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**FROM THE ALLIANCE FOR PROGRESS  
TO THE PLAN COLOMBIA: A  
RETROSPECTIVE LOOK AT U.S. AID TO  
COLOMBIA**

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## **Crisis States Programme**

### **From the Alliance for Progress to the Plan Colombia: A retrospective look at U.S. aid to Colombia**

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#### **Introduction**

This paper presents a history-based perspective on the present controversy surrounding US financial assistance to Colombia through a discussion on how the US government implemented its Colombian aid programme during the Alliance for Progress (AFP) initiative of the 1960's. The study adds to previous accounts on the political and economic history of Colombia in that period, mainly through the description and analysis of recently declassified US government documents<sup>1</sup>. It presents a case study that seems to confirm theoretical assumptions on the difficulties of imposing conditionality measures on aid recipient countries. Finally, it presents some elements of comparison between the AFP and the present US aid initiative known as Plan Colombia.

The general premise of the study is that previous attempts at stabilising beleaguered Colombian state organisations through large foreign aid packages left largely unsatisfactory results. The Colombian experience with the AFP reveals many of the shortfalls of a counter-insurgency strategy based primarily on the promise of large-scale US aid, and suggests some of the difficulties to be faced in the future by a strategy of institutional strengthening based on Plan Colombia.

#### ***Theoretical framework***

Economic assistance programmes aimed at developing countries are often subject to criticism stemming from the alleged propensity of recipient countries to give less than optimal uses to these resources. Faguet, for example, has reviewed empirical evidence showing how aid to developing countries tends to be directed towards increasing internal consumption (particularly in politically powerful groups) instead of being used for investment that would improve the economic future of recipient countries.<sup>2</sup>

The existing literature on economic aid to developing countries also expresses doubts on the capacity of donors to induce particular economic policy choices by recipient governments based on the promise of future cooperation, or on the threat of cutting off such cooperation in the future. For instance, multilateral organisations such as the IMF and the World Bank have often tried to impose conditionality on structural adjustment loans to induce fiscal orthodoxy or market oriented reforms in recipient countries. Authors such as Collier have shown the limited success of these conditionality policies in developing countries.<sup>3</sup>

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<sup>1</sup> The relative absence of freely available equivalent Colombian government documents will inevitably make this paper much more a reflection of the US viewpoint. An account of the official Colombian government perspective on this issue is a task that remains to be done.

<sup>2</sup> Jean-Paul Faguet, 'Multilateral Aid, Politics and Poverty: Past Failures and Future Challenges', chapter 2 with Peter Boone in R. Grant & J. Nijman (Eds.), *The Global Crisis in Foreign Aid*, Syracuse: Syracuse University Press, 1998.

<sup>3</sup> Paul Collier, 'The failure of conditionality' in Catherine Gwin & Joan Nelson (eds), *Perspectives on aid and Development*. Washington: ODC, 1997.

Attempts to influence recipient country choices on political issues through aid are equally, if not more controversial. As Nelson has noted, “US policymakers are generally reluctant to ‘politicize’ these (multilateral) economic institutions with issues such as human rights”.<sup>4</sup> It is more often in the realm of bilateral aid where economic aid is forwarded with the explicit purpose of attaining political purposes. Post Cold-War interventions by the international community in unstable countries have often taken the form of establishing economic aid programmes to countries that need help or enticement to undertake and consolidate political objectives such as strengthening democratic institutions and organisations, or protecting them from collapse (e.g. due to insurgencies by non-democratic actors). However, the effectiveness of these policies is often subject to debate. Nelson has said:

...participation and democracy have much more inclusive, complex and diffuse goals than human rights or improved economic governance. Participation, competitive politics and representative governments can take a multitude of forms. The institutions and procedures that work well in one country may work very poorly in another. The risks of setting in motion (through foreign aid) seriously harmful dynamics are considerably greater with respect to participation and multiparty democracy than with respect to basic human rights and economic governance.<sup>5</sup>

Moreover, the donor’s preference for obtaining certain political improvements in recipient countries may change over time, due to reasons arising from the former’s self-interest. For example, Putzel has discussed the alleged change in US support for land reform in the Philippines in the early 1960’s. Security and economic considerations would have led US policy there to shift from promoting equity by supporting land redistribution, to privileging agricultural productivity even at the cost of continuing inequality.<sup>6</sup> The previous arguments highlight the dangers of expecting institutional strengthening, democratisation, or other political aims to be achieved in developing countries through foreign aid programmes.

### ***The case of the Alliance For Progress***

The AFP provides a strong case for many of the previously stated claims concerning the difficulties faced by economic aid programmes in developing countries, particularly those that use aid to obtain political objectives. When launched by US president John F. Kennedy in 1961, the Alliance sought to encourage the adoption of anti-poverty policies that would increase the legitimacy of Latin American governments and thus prevent Communist revolution.<sup>7</sup> Still, most of the literature concludes today that the AFP was a serious failure of US foreign policy, which raised, but could not fulfil, great expectations of material improvement, democracy and stability in Latin America.<sup>8</sup>

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<sup>4</sup> Joan Nelson & Stephanie Eglinton, *Encouraging Democracy: What Role for Conditioned Aid?*, Washington: ODC, 1992.

<sup>5</sup> Nelson & Eglinton (1992).

<sup>6</sup> James Putzel, *A Captive land, The Politics of agrarian reform in the Philippines*, London: Catholic Institute for International Relations, 1992.

<sup>7</sup> For discussions on Kennedy’s presidency and its early Latin American foreign policy, see Schlesinger, *A Thousand days: John F. Kennedy in the White House*, London: Deutsch, 1965, p. 196. For a more general view on the administration’s Latin American policy see Stephen Rabe, *The most dangerous area in the World: JFK confronts Communist revolution in Latin America*, Chapel Hill: University of North Carolina Press, 1999.

<sup>8</sup> Among other accounts, see Jerome Levinson & Juan de Onis, *The Alliance that lost its way*, New York: Twentieth century Fund, 1970; Simon Hanson, *Dollar Diplomacy modern style*, Washington: Interamerican Affairs Press, 1970; Harvey Perloff, *The Alliance for Progress: a social invention in the making*, Baltimore:

The Alliance's origin has to do with ideas on development economics defended by influential US academics such as Walt Rostow, along with political circumstances in Latin America and the US arising from the Cuban Revolution. On the first point, Rostow had espoused his influential theory of modernization in academic circles throughout the 1950's.<sup>9</sup> As an economic historian, he argued that all countries experienced a largely predetermined series of stages of economic development, in which traditional political and economic structures based on the primitive rural world were gradually surpassed.<sup>10</sup> Rostow insisted that once a country had reached certain social, political and economic preconditions, it would 'take off' and experience rapid economic growth of the type that had led to industrialisation in Western Europe and North America. A pro-Western consumer middle class would emerge in these countries as a bulwark of stability against revolution.

Rostow and his fellow modernization theorists argued that, in the face of increasing Communist expansion in the Third World, it would be in the interest of the US government to provide aid to certain developing countries already in possession of adequate socio-economic preconditions. US aid would act as a catalyst for 'takeoff', generating modern economic growth and political stability while denying Communism fertile ground for new takeovers.<sup>11</sup> After the Cuban revolution, US presidential candidate John F. Kennedy became convinced that Rostow's ideas were particularly applicable to Latin America, which showed some of the characteristics described by modernization theorists as "preconditions" for takeoff.<sup>12</sup> After Kennedy's election in 1960, Rostow joined the administration as assistant to National Security Advisor McGeorge Bundy. A few months later, in March 1961, Kennedy announced the Alliance for Progress as a plan to stave off Communist insurrection in the hemisphere by promoting economic growth through US aid. The plan called for \$20 billion of external funds to be invested in the hemisphere in the next decade, including private funds and US public assistance resources.<sup>13</sup> The Punta del Este Charter of 17 August 1961, which formally launched the Alliance, established that, in exchange for US funds, Latin American countries committed themselves to promoting internal social reform through measures such as land and tax reform and greater spending in health and education<sup>14</sup>. Latin American governments, which for years had been calling for US aid to match the generosity shown to Europe in the Marshall Plan, reacted enthusiastically to the proposal.<sup>15</sup> Generalized optimism led some to predict that the continent would not only avoid Communist insurrection, but would eradicate widespread poverty by the end of the decade. In 1962, Teodoro Moscoso, US coordinator for the Alliance, proclaimed that "within a decade the direction and results of centuries of Latin

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Johns Hopkins University Press, 1969; Ronald Scheman, 'Alliance for progress, concept and creativity', in Scheman (ed.), *Alliance for Progress, a retrospective*, London: Praeger, 1989; Herbert May, *Problems and perspectives of the Alliance for Progress*, New York: Praeger, 1968; Rabe (1999); William Rogers, *The twilight struggle: the Alliance for Progress and the Politics of development in Latin America*, New York: Random House, 1967.

<sup>9</sup> For accounts on Rostow's influence on the Alliance, see Kimber Charles Pearce, *Rostow, Kennedy and the Rhetoric of Foreign Aid*, East Lansing: Michigan State University Press, 2001; and Michael Latham, *Modernisation as ideology: American social science and nation-building in the Kennedy era*, Chapel Hill: University of North Carolina Press, 2000.

<sup>10</sup> See Walt Rostow, *The Stages of economic growth, a non-communist manifesto*, Cambridge: Cambridge University Press, 1991.

<sup>11</sup> Latham (2000), p. 2.

<sup>12</sup> Latham (2000), p. 69.

<sup>13</sup> Levinson & De Onis (1970), p. 326.

<sup>14</sup> Levinson & De Onis (1970), p. 327.

<sup>15</sup> Back in 1958, Brazilian President Juscelino Kubitschek had called for an "Operation Panamerica" of US aid along the lines of the Marshall Plan. Levinson & De Onis (1970), p. 55.

