevelt administration made some concessions to economic nationalism; first it accepted Mexico’s expropriation of that nation’s oil wealth and the creation of PEMEX (Petróleos Mexicanos), and later it assisted Brazil’s creation of the steel works at Volta Redonda with an EXIM (Export-Import Bank) loan. These concessions paid huge dividends in achieving hemispheric solidarity during and after the war, when it was the *latinos* who demanded the inclusion of regional arrangements at the creation of the United Nations. Siekmeier is correct that the meager concessions made by the Truman and Eisenhower administrations always came grudgingly, half-heartedly, and too late to improve relations. Even as the Kennedy administration opened the aid strings, it remained opposed to economic nationalism and came to rely on military assistance, counterinsurgency, and “friendly” authoritarian regimes. This dogmatic insistence on keeping Latin America dependent and open to American corporate penetration belied the

² David Green, *The Containment of Latin America: A History of the Myths and Realities of the Good Neighbor Policy* (Chicago, 1971); Robert Freeman Smith, *The United States and Revolutionary Nationalism in Mexico, 1916-1932* (Chicago, 1972).

good neighbor rhetoric and perverted economic assistance away from development and toward the preservation of the status quo.

Siekmeier is able to draw heavily on his earlier research and the abundant material on Bolivia and Guatemala.³ While he notes that they were not representative of the region, being the two largest recipients of economic assistance in the 1950s, the fact that they were the largest aid recipients instead of Mexico, Brazil, or Argentina proves Siekmeier's thesis about the nature of U.S. policies. Bolivia and Guatemala also represented the two biggest crises in the region, at least until the emergence of Fidel Castro. Although he came to Marxism belatedly and as a means for self-preservation, Castro finally gave the United States a Communist menace in the Western Hemisphere. The United States could oppose economic nationalism with a little less embarrassment, but with more dire consequences. By the 1960s "the most potent form of Latin American nationalism was anti-United States" (.p.69). The battles against U.S. hegemony worsened in the 1980s. By the 1990s, despite the demise of communism and the emergence of a "Washington Consensus," the United States found itself unable to extend NAFTA (North American Free Trade Agreement) throughout the entire hemisphere, and after September 11 2001, unable to stop the "pink tide." As Stimson and Berle noted, a true community rests on mutual prosperity and equality. Had the United States supported Latin American economic nationalism in the 1950s, it may have constructed fences instead of the bridges it sought, but as the poet Robert Frost noted more than fifty years ago, "good fences make good neighbors." Perhaps it would have made it more difficult for U.S. corporations to invest in key materials, but the trade-off would have likely been a more prosperous, stable, and democratic neighborhood.

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³ James F. Siekmeier, *Aid, Nationalism and Inter-American Relations: Guatemala, Bolivia, and the United States, 1945-1961*, (Lewiston, NY, 1999); Stephen Schlesinger and Stephen Kinzer, *Bitter Fruit: The Untold Story of the American Coup in Guatemala* (New York, 1982); Nick Cullather, *Secret History: the CIA's Classified Account of its Operations in Guatemala, 1952-1954* (Stanford, 1999); Stephen M. Streeter, *Managing the Counterrevolution: The United States and Guatemala, 1954-1961* (Athens, 2000).