American history are to be changed".<sup>16</sup> While Communism in Latin America did not spread beyond Cuba in the 1960s,<sup>17</sup> the Alliance fell far short of its social reform targets. It was disbanded at the end of the decade amidst mutual disappointment and recrimination between the US and recipient countries.<sup>18</sup> The following lines of argument are found among the reasons often given by historical accounts to explain its failure:

- *Lack of internal political will:* Latin American elites were opposed to reforms that infringed on their secular privileges, such as land redistribution. They sabotaged implementation of Alliance programmes in their countries.<sup>19</sup>
- *Early termination of the J.F.K. presidency:* his assassination removed the most convinced, idealistic and charismatic proponent of the Alliance in the United States. Lyndon B. Johnson did not share his enthusiasm for utopian social reform, fearing it would bring instability to Latin America. Instead, he adopted a pragmatic policy of supporting pro-US regimes regardless of their social policy or democratic inclinations.<sup>20</sup>
- *The advent of the Vietnam War:* rising challenges in Indochina siphoned away US political attention and funds, relegating Latin America to its traditional status as a low priority in American foreign policy.<sup>21</sup>
- *Administrative difficulties:* in spite of good intentions, the Alliance was faced with the shortcomings of both US and Latin American governments in devising and managing development projects. Lack of technical expertise in Latin America, combined with turf wars between US agencies and between the US Executive and Congress, impaired the effectiveness of the Alliance.<sup>22</sup>
- *The magnitude of underdevelopment in Latin America:* US planners may have underestimated the task in hand. While the successful Marshall Plan only required the

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<sup>16</sup> Quoted in Mark Gilderhus., *The second century; US–Latin American Relations since 1889*, Wilmington, Del.: Scholarly Resources, 2000, p.173.

<sup>17</sup> Rabe (1999), p. 197, has claimed that if Kennedy had lived to know that communism did not advance further than Cuba, he would have thought he “seemingly won a major cold war battle in what he considered the most dangerous area of the world”.

<sup>18</sup> Levinson & De Onis (1970), p. 286, states that “by the end of the 1960s, US policy in Latin America had practically abandoned the original principle of the Alliance” (translation by the author).

<sup>19</sup> For example, Gilderhus (2000), p. 173.

<sup>20</sup> See, for example, Schlesinger, ‘Myth and Reality’ in Scheman (ed.) (1989), p. 83, who claimed: “The Alliance was never really tried. It lasted about a thousand days, not a sufficient test, and thereafter only the name remained”. Others, such as Gilderhus (2000), share the opinion that L.B.J. focussed more on stability than reform. Robert Dallek (*Flawed giant: LBJ and his times, 1961-1973*, Oxford: Oxford University Press, 1998, p.92) claims that the shift to the right had begun late in Kennedy’s administration. However he agrees that L.B.J.’s appointment of conservative Tom Mann as his main Latin American advisor is proof of his “impulse to make the Alliance less a vehicle for advancing democracy than a means for promoting private investment and backing anti-communism”. On the other hand, Cohen and Tucker (Warren Cohen & Nancy Tucker, *Lyndon Johnson Confronts the world. American Foreign Policy 1963-1968*. Cambridge: Cambridge University Press, 1994, p.241) insist that had he lived, Kennedy would have followed many of the same Latin American policies adopted eventually by L.B.J.

<sup>21</sup> For example, see Joseph Tulchin, ‘US and Latin America in the 1960s’, *Journal of Latin American Studies and World Affairs*, 30, spring 1988 p.2.

<sup>22</sup> See Rogers (1967), pp. 230-237 for a description of the bureaucratic warfare between the Executive and Congress over Alliance appropriations, and its negative impact on the program. Paul Hammond (*LBJ and the presidential management of foreign relations*, Austin, 1992 p.2) described turf wars between Kennedy’s top Latin America aides.

re-establishment of damaged infrastructure in Europe, the Alliance was unrealistically expected to deal with centuries of backwardness and poverty in just a decade.<sup>23</sup>

Both case studies and general surveys of the Alliance in Latin America tend to conclude that the causes for its failure lie in a combination of the above factors. Sections two and three will examine primary sources (mainly declassified US government documents) to test how these hypotheses apply to the case of Colombia.<sup>24</sup>

### **“The showcase of the Alliance”: US aid to Colombia under the Kennedy administration**

Since the first days of his administration, Colombia was seen as one of the most important testing fields for Kennedy’s Latin American policy.<sup>25</sup> It had even emerged very briefly as a campaign issue in the 1960 US presidential election. During the televised Nixon-Kennedy debate of October 21, 1960, Kennedy stated “the big struggle will be to prevent the influence of Castro to other countries – Mexico, Panama, Bolivia, Colombia”.<sup>26</sup> Colombia’s protagonism in the early days of the Alliance had a lot to do with the figure of then president Alberto Lleras Camargo. He was one of the key promoters of the National Front, a coalition between Colombia’s two traditional parties, the Liberals and Conservatives, who worked together to help bring an end in 1957 to the regime of Gustavo Rojas Pinilla, a military dictator somewhat reminiscent of Argentina’s Peron.<sup>27</sup> After Rojas stepped down, Liberals and Conservatives under the National Front reached a power sharing arrangement that was to last for 16 years. Lleras Camargo was elected as the National Front’s first presidential candidate in 1958, and became president just months before the Cuban revolution brought worldwide attention to the continent. Lleras Camargo, along with other Latin reformers such as Venezuelan president Romulo Betancourt, and Chile’s Eduardo Frei, was seen by Kennedy administration officials as the kind of leader who could offer an alternative to Castroite radicalism.<sup>28</sup> Lleras Camargo was committed to social reform, and at the same time strongly anti-communist and pro-US. A position paper prepared for Kennedy by the State Department on the occasion of his visit to Bogotá in December 1961, stated that “Lleras’s career has been noteworthy for unselfish idealism, sincere but non-chauvinistic patriotism and personal

<sup>23</sup> See Gilderhus (2000), p. 173 .

<sup>24</sup> Among the few books written on the impact of the Alliance on Colombia, are Otto Morales Benitez, *Alianza para el Progreso y Reforma Agraria*, Bogotá, 1963, which traced the influence of the Alliance for Progress in the design of Agrarian Reform strategies in Colombia, while Hernando Agudelo Villa, *La Alianza para el Progreso, esperanza y frustracion*, Bogotá, 1966 attempted the first overall evaluation of the Alliance for Progress. The best account of the Colombian experience with the Alliance is found in U. S. Senate, ‘Colombia – a case study of US aid. Part I. Study by the staff of the Committee on Foreign Relations’, in *Survey of the Alliance for Progress, Compilation of studies and hearings of the Subcommittee on the American Republics Affairs of the Committee on Foreign Relations, United States Senate*. 29 April 1969, Washington: US Government Printing Office, 1969.

<sup>25</sup> A memo sent by Walt Rostow to Kennedy on 2 March 1961, suggested that Brazil, Colombia, Venezuela and Argentina could be the first countries to be “weaned off the international dole” by a US led “Big Push”. Quoted in Latham (2000), p. 69.

<sup>26</sup> “Face to Face, Nixon-Kennedy”. Vice President Richard Nixon and Senator John F. Kennedy, Fourth Joint-Television – Radio Broadcast, Friday, 21 October 1960. Originating ABC, New York, N.Y. All Networks Carried. Moderator: Quincy Howe, ABC: Text, format and style are as published in Freedom of Communications: Final Report of the Committee on Commerce. United States Senate..., Part III: The Joint Appearances of Senator John F. Kennedy and Vicepresident Richard M. Nixon and other 1960 Campaign presentations. 87<sup>th</sup> Congress, 1<sup>st</sup> Session, Senate Report No. 994, Part 3. Washington: US government Printing Office, 1961.

<sup>27</sup> See Lars Schoultz, ‘Urbanization and changing voting patterns in Colombia 1946-1970’, *Political Science Quarterly*, Vol 87 issue 1 (march 1972), p.34.

<sup>28</sup> Tony Smith, *America’s mission: The US and the world wide struggle for Democracy in the 20<sup>th</sup> century*, Princeton, 1994, p.220.

courage in times of crisis". The same paper recommended Kennedy to express US gratitude for "the helpful initiative Colombia has taken on the Cuban problem in the Organization of American States."<sup>29</sup>

Kennedy's decision to visit Colombia in December 1961 provided a strong symbol of the early hopes placed on the Alliance. In the days before Kennedy's arrival, his Press Secretary Pierre Salinger told the Colombian press that the country had been chosen for this first Latin American visit because of its success in undertaking economic and social plans along the lines proposed by the Alliance.<sup>30</sup> In spite of Kennedy's worldwide popularity, American officials were not entirely confident of the kind of reception he would receive in Colombia, and in the weeks before Kennedy's arrival, the US embassy in Bogotá was engaged in the prevention of anti-American demonstrations. A State Department telegram instructed its delegation in Bogotá to contact the Lleras government and ask them to engage in the "quiet rounding up of [the] most dangerous agitators..." Lleras should also "make quiet representations to those in control of the mass media to encourage them to build up a favorable climate for Kennedy's visit" and appeals should be made "to contacts in the Catholic Church for support". The telegram concluded stating that Lleras should "in addition to organizing demonstrations of friendship, deploy loyal members of his party among on-lookers to augment uniform security forces in suppressing hostile demonstrations."<sup>31</sup>

The US embassy's worries proved largely unfounded. John and Jackie Kennedy spent a day in Bogotá in December 1961, participating in the groundbreaking ceremony for Ciudad Techo, a large public housing scheme that would become one of the most visible projects of the Alliance in Colombia and Latin America. They were welcomed by very large and sympathetic crowds, estimated by Press Secretary Pierre Salinger at one million,<sup>32</sup> and according to local newspapers, provoked a frenzy of Pro-Americanism. *El Tiempo* proclaimed: "Bogotá welcomed President Kennedy and Jacqueline with open arms and hearts beating with sincere affection."<sup>33</sup> These impressionistic accounts of support for Kennedy's policies seemed to be confirmed when the US Information Agency commissioned a survey on public opinion towards the Alliance in the hemisphere. In December 1961, the same week Kennedy was visiting Colombia, the survey concluded "Bogotá citizens hold views exceptionally favourable to the US and the Alliance for Progress". 82% of those surveyed believed the US was sympathetic to "the hopes and wishes" of the people of Colombia. 71% of those questioned were aware of the AFP, and two out of three favoured it.<sup>34</sup> 75% would chose the US over Russia in the Cold War struggle.<sup>35</sup> The director of the CIA reported to President Kennedy that "the trip was an outstanding success and may very well mark a turning point in United States relations with Latin America", since it "was particularly

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<sup>29</sup>Position Paper, 'The President's visit to Venezuela and Colombia', 6 December 1961., National Security File, Box 235, Folder 'President's Trip to Venezuela and Colombia 12/61 Briefing Book, Colombia', John Fitzgerald Kennedy Library (JFKL).

<sup>30</sup> Editorial 'La Alianza para el Progreso', in *El Tiempo*, 8 December 1961, p. 4.

<sup>31</sup> Telegraph, Robert Woodward to Embassy in Bogotá, n.d. Folder 'President's Trip to Venezuela and Colombia 12/61 - General 11/18/61 - 12/9/61', National Security File, Box 235. JFKL.

<sup>32</sup> Telegraph, Ambassador Fulton Freeman to Secretary of State. 18 December, 1961, Folder 'President's Trip to Venezuela and Colombia 12/61- General 12/16/61 - 1/15/61'. National Security File. Box 235. JFKL.

<sup>33</sup>'Danza de las Horas' in *El Tiempo*, 19 December 1961, p. 4.

<sup>34</sup> Memorandum, USIA Director to President. December 8, 1961. Subject, 'Public Opinion In Bogotá'. Folder "Colombia 12/61-3/63". N.S.F. Box 392. Dungan Papers, JFKL.

<sup>35</sup>Report, United States Information Agency. 'Public Opinion towards the Alliance for Progress in Bogotá and other Latin American Cities, December 1961', Folder 'Colombia 12/61-3/63'. N.S.F. Box 392. Dungan Papers, JFKL.

effective in dramatizing the determination of the United States to carry out the principles of the Alliance for Progress”.<sup>36</sup>

### *The initial projects*

The initial AFP efforts in Colombia, geared towards high-visibility housing and school building projects, were followed quickly by comprehensive plans for more radical reforms. The US blueprint for subsidizing change in Colombia followed closely the Rostow model of ‘modernization’, in which development possibilities were given by the relative weight of oligarchic groups associated with traditional agriculture vs. urban-oriented modernizing groups. A State Department ‘Strategic Study for Colombia’ characterized key political players in Colombian society as divided between “developers” and “adversaries of development”. The first included the land reform agency INCORA, the regional development corporations, the staff of the National Planning Department, and the Department of Economics at the elite University of the Andes. These groups were identified as the natural allies of the AFP and went on to receive substantial aid in the initiative’s first years. Their opponents, according to the same US government document, included the Agriculturalists’ Society (in which most of the largest landowners were members), the Bankers’ Association, the Coffee Federation and some regional merchants’ associations. The report stated that “US representatives have access to the Developers and often can influence them. While our influence on their counterparts, or adversaries, is more limited, they must not be overlooked in our strategy.”<sup>37</sup> Therefore, friends and foes of the Alliance should be identified, and the US government should “evaluate current programs to see in what measure they strengthen or weaken” them. The report considered it necessary to “devise ways of strengthening or weakening their position further”. The armed forces, organized labour, students, and the left wing MRL party<sup>38</sup> were singled out as players on which US attempts to influence them “should be pursued with special vigor”.<sup>39</sup>

The US implementation of this strategy of strengthening the ‘developers’ and weakening the ‘adversaries’ had begun in earnest in early 1961. That year the Colombian government under Lleras Camargo began preparing itself for AFP money, most notoriously by passing a law which created INCORA, the land reform agency, and by producing by December 1961 a ‘Ten Year General Plan for Social and Economic Development’.<sup>40</sup> The first two project loans arrived in August 1961 and characterized well the Kennedy administration’s prioritisation of relief for poor urban and rural inhabitants: the first one was a \$12 million loan for low cost urban housing, the second an \$8 million loan for agricultural credit. Also, in December 1961 the US gave a \$3 million grant for construction of primary schools.<sup>41</sup> These initial funds were followed in 1962 by \$22.8 million channelled through the Interamerican Development Bank

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<sup>36</sup> Memorandum. CIA Director John McCone to President Kennedy, January 5, 1962. Subject; ‘President’s Trip to Venezuela’. Folder ‘President’s Trip to Venezuela and Colombia. 12/61 - General 12/16/61 – 1/15/63’, N.S.F. Box 235, JFKL

<sup>37</sup> Report ‘Strategic Study’. 4 April 1963. Folder ‘Colombia draft Strategic Study, 4/4/63’. N.S.F. Box 392. Dungan Papers. JFKL.

<sup>38</sup> A dissident National Front faction led by liberal Alfonso Lopez Michelsen, it would eventually rejoin the government coalition in the late 1960’s. Its leader was elected president in 1974.

<sup>39</sup> Report “‘Strategic Study’”. April 4, 1963. Folder “Colombia draft Strategic Study, 4/4/63”. N.S.F. Box 392. Dungan Papers. JFKL

<sup>40</sup> Report, Strategy for the AID Program in Colombia” March 17, 1962. Folder “Colombia 12/61-3/63”. N.S.F. Box 392. Dungan Papers. JFKL

<sup>41</sup> Alianza para el Progreso, (n.d.), Annex: Cuadro E.



for additional social infrastructure programmes, particularly housing through the Development Loan Fund.<sup>42</sup>

On 17 March 1962, a document termed ‘Strategy of the AID [Agency for International Development] program in Colombia’ enumerated the following as their three main priorities for the immediate future: in the first place the provision of development planning and implementation assistance, “to help Colombians develop projects from their plans, and provision of funds for engineering and technical studies”. The second priority would be education, “especially training in development skills... and primary school building and teacher training” as well as “a university scholarship program, aid to vocational education, and an educational survey conducted as a first step to a revised educational system”. Agricultural development was designated as the third priority.<sup>43</sup>

The next project loans were approved in 1963 and reflected both the intention of providing high visibility social projects, and the strengthening of ‘developer groups’ in Colombian society. The National Planning Agency received \$2 million for building capacity in project evaluation. The urban housing agency got another \$7.5 million, while agricultural credit for INCORA was assigned \$10 million, and a study on mineral resources was given \$2 million.<sup>44</sup> Besides the major loans described above, other ‘modernizing’ groups received direct grants from the US government, particularly in the educational sector. The Economics Department at the University of the Andes, which had been singled out as a focus of pro-American thought, was given funds to contract with the University of Minnesota advanced training for many of its faculty members and advice in the creation of a graduate economics programme. A similar programme was begun between a business school in Medellín and the University of Syracuse.<sup>45</sup> Colombia was the first country to host Peace Corps members, who in 1963 started an educational television programme broadcast to public schools across the country. AID provided \$575,000 to purchase 1,500 television sets distributed to public primary schools.<sup>46</sup> Two other major US aid initiatives in Colombia were the surplus food or ‘Food for Peace’ programme run by the US Department of Agriculture, and the Military Assistance Program. During 1962-1963 the Department of Agriculture gave Colombia \$35.4 million in surplus food, while the Military Assistance Program totalled \$6 million in 1962 and \$8.4 million in 1963.<sup>47</sup>

### *The first obstacles*

However, since very early in its implementation, the rosy projections built around the Alliance were being tempered by criticisms and warnings both in Washington and from Latin America. In the case of Colombia, these were coming as early as August 1961, just before the Punta del Este meeting. In a private message to Kennedy, President Lleras Camargo warned that prospects for this conference were “undermined by considerable scepticism” as “many countries think that [the] proposed US resolution lacks precision regarding terms of pledge of aid to Latin American countries while at the same time requiring from them in very clear form radical transformations that they cannot undertake without the external aid”.<sup>48</sup> On 25

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<sup>42</sup> *ibid.* Annex cuadro A.

<sup>43</sup> Report, ‘Strategy for the AID Program in Colombia’ 17 March, 1962. Folder ‘Colombia 12/61-3/63’. N.S.F. Box 392. Dungan Papers. JFKL.

<sup>44</sup> Alianza para el Progreso, (n.d.), Annex: Cuadro E.

<sup>45</sup> Alianza para el Progreso, (n.d.), Annex: Cuadro C p. 3.

<sup>46</sup> Alianza para el Progreso, (n.d.), p. 37-38.

<sup>47</sup> Alianza para el Progreso, (n.d.), Annex Cuadro A.

<sup>48</sup> Telegram, Ambassador Fulton Freeman to Secretary of State, 4 August, 1961. Folder ‘Colombia General 1961’. N.S.F. Box 26. JFKL.

August, Treasury Secretary Douglas Dillon warned President Kennedy that the implementation of tax and land reform in Latin American countries “will be an extended process requiring continuous representational efforts and negotiations by our field personnel” and that extensive retraining and rehiring would be needed among US diplomatic personnel to increase “their competence in broad economic and social problems and policies”.<sup>49</sup>

A memo written to Kennedy by advisor Bill Haddad on 9 March 1962, warned that “there was no criteria established for loans and grants”, countries were being given money without previous achievement of reforms and people were asking “where do political loans stop and development loans begin?” He doubted that in the future it would be possible to maintain the criteria of loans given in exchange for commitment to tax and land reform, and therefore, they were at risk of being attacked for softening their policy. “To avoid this”, he claimed, “we must coldly select one country (maybe a banana republic) and crack the whip, loudly and publically”.<sup>50</sup>

Another memo prepared by an unnamed Kennedy staffer, apparently at the same time in 1962, gave an even harsher verdict on the advance of the Alliance. It claimed that its problems included “the political instability of Latin American countries, their inability to concentrate on development,” and “...their ingrained cynicism about the US”. Furthermore, they “have shown a complete inability to do realistic planning and to deal with development problems. They have not come forward with the plans and projects which we want to finance with the result that we have a surplus of funds. In addition we have a constant flow of crisis requests of the sort we vowed to eliminate. And for political reasons we are forced to spend our money for such things such as balance of payments and budgetary support”.

On the US side, the unnamed commentator claimed “we suffered from a tremendous time lag in getting our effort organized” and “are still hampered by lack of qualified personnel, by unnecessary bureaucratic obstacles and procedures, by staff people who are not equipped to do this job and by the fear of congressional criticism”. The memo claimed, “in some countries there is not a single man qualified to assist in development work”. Among the suggestions for improvement, the memo asked for “at least 28 qualified stenographers”, along with other measures such as an American staff which would work along Latin American countries to develop project plans since “we know that the Latin American nations do not have the capacity to initiate and carry forward a program of development, and so we must assist them”.<sup>51</sup> In March 1962, the vice-president of the Interamerican Development Bank told the president “the lag in Alianza which worries many of us has roots in the inadequacy of programs mobilizing public opinion in Latin America”.<sup>52</sup>

Field reports from Colombia were mirroring many of these criticisms. In the same month, a State Department report claimed that while it was fair “to allow Colombia to retain its rating as one of the best, if not the best of the Latin countries in the Alliance on the basis of its self help and reform efforts” it was also fair to say that “these efforts so far have had relatively

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<sup>49</sup> Memorandum, Douglas Dillon to President, Subject: Immediate Steps in furthering the Alliance for Progress, 25 August 1961. Folder ‘Alliance for Progress 1/61-12/61’. Box 290<sup>a</sup>. JFKL.

<sup>50</sup> Letter, Bill Haddad to President, 9 March, 1962. Folder ‘Alliance for Progress, 25 February 1962 through 26 March 1962’, President’s Office File. Subjects, Box 95. JFKL.

<sup>51</sup> Unnamed letter to President. ‘Why we have not made satisfactory progress’, n.d., Folder ‘Alliance for Progress, 25 February 1962 through 26 March 1962’, President’s Office File. Subjects. Box 95. JFKL.

<sup>52</sup> Memorandum, T. Graydon Upton, Executive Vice-president IADB to President, 16 March 1962. Folder ‘Alliance for Progress, 25 February 1962 through 26 March 1962’. President’s Office File. Subjects Box 95. JFKL.

small results”. On the land reform legislation, for example, the report claimed that “it was such as to carry no immediate threat to landed interests, especially if implemented by friendly hands”. The new national planning technocracy was “weak and relatively undistinguished, except for president Lleras” with its administrative staff led “by young people with little experience or government-wide prestige”.<sup>53</sup>

US concerns about the Alliance in Colombia seriously increased by mid 1962, once Lleras Camargo was due to leave the presidency and the National Front faced its first presidential election in office with few candidates appearing to match Lleras Camargo’s popularity in US government circles. An American envoy to Latin America stated in March 1962 that “[i]n Colombia, despite all its progress, the tragedy is that ...[advance in the Alliance]... is largely due to the dedication and ability of one man - Alberto Lleras Camargo, its outgoing president. When he leaves office this year, prospects for continued advance on the Alliance For Progress will decline notably”<sup>54</sup>. The State Department reported in March 1962 that in the first semester of that year the Colombian economic situation was deteriorating. They expected a \$116 million balance of payments deficit. Moreover, the National Front candidates were not very attractive, leading the report to claim that “the prospect is for a President who is either weak or controversial”. It added that “President Lleras is keenly aware that Alliance for Progress programs tend to help his administration with the voters and to discourage attacks on the present National Front system, he is campaigning accordingly”. As Colombia’s balance of payments problem worsened, Lleras Camargo contemplated implementing a structural adjustment programme centred around a substantial devaluation, which probably would generate inflation. The prospect of a sharp cost of living increase just before the National Front faced its first electoral challenge since the return of democracy created fears of a voter backlash that could play into the hands of political extremists. The State Department report recommended quickly giving Lleras Camargo a loan, which would temporarily cover the nation’s balance of payments deficit. This would eliminate the need for harsh economic adjustment measures and increase the National Front’s electoral chances.<sup>55</sup> In the same week, the US embassy in Bogotá pointed out that “real danger may arise if opposition parties ...seize upon ...indications of relatively weak US support of Colombia under the Alliance to make election capital. Should this appear imminent we may well have to consider offering massive aid proposal, ...in order to avoid crippling National Front’s chances at polls in May”.<sup>56</sup> On 11 April 1962, just days before the presidential election, the US approved its first so-called ‘Program Loan’ to Colombia for \$30 million dollars.<sup>57</sup> ‘Program Loans’, as opposed to ‘project loans’ were not tied to any particular development or social project. Instead, they would simply give the Colombian government enough foreign currency to maintain the country’s foreign consumption levels and avoid a traumatic devaluation. For the first of many times, the US resorted to employing aid in Colombia to solve short-term political problems rather than promoting long-term social reform. Elections resulted in a triumph for National Front candidate Guillermo Valencia. On 7 June 1962, Kennedy’s Latin American Policy Committee met and produced the following recommendation: “that the US make every effort during the first six months of the new

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<sup>53</sup> Report, ‘Strategy for the AID Program in Colombia’ 17 March 1962. Folder ‘Colombia 12/61-3/63’. N.S.F. Box 392. Dungan Papers. JFKL.

<sup>54</sup> Memorandum, Andrew Rice to Chester Bowles. Subject: Evaluation of the Alliance for Progress. March 28, 1962. Folder ‘Alliance for Progress 5/4/62-5/23/62’. Schlesinger Papers, Box WH-2. JFKL.

<sup>55</sup> Report, ‘Strategy for the AID Program in Colombia’ 17 March 1962. Folder ‘Colombia 12/61-3/63’. N.S.F. Box 392. Dungan Papers. JFKL .

<sup>56</sup> Telegram, Ambassador Fulton Freeman to State Department. March 12, 1962, Folder ‘Alliance for Progress 6/27/61-3/15/62’. Schlesinger Papers, Box WH-2, JFKL .

<sup>57</sup> Alianza para el Progreso, (n.d.), Annex Cuadro E.

Valencia government to support and encourage it. The stability and political power of the Valencia government is a vital key to successful prosecution of such Alliance objectives as land and tax reform in Colombia”.<sup>58</sup>

The US was not always satisfied with Lleras Camargo’s performance under the Alliance. On July 23, 1962, in the last few days of his term in office, US ambassador Fulton Freeman complained to the leaving president that upon visiting the US-funded housing project in Techo, he found that “there was great activity in housing starts, numbering nearly 5000...” but was disappointed by the muddy roads, lack of electricity and sewage, and “the fact that nothing whatsoever had been done regarding the *Escuela Alianza para el progreso* which had been ‘dedicated’ by Presidents Lleras and Kennedy, and that only a muddy field existed where the school was to have been constructed”.<sup>59</sup> Lleras Camargo’s departure would be followed by a more critical US appraisal of Colombian efforts under the Alliance.

### *The Alliance under Valencia*

The beginning of the Valencia government was characterized by his public support for Kennedy’s hemispheric initiative. On 4 August, three days before his inauguration, president elect Valencia met with Kennedy’s personal envoy Chester Bowles, indicating that “he proposed to direct his government towards basic social reforms” but at the same time claimed that the main problem faced by the country, even more than the need for social development, was “violence, which sapped so much of the country’s energy”.<sup>60</sup> In his inauguration speech, Valencia repeated his campaign pledges to support the Alliance and its social programs, as well as his friendly attitude to the US. He emphasized his gratitude for Kennedy’s 1961 visit and the more recent arrival of the Peace Corps to Colombia.<sup>61</sup>

In spite of these initial friendly overtures, US officials who dealt with Valencia frequently described his performance in very unfavourable terms. Ambassador Freeman remembered Valencia in a 1969 interview as “a very interesting, personable mediocrity”, “a hunter of animals and women and a lover of alcohol”, and “a charming man who was totally incapable of taking over such a high office as President of Colombia”. Freeman claimed that Colombia, after being heralded as a show case for the AFP under Lleras, “failed to actually live up to its billing during the period of President Valencia”, who “neither understood nor cared very much about what Colombia was doing under the Alliance, except as a political tool”.<sup>62</sup> The Colombian presidential succession quickly led US officials to report what they saw as a noticeable change in the enthusiasm with which the Colombian government undertook the objectives of social reform initially proclaimed by Lleras Camargo. One of these reports claimed that “President Lleras’ own ideas on reform and development have gone much further than those of most upper class Colombians, few of whom appear to be

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<sup>58</sup> Action Minutes, Latin American Policy Committee, Topic: Colombia, June 7, 1962. Folder. ‘Latin American Policy Committee Action Minutes, 1962-1963’, Schlesinger Papers, White House Files, Box WH-40, JFKL.

<sup>59</sup> Memorandum of conversation between President Alberto Lleras Camargo and Ambassador Fulton Freeman, 23 July 1962. Folder ‘Colombia General 7/62-9/62’ N.S.F. Box 27. JFKL.

<sup>60</sup> Airgram A-160 from Amembassy Bogotá to State Department, Valencia-Bowles Conversation, 12 September 1962. Folder ‘Colombia General 7/62-9/62’. N.S.F. Box 27. JFKL.

<sup>61</sup> Congress of the Republic of Colombia. ‘Acta de la sesión del Martes 7 de agosto de 1962. Posesión del Excelentísimo Sr. Dr. Guillermo León Valencia como Presidente de la República. Texto del discurso pronunciado por el Dr. Guillermo León Valencia al tomar posesión de la Presidencia de la República ante el Congreso Nacional’, Anales del Congreso, Sesiones Ordinarias; Congreso Pleno. Sábado 1 de Septiembre de 1962. p 950.

<sup>62</sup> Fulton Freeman, recorded interview by Dennis O-Brien. June 17, 1969. Pages 20, 32. JFKL Oral History Program.

fully aware of the need for greater self-help efforts in the social field”.<sup>63</sup> A visit by US Alliance coordinator Teodoro Moscoso to Bogotá in October 1962 exposed him to some of the increasing criticisms being held against the Alliance. In a meeting with student leaders, one of them told him “[t]his program has left us in debt and our government is almost bankrupt. The interested persons in INCORA will be those who profit and not ‘el pueblo’. In spite of all the planning that has been done it did not begin where it should have. Soon Colombia will be unable to pay”. To which Moscoso answered: “Some of this may be due to the weakness in your own government. The Alliance for Progress is not the cause”.<sup>64</sup>

At this point, US authorities had begun to worry about the ‘moral hazard’ situation created for Colombian authorities by US insistence on showing them as one of the ‘successful’ countries of the hemisphere.<sup>65</sup> That same month, the US embassy in Bogotá reported that it might not be wise to go ahead with the planned visit of Under Secretary of State George Ball, just after Moscoso’s own stopover, because it could lead authorities in Bogotá to “believe Colombia [was] of such high importance to us [that] the Government of Colombia need not be too concerned with attempts by US and international agencies [to] enforce sound financial requirements”.<sup>66</sup> On November 2, adding to the controversy, President Valencia declared to the national press that in a trip to Washington earlier in the year, US officials had told him Colombia was the “showcase” of the Alliance, to which he now replied that the showcase was ready but there was nothing to put on show.<sup>67</sup>

On December 18, 1961, the US approved a new \$60 million Program Loan for Colombia, giving Valencia’s government a balance of payments loan twice as large as had been granted to the previous Lleras Camargo administration.<sup>68</sup> However, US perceptions on the mediocrity of the new government and the questionable way in which aid was being spent remained unchanged. The first year of the Valencia administration was characterized by increasing inflation and budget deficits, and dwindling foreign reserves.<sup>69</sup> In February 1963, ambassador Freeman informed Washington that “it is rapidly becoming clear that this is not to be an easy year for the Alliance for Progress in Colombia” as he pointed out that the government’s unwillingness to adjust its runaway spending was creating serious economic and political problems. He blamed Valencia, adding that “it did not have to be this way” but that the “missing critical ingredient has been effective leadership at the top”. Freeman ended his report advising that in order to maintain Colombian leadership within the Alliance, it would need “fast foreign finance flow”.<sup>70</sup> The US subsequently moved to expand its financial assistance to Valencia’s troubled administration. On February 14, the Colombia strategy statement prepared by the US AID claimed that “the estimated external support requirement

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<sup>63</sup> Report, Colombia President Elect Valencia Visit. Scope paper. June 25-26, 1962. Folder ‘Colombia subjects Pres. Elect Valencia visit 6/62’. NSF Box 27. JFKL.

<sup>64</sup> Brief Summary of Round Table discussion led by Ambassador Teodoro Moscoso. Bogotá, 3 October 1962. . Folder ‘Colombia General 10/62-2/63’. NSF Box 27. JFKL.

<sup>65</sup> ‘Moral hazard’ arises when there are built-in incentives for one side in a ‘contract’ to act in a way that is inimicable to the realisation of the ostensible objectives that the contract was drawn up to achieve.

<sup>66</sup> Telegram, American embassy Bogotá #345 for Under-Secretary of State. 5 October 1962. Folder Colombia General 10/62-2/63. NSF Box 27. JFKL.

<sup>67</sup> ‘Valencia critica lentitud de la Alianza para el Progreso’, in *El Tiempo*, 9 November 1961. p. 1.

<sup>68</sup> Alianza para el Progreso, (n.d.), Annex, Cuadro E.

<sup>69</sup> Report, Colombia strategy Statement, by David Bell. 21 February 1963, Folder ‘Colombia 12/61-3/63’, N.S.F. Dungan Papers. Box 392. JFKL.

<sup>70</sup> Telegram, Fulton Freeman to Teodoro Moscoso. 20 February 1963. Folder ‘Colombia General 10/62-2/63’, NSF Box 27 JFKL.

is \$220 million annually for the next four years” and added that “the annual US loan level is expected to average \$100 million in disbursements.”<sup>71</sup>

Growing frustration with the advance of the Alliance in Colombia, and criticisms on the way its government was handling aid, were not limited to US voices. In mid 1963, former President Alberto Lleras Camargo, commissioned by the Alliance to write a report on how to improve its situation, claimed that a great deal of its problems stemmed from organizational failure both in the US and among recipient countries. “The manner in which the Alliance has been administered by the United States is open to criticism, but it must be admitted that the countries of Latin America, despite the progress made recently, have made a very poor showing of their ability to organize administratively the coordination of the gigantic efforts to which they have committed themselves.”<sup>72</sup>

In spite of its growing problems, by mid-1963 the AFP had achieved a substantial impact on the “hearts and minds” of Colombia, according to the results of a second survey carried out by the USIA in seven major Latin American countries. Among those nations, Colombia showed the highest level of awareness of the Alliance among the general public (81%, compared to 31% in Argentina). The percentage of Colombians who would side with the US instead of the USSR in the Cold War increased from 75% to 78% between 1961 and late 1962. 57% of Colombians believed the Alliance benefited its people as a whole, compared with 18% in Argentina and 14% in Brazil. 52% of Colombians knew of the Ciudad Techo housing development in Bogotá, which had become the most popular project in the entire Alliance. 49% thought the AFP would benefit them personally, and 51% believed that if it eventually failed, it would be due to Colombian inefficiency, not lack of US will.<sup>73</sup>

On May 1963, Tom Killefer, executive director of the Interamerican Development Bank, just returning from a visit to Bogotá, wrote a cheerful note to president Kennedy. Killefer pointed out that in his inspection of the Alliance-funded Techo housing project he had witnessed 4,000 finished houses with 30,000 people living in them, as well as 9,590 further houses under construction to house 70,000 more persons in the following months. As further proof of Colombian gratitude to US support, he mentioned that “there are reported to be 4 children named Jacqueline in the block where the [housing project] dedication took place, and I saw one Jacqueline drugstore”.<sup>74</sup> It was simplistic to see this anecdote as strong evidence for the Alliance’s success in winning hearts and minds for the US. Nevertheless, the fact remains that during its first two years the Alliance seemed to have achieved more popularity in Colombia than almost anywhere else in Latin America. However, as elsewhere in the continent, the programme’s popularity would decrease in the following years as the problems that had become evident in its first years worsened after the Kennedy administration’s traumatic end.

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<sup>71</sup>Report, Colombia Strategy Statement, by David Bell. 21 February 1963, Folder ‘Colombia 12/61-3/63’, N.S.F. Dungan Papers. Box 392. JFKL

<sup>72</sup>Report, prepared by Alberto Lleras Camargo, 15 June 1963. Folder ‘Alliance for Progress’, President’s Office File. Subjects. Box 95. JFKL.

<sup>73</sup> Report, USIA Research and Reference Service, ‘The economic and political climate of opinion in Latin America and attitudes towards the Alliance for Progress. June 1963’, Folder Alliance for Progress 1/63-8/63. N.S.F. Box 290A. JFKL.

<sup>74</sup>Letter, Tom Killefer, IADB, to President, May 2, 1963. Folder ‘CO51 Colombia Executive’, White House Central Subject File. Box 45, JFKL.

### **From reform to stabilisation: US aid under L.B.J.**

The assassination of John F. Kennedy and subsequent accession of Lyndon B. Johnson to power has often been portrayed as a turning point in the development of the AFP: the moment after which the US government's devotion to financially supporting social change in Latin America was replaced by a more pragmatic desire to shore up pro-US governments and prevent political agitation in these nations. The Colombian experience confirms this general hypothesis, although many of the trends later associated with L.B.J. had already begun in the Kennedy years. After November 1963, the US government continued a change of strategy initiated in late 1962: it largely abandoned its effort to produce rapid social change in Colombia through the AFP. Instead, it used the AFP as an instrument to shore up the pro-US National Front government coalition in order to prevent the electoral victory of a Perón-style populist movement under former dictator Gustavo Rojas Pinilla and, to a lesser extent, to counteract the emerging threat of the first Colombian communist guerrillas - the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN).

One of the first indications of a reorientation in US policy towards the continent was given by the replacement of several key government officials. Many academic accounts have focused on the appointment of Tom Mann as the key US official for the region. In December 1963 he became Special Assistant to the President for Latin America, Assistant Secretary of State for Interamerican Affairs and Coordinator of the AFP, joining under his sole leadership several offices previously held by various Kennedy staffers. In December 1963, one of these former Kennedy men, Arthur Schlesinger, wrote to the new President warning him that Mann "is not only out of touch with the vital forces in contemporary Latin America- the democratic left, labor, the students, the youth, the intellectuals- but actively unsympathetic to these forces. His association has been in the main with the past of Latin America, not with its future".<sup>75</sup> The administration's tone with respect to the Alliance rapidly became apparent in Mann's first public speeches. The first of these was to be given on May 13, 1964 at the American University in Washington. In the preceding weeks it touched off a bitter behind-the-scenes dispute between Mann and former Kennedy aides still at the White House. In an early draft of the speech, Mann claimed he did not share "the despair about change" being voiced in many quarters when referring to Latin America.<sup>76</sup> He added there was "not enough to indicate that further land reform is necessary".<sup>77</sup> Mann warned that US efforts at quickening social reform there could lead to a situation similar to the later stages of the French Revolution, which according to him "came to be diverted from its noble purpose and design and converted into an instrument of terror and chaos".<sup>78</sup> National Security Advisor McGeorge Bundy tried to change the tone of his speech arguing "it would not be wise at all to have your first major speech praise the middle class, the upper class, the Church and the military with no comment upon other forces of strength and virtue", like labour unions.<sup>79</sup> The ideological dispute in the top echelons of the administration was relatively brief, with Mann's hard-line arguments prevailing.

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<sup>75</sup>Memorandum, Arthur Schlesinger to President Johnson. 14 December 1963, Folder 'Alliance for Progress 10/16/63-12/31/63' Schlesinger Papers, White House Files, Box WH-2. JFKL.

<sup>76</sup> Memorandum, Tom Mann to McGeorge Bundy, 'Draft Speech on Alliance for Progress' 8 April 1964. Folder 'Alliance for Progress (Vol I) (1 of 2)'. NSF Agency File Box 4. Lyndon B. Johnson Presidential Library.

<sup>77</sup> Memorandum, McGeorge Bundy to President. Ref: 'Speech by Tom Mann'. 4 May 1964. Folder 'Alliance for Progress (Vol I) (1 of 2)'. NSF Agency File Box 4. LBJL.

<sup>78</sup> Memorandum, Tom Mann to McGeorge Bundy. 'Draft Speech on Alliance for Progress' 8 April 1964. Folder 'Alliance for Progress (Vol I) (1 of 2)'. NSF Agency File Box 4. LBJL.

<sup>79</sup> Memorandum, McGeorge Bundy to Tom Mann. Re: draft speech on the Alliance for Progress. 10 April 1964. Folder 'Alliance for Progress (Vol I) (1 of 2)'. NSF Agency File Box 4. LBJL.

The new orientation became apparent in US diplomatic representations in Latin America, with Colombia providing a clear example. One of its first signs was a clear shift in the way the US perceived the political orientation of the Lleras Camargo government and his successor after 1962, Guillermo Valencia. As discussed in section 2, Lleras Camargo had epitomized for the Kennedy administration the kind of reformist liberal democrat the US should associate with, while Valencia was ridiculed as a less capable administrator with little interest in social progress. By early 1964, however, an analyst at the US embassy in Bogotá was calling Lleras Camargo a “Hamlet figure” for his unwillingness to stamp out the first guerrilla groups appearing in the early 1960s, which would eventually form the nucleus of the FARC. Valencia, in contrast, was now praised for having made the political decision to deploy the army in a major counterinsurgency operation designed by US Green Berets, the so-called ‘Plan Laso’, which would lead to the Marquetalia operation of 1964, the first major Army operation against the emerging FARC Communist guerrillas.<sup>80</sup>

The Alliance also saw its focus move steadily from promoting social reform to guaranteeing social and political stability, as heralded in Mann’s early speeches. The shift had in fact begun in the latter half of the Kennedy administration, at least since mid-1962, when the US decided to prop up the sagging National Front regime. However, this change intensified during the L.B.J. years. Emphasis in US aid changed from funding social investment projects such as land reform initiatives or large housing estates, to provide increasingly larger ‘Program Loans’: balance-of-payments assistance to the government of Colombia in order to guarantee macroeconomic stability and keep the National Front in power. As mentioned in section 2, the Kennedy administration approved two Program Loans for \$30 million and \$60 million in April and December 1962. The L.B.J. government followed suit approving new Program Loans for \$49 million in July 1964 and \$65 million in December 1965. In contrast, the largest single social spending programme in those years, the agricultural credit programme, amounted to a total of around \$18 million for the entire period 1961-1965.<sup>81</sup> In the words of the Latin America Policy Committee, “if we are able to assist the National Front in resolving its present economic problems, US prestige in Colombia...will remain high.”<sup>82</sup>

By the mid 1960s, the viewpoints and interests of governments in the US and Colombia were converging faster than during the previous years when the US had advocated intensive social reforms. The L.B.J. and Valencia governments shared a preference for stability and a mistrust of the possible effects of radical attempts to solve social problems. US government reports now confirmed earlier predictions warning that the National Front government under Valencia would not advance on Alliance social reforms. In early 1965 a CIA report claimed that:

The National Front is an obvious attempt by Colombia’s oligarchy to preserve its traditional political dominance. In order to maintain middle and low class support for the system - and incidentally to qualify for special treatment under the Alliance for Progress- the National Front in 1962 launched an impressive plan for accelerated economic expansion and social reform. But largely because of foreign

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<sup>80</sup> Report, ‘Violence in Colombia: a case study’, 26 May 1964, Folder 1. NSF country file, box 14, (2 of 2). LBJL

<sup>81</sup> Alianza para el Progreso, (n.d.), Annex Cuadro E.

<sup>82</sup> ‘Report on Colombia prepared by Latin American Policy Committee’, 18 June 1965. Folder 2 ‘Colombia Memos, Vol I 12/63-7/65’ NSF country file, box 14, (2 of 2). LBJL.



exchange and budgetary strains, the Valencia government was forced to abandon the plan during 1963-64.<sup>83</sup>

According to other US reports, many sectors in Colombian society were equally apathetic to social activism of the kind espoused by the Alliance. The embassy in Bogotá reported on 12 May 1964 that “increased public sector activity under pressure of development efforts, particularly social investment, has provoked protests of ‘statism’ from private sector.” US diplomats now seemed to share these doubts about social investment. The embassy report was of the opinion that “concentration on social investment, however defensible, has relatively little low multiplier effect in the near term”.<sup>84</sup> Social spending had ceased to be a priority early in Valencia’s administration, and so had US insistence on directing aid to that effort.

Those years saw a growing disenchantment among the Colombian public with the potential benefits to come from US economic aid. Instead of the high visibility projects of the early years such as the Ciudad Techo housing estate, or the launching of a national land reform program, US aid now largely focused on attending to macroeconomic imbalances, with no clearly distinguishable impact on the day to day lives of common people. The negative effect this would have on public opinion had been foreseen by top Colombian government officials since the beginning of the shift to programme lending. Back in October 1962, just as Colombia was to receive the \$60 million Program Loan to bolster the Valencia administration, his finance minister Carlos Sanz de Santamaria asked US officials in a private meeting to grant him additional funding besides balance of payments relief, in order to finance high visibility social spending projects. Sanz claimed he needed these funds to persuade the Colombian populace that US assistance “would go to help people in a difficult period...instead of being used exclusively through an unpopular oligarchy in banking circles”.<sup>85</sup> The trend in US aid that had begun in mid-1962 with the shift to programme lending continued throughout the rest of the Johnson administration. The cumulative effect of this change in priorities was clear at the end of Valencia’s government in 1966. Between 1962 and 1966, US balance of payments aid to Colombia reached nearly \$204 million, with just \$77 million given for social projects between 1961 and 1966<sup>86</sup>. During this period, balance of payments Program Loans channelled nearly three times the amount of funding directed to the social projects that had been the original *raison d’être* of the AFP.

This helps explain why, with US aid to Colombia piling up throughout the decade, popular perception of the Alliance was ever more critical. As aid money was diverted towards solving balance of payments crises, social reforms promised early in the decade did not materialize. By late 1964, the US embassy in Bogotá was reporting that

...probably [the] average Colombian...[is] asking ‘what have you done for me lately?’...Possibly he is becoming slightly skeptical about the Alliance For Progress, because though appreciative of social overhead projects (which, however, are thought relatively few) he considers the AFP has not lived up to

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<sup>83</sup>Memorandum, CIA, Office of National Estimates, Special Memo 5-65. 29 January 1965. Folder 2, ‘Colombia Memos, Vol I 12/63-7/65’, NSF country file, box 14, (2 of 2). LBJL.

<sup>84</sup>Telegram. US embassy Bogotá to State Department. Number 1032. 12 May 1964. Folder 1. NSF country file, box 14, (2 of 2). LBJL.

<sup>85</sup>Telegram, Amembassy Bogotá to State Department. No. 379, 15 October 1962. Folder ‘Colombia General 10/62-2/63’, NSF country file, box 27, JFKL.

<sup>86</sup> Alianza para el Progreso, (n.d.), Annex Cuadro E.

broadly publicized promises and he believes economically he has not become better off.<sup>87</sup>

In December 1965 the leading Colombian newspaper bluntly stated in its editorial page that Colombia was the “broken showcase of the Alliance”.<sup>88</sup>

The failure of Alliance-induced social reform is particularly clear with the land reform programme, which had been originally described as the cornerstone of its efforts for Latin America. Of the estimated 600,000 Colombian farmer families,<sup>89</sup> some 11,000 received land titles between 1961 and 1964. However, in most cases this reflected the granting of titles to families previously squatting on the land, not resettlement in new land.<sup>90</sup> By October 1965, only 800 families had been resettled through the US-financed INCORA projects. The US government thought failure was not limited to the rural sector. In late 1965, a confidential AID report rated Colombia’s performance as “unsatisfactory” in tax reform, government efficiency, rural development, and educational reform<sup>91</sup>. On May 4, 1965, former Colombian Finance minister Carlos Sanz de Santamaria, now head of the Interamerican Committee for the AFP, declared that “neither the Latin American countries nor the US are prepared to execute the Alliance plans called for in the Punta Del Este Charter”, and criticized the Colombian government for failing to implement its commitments to an adequate tax reform.<sup>92</sup>

The US government was aware of the political cost of its new aid strategy. L.B.J.’s Latin American Policy Committee warned in 1965 that: “To the extent that we continue to assist a National Front government unable to resolve these problems, the US runs the risk of tarnishing its image in Colombia”<sup>93</sup>. When choosing to redirect aid towards propping up the National Front, the US was foregoing a policy of supporting high-visibility social projects of the kind that had generated great popularity in Colombia for the previous Kennedy administration.

The National Front’s ability to extract such levels of financial support from the US, largely for its own political gain seem more striking if one takes into account the fact that the United States’ own intelligence estimates at the time predicted a relatively low chance of the National Front being overthrown by internationally-sponsored Communism. One would expect that a strong perceived risk of Communist takeover would have presented Valencia’s regime with strong bargaining powers to ask for continued support. However, throughout the mid 1960s, State Department and CIA estimates repeatedly dismissed the possibility of the incipient Communist guerrillas overthrowing the National Front governments of Valencia. An embassy report in 1964 predicted that the emerging FARC guerrilla movement could be reduced to “a mere police problem” within one or two years.<sup>94</sup> In 1965, State Department analysts concluded: “we do not foresee danger of a Communist takeover in Colombia in this

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<sup>87</sup> Telegram. Amembassy Bogotá to State Dept. No. 378, 20 October 1964. Folder 1, NSF country file, box 14, (2 of 2) LBJL.

<sup>88</sup> ‘Saliendo de dificultades’ in *El Tiempo*, 21 December 1965, p 4.

<sup>89</sup> ‘Report on visits to Colombia and Venezuela’, submitted to General Advisory Committee on Foreign Assistance Program by L.H. Foster, January 6, 1967, Folder ‘AID Vol IV (1)’. NSF Agency File, Box 2. LBJL.

<sup>90</sup> Telegram. US embassy Bogotá to State Department. Number 1032. 12 May 1964. Folder 1. NSF country file, box 14, (2 of 2). LBJL.

<sup>91</sup> Memorandum, Jack Vaughn to David Bell, , ‘Performance of Latin American countries in relation to AID’. 20 October 1965. , Folder ‘Alliance for Progress vol II (2 of 2)’, NSF Agency file, box 5, LBJL.

<sup>92</sup> ‘La Alianza no se ha cumplido’, in *El Tiempo*, May 4 1965, pp. 21.

<sup>93</sup> ‘Report on Colombia prepared by Latin American Policy Committee’, June 18, 1965. Folder 2, ‘Colombia Memos, Vol I 12/63-7/6’. NSF country file, box 14, (2 of 2). LBJL.

<sup>94</sup> Report, ‘Violence in Colombia: a case study’, 26 May 1964, Folder 1. NSF country file, box 14, (2 of 2), LBJL

period. The extreme left in Colombia is badly fractured, poorly led, and not very popular".<sup>95</sup> As late as 1967, the CIA reported that "the present level of guerrilla activity does not threaten national political stability".<sup>96</sup>

Instead, the National Front under President Valencia managed to present itself to the US government as the better alternative to a more ambiguous threat, that of the rise of a populist strongman modelled after Argentina's General Peron. It was first and foremost to prevent the electoral victory of former dictator Gustavo Rojas Pinilla's party that the US showered the National Front governments with balance of payments aid, since, if Valencia's economic programme collapsed, "the National Front would lose ground at the March 1966 congressional elections, probably primarily to the forces of former dictator Rojas Pinilla, and would have uncertain prospects in the May 1966 presidential elections".<sup>97</sup>

During the L.B.J. administration the Colombian government received approximately \$350 million in US aid<sup>98</sup> in one of the largest foreign assistance programmes run by the US anywhere in the world. The US saw itself strongly pressured to provide ever increasing amounts of financial aid with a relatively limited ability to impose political or economic conditionality on the Colombian government in exchange for the financial support the latter received. The following section will present one particular incident, the discussion between the US and Colombian governments over the granting of the 1965 Program Loan, as a relevant example to show the difficulties encountered in US attempts to impose conditionality on its Colombian aid.

### *The 1965 Program Loan episode*

The government of Guillermo Valencia had been struggling with severe economic and political difficulties since his inauguration in August 1962. Low coffee prices resulted in serious balance of payments problems. Valencia responded early in his term with a botched devaluation that sparked an inflationary surge, which simultaneously decreased the effectiveness of devaluation in restoring balance of payments equilibrium, and generated wide popular dissatisfaction against the government, now blamed for large increases in the cost of living.<sup>99</sup> Moreover, Valencia's political problems had greatly increased since 1964, when the mid-term congressional elections had seen the National Front lose ground against the opposition led by Rojas Pinilla. Valencia's ruling coalition was now short of a two-thirds congressional majority required by the Colombian constitution in order to approve a bill.<sup>100</sup> By late 1964, the regime's continued existence was thrown into doubt. US embassy dispatches reported how other leading politicians were discussing ways to force Valencia to step down from the Presidency in order to appoint a more suitable leader.<sup>101</sup> Moreover, as the balance of payments crisis worsened, the government faced dim prospects of passing legislation, which would allow for measures to alleviate the crisis. The US decided to offer

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<sup>95</sup> Report, 'Colombia short term contingency plans', 23 June 1965. Folder 1, NSF country file Box 14, (2 of 2), LBJL

<sup>96</sup> CIA special report, 'Colombia. One year under president Lleras', 18 August 1967. Folder 3 Colombia Memos (2 of 2) VOL III (10/66-11/68), N.S.F. Country File, Box 15, LBJL.

<sup>97</sup>Memorandum, Jack Vaughn to Secretary of State. 'Situation in Colombia', 4 June 1965, Folder 2, 'Colombia Memos, Vol I 12/63-7/65', NSF country file, box 14, (2 of 2), LBJL.

<sup>98</sup> US Senate (1969); Alianza para el Progreso, (n.d.). Calculations by the author.

<sup>99</sup> US Senate (1969); Alianza para el Progreso, (n.d.). Calculations by the author.

<sup>100</sup> Telegram, Amembassy Bogotá to State Department, No. 400, 24 October 1964, Folder 1, NSF country file, box 14, (2 of 2). LBJL.

<sup>101</sup> Telegram, Amembassy Bogotá No 378, 20 October 1964, folder 1, NSF country file, box 14, (2 of 2). folder 1. LBJL.

more aid to the Colombian government, proposing a new Program Loan under the AFP banner. In return for fresh American funds, it asked that Valencia would accept a new devaluation. However, remembering the 1962 fiasco, Valencia refused to consider this. In a private meeting with the US ambassador he warned that “before he would lead Colombia into such catastrophe, he would with serenity resign”.<sup>102</sup> US officials believed Valencia did not understand the urgency of taking action on the imminent exchange crisis. In December 1964, National Security Advisor Bundy received a sarcastic field report from Bogotá informing him that:

we did not work out any arrangement with Colombia yesterday to help it through its exchange crisis. Ambassador Oliver was authorized to make a proposal to President Valencia, but Valencia had been ordered to bed by his physician. He had been shooting doves the day before...<sup>103</sup>

Over the next few months, the US and Valencia maintained a tense negotiation over the approval of the 1965 Program Loan, which Colombia insisted on being with no strings attached. In May, US Embassy officials were again expressing concerns that Colombian leaders believed their country was too important for US foreign policy to be allowed to fall, and would therefore continue to demand unconditional aid.<sup>104</sup> As the crisis escalated, the problem was brought to the attention of Lyndon Johnson himself. On 11 June, National Security advisor Bundy wrote to him reporting that:

The Colombian economy is going to pot. Monetary Fund, World Bank and US economists recently agreed that what is urgently needed is a Colombian de facto devaluation of about 50% We are prepared to support such a devaluation with \$100 million of assistance. At the end of May, it looked as if President Valencia would agree on this step. However, he has since changed his mind because he does not think he can survive it politically. We think he can if he does it right.

Bundy added:

Valencia would like us to give him money without the de facto devaluation. We don't want to do this since we feel it would cost us \$300 million - \$400 million and even then, it would only buy us a bit of time vis-a-vis the devaluation (also it would make a mockery of the self-help dimension of the AFP. In this regard, we would be hard pressed to explain our position to other Latin American countries seeking aid).<sup>105</sup>

On June 23, Colombian Finance minister Hernando Duran Dussan resigned after claiming Valencia had backtracked on an earlier promise to accept a devaluation, telling US diplomats he could not “work with a man who does not keep his word”. A financial meltdown now seemed imminent.<sup>106</sup>

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<sup>102</sup> Amembassy Bogotá. telegram 618, 14 December 1964, folder 1, NSF country file, box 14, (2 of 2), LBJL.

<sup>103</sup> Memorandum, Robert Sayre to McGeorge Bundy, Subject: Colombia 11 December 1964, . Folder 2, ‘Colombia memos vol 1, 12/63-7/65’, NSF country file, box 14, 2/2, LBJL.

<sup>104</sup> Telegram, Amembassy Bogotá No. 1375, 10 May 1965, Folder 1, NSF, country file, box 14, 2/2. LBJL.

<sup>105</sup> Memorandum, McGeorge Bundy to President, 11 June 1965. Folder 2 ‘Colombia memos vol 1, 12/63-7/65’, NSF country file, box 14 2/2, LBJL.

<sup>106</sup> Telegram, Amembassy Bogotá to State Dept, No. 1641, 23 June 1965, Folder ‘Colombia Cables, Volume I 12/63-7/65’, NSF country file, box 14, LBJL.

On the 25<sup>th</sup>, Bundy received a memo from a State Department staffer summing up the problem:

The Colombian crisis poses a very basic issue for the US: under the Alliance our assistance is contingent on meaningful self-help measures. The Colombian government is at the moment, unwilling to take such measures but insists that the US should provide substantial assistance...to avoid a revolution, or at least, an electoral defeat for the National Front in Colombia...Also involved is the credibility of AID program lending. The department regards program lending as a key to success in a number of countries, - Brazil and Chile for example. It is concerned that this type of lending will be denied by Congress if we provide a substantial loan to Colombia essentially for political reasons.<sup>107</sup>

Two months later, Finance minister Hernan Vallejo, the third person to hold the office in a year, negotiated an agreement to devalue on somewhat milder terms to what had originally been proposed by the US<sup>108</sup> In exchange, Washington agreed to extend a \$65 million Program Loan. President Johnson authorized the transaction with a handwritten note to Rostow in which he accepted the Colombia loan, "with reluctance, reservation and considerable misgivings".<sup>109</sup> The US was only partially successful in demanding exchange rate reforms in return for this stabilisation loan. Moreover, the deal was further diluted when Valencia reneged on an earlier promise to maintain a wage freeze after the devaluation (crucial to prevent inflationary pressures from neutralizing its positive impact on the balance of payments) and instead, granted a large increase to public employees and the military, both of them groups with obvious political relevance.<sup>110</sup> Moreover, Valencia allowed a special favourable exchange rate to be applied on foreign currency gained by coffee growers, another politically crucial ally.<sup>111</sup>

Negotiations for the 1965 Program Loan demonstrated how the 'Showcase of the Alliance for Progress' could obtain aid resources from Washington on relatively lenient terms, even if this meant backing a president who was considered an inept economic administrator in many US government circles and whose policies were expected to fail and require even more US aid in the future. The Valencia government succeeded in obtaining balance of payments relief from the United States largely because of the need to guarantee a National Front victory in the 1966 elections. As it turned out, their presidential candidate, Carlos Lleras Restrepo, obtained a clear victory in the presidential elections with 70% of the vote, but Rojas Pinilla's nationalist ANAPO party increased its parliamentary representation from 2 to 17 seats in the senate and from 27 to 36 in the house. The National Front failed to obtain the required two-thirds majority in both houses.<sup>112</sup>

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<sup>107</sup> Memorandum, Benjamin Read to McGeorge Bundy, Subject: report on Colombia, contingency plan, 25 June 1965, folder 2 'Colombia memos vol 1, 12/63-7/65', NSF country file, box 14, 2/2, LBJL.

<sup>108</sup> U. S. Senate (1969), p.700.

<sup>109</sup>Memorandum, McGeorge Bundy to President. Subject: Colombia loan, 2 November 1965, Folder 4, 'Colombia memos (1 of 2) Vol II 8/65-9/66', NSF Country File, Box 14 (2 of 2), LBJL.

<sup>110</sup>Memorandum, Charles Schultze to President, 30 December 1965, folder 5, 'Colombia memos 2 of 2, vol II 8/65-9/66', NSF country file, box 14 (2 of 2), LBJL.

<sup>111</sup>Memorandum, Benjamin Read to McGeorge Bundy, 'Monthly progress report on Program Loan for the GOC', 7 February 1966, folder 5, 'Colombia memos (2 of 2) vol II 8/65-9/66', NSF box 14 (2 of 2), LBJL.

<sup>112</sup> US Senate (1969), p. 679.

### *The effect of Vietnam on aid*

The incoming Lleras Restrepo administration saw increasing bitterness in US-Colombian relations on the subject of aid. Accusations of bureaucratic delay in the United States<sup>113</sup> or lack of commitment to reform in Colombia, were now complemented by the appearance of a new region of the world competing for US attention: Vietnam. As discussed in section 1, academic accounts have often described that conflict as one of the causes that derailed the Alliance. The Lleras Restrepo administration roughly coincided with the peak of hostilities in Southeast Asia, leading many of its members to add this criticism to US policy. In 1967, his foreign minister German Zea stated in a public speech:

At this moment Latin America is affected by the conflict in Vietnam which we did not provoke and for whose initiation and expansion we have never been consulted but which nevertheless has served as a motive or pretext in order that the Congress of the US might reduce the [e]xternal aid of that country to the others of the hemisphere.<sup>114</sup>

In fact, the ballooning Vietnam expenditure forced deep cuts in aid to Africa and South Asia, but caused a smaller dent in the AFP. In November 1967 US AID administrator, William Gaud, stated in an internal report that “AID funds have become increasingly scarce as the rising Vietnam requirement has been taken out of a fairly constant total appropriation”. However, Gaud added, “Competition for funds between Latin America and the rest of the world has been largely prevented by a separate budget item for Alliance for Progress”.<sup>115</sup> Another AID document stated in November 1967 that “the increase in Vietnam-related aid total from \$200 to \$600 million between 1964 and 1966, is largely offset by a reduction in commitments to Africa and South Asia.”<sup>116</sup>

Figure 1 would seem to show that, in spite of very large spending increases for Vietnam, Alliance funds actually disbursed (as opposed to appropriations) by AID kept a constant upward trend at least until 1967. The picture for Colombia is more complex. As can be seen in Figure 2, aid disbursements increased until 1963 and then suffered a strong fall in 1965. This can be explained, however, by the protracted discussions over the 1965 Program Loan, which meant actual disbursement of those funds occurred in 1966. In that year and in 1967, just as aid to Vietnam showed a massive increase, assistance disbursed to Colombia remained stable at a level similar to that observed in 1964. In fact, in May 1967 the US signed with Lleras Restrepo its largest Colombian Program Loan ever, for \$100 million. This would be followed in 1968 by yet another \$58 million Program Loan and a \$15 million agricultural sector loan.<sup>117</sup> It is hard to know if US assistance to Colombia would have been larger in the absence of the Vietnam conflict, but at least it did not seem to bring about a dramatic fall in Alliance resources actually disbursed at the height of the Southeast Asian war.

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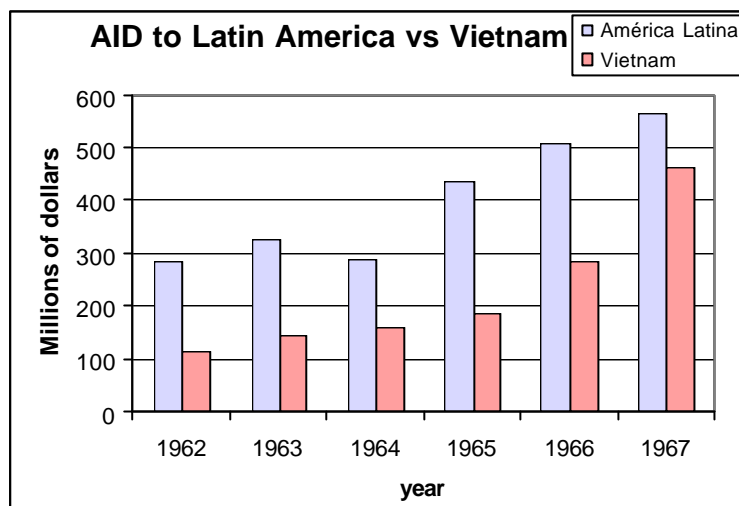
<sup>113</sup> See for example, ‘Un serio reves’, in *El Tiempo* 19 August 1964 p. 4.

<sup>114</sup> Telegram, Amembassy Bogotá to State Dept, N. 869, 16 September 1967, Folder 2, ‘Colombia memos (1 of 2) volume III, 10/66-11/68’, N.S.F. country file, box 15, LBJL.

<sup>115</sup> Report, ‘Aid background paper for senior interdepartmental group discussion’, 7 November 1967, Folder ‘AID, Vol IV (1)’, NSF agency file, box 2, LBJL.

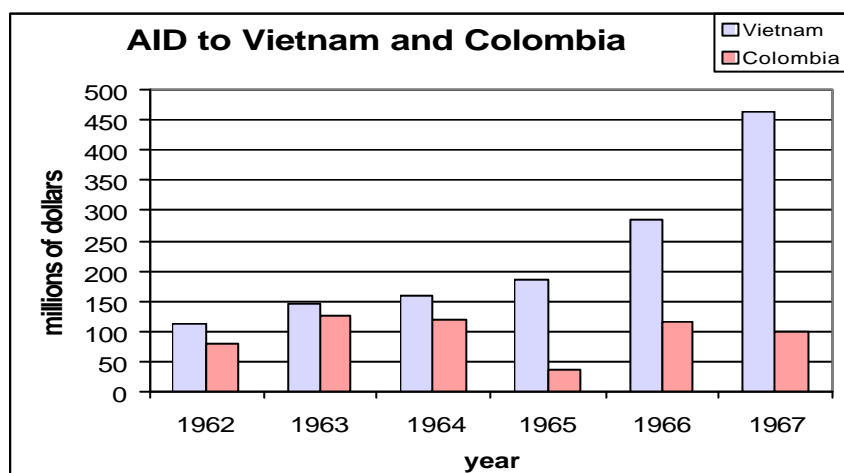
<sup>116</sup> Report, ‘Summary of AID budget proposal for FY 1969. November 1, 1967’, Folder “A.I.D. Vol IV (2)”, NSF agency file, box 2, LBJL.

<sup>117</sup> US Senate (1969), p.679.



**Figure 1 – U.S. Aid to Latin America in comparison to Vietnam (1962-67)**

(Note: Figures show funds actually disbursed as opposed to appropriations. Source LBJL.<sup>118</sup>)



**Figure 2 – U.S. Aid to Vietnam and Colombia (1962-67)**

(Note: Figures show funds actually disbursed as opposed to appropriations. Sources, LBJL and U. S. Senate op.cit.<sup>119</sup>)

By February 1968, at the peak of the Vietnam War, Colombia was the fifth largest recipient of US aid in the world<sup>120</sup>. It does not seem true, then, that the AFP collapsed in Colombia under Lyndon B. Johnson due to the requirements presented by Vietnam.

<sup>118</sup> Graph, 'Latin America –Aid, Commitments , expenditures', Folder 'AID Vol IV (2)', NSF Agency File Box 2, LBJL; Graph 'Vietnam Aid Commitments expenditures, and pipeline'. Folder 'AID Vol IV (2)', NSF Agency File Box 2, LBJL.

<sup>119</sup> Graph, 'Latin America –Aid, Commitments , expenditures', Folder 'AID Vol IV (2)', NSF Agency File Box 2, LBJL; Graph 'Vietnam Aid Commitments expenditures, and pipeline'. Folder 'AID Vol IV (2)', NSF Agency File Box 2, LBJL; U. S. Senate (1969), pp. 679, 769.

<sup>120</sup> Telegram, Amembassy Bogotá to Covey Oliver, No. 02746, 26 February 1968, Folder 2: 'Colombia Memos' (1 of 2) Volume III10/66-11/68, NSF country file, box 15, LBJL.

*The Lleras Restrepo administration. Aid without conditionality*

Controversy over aid during the Lleras Restrepo was not limited to the question of competing claims with Vietnam over US assistance. Colombian resentment over attempts to impose political and economic strings on Alliance funds reached a critical point during his administration. After the protracted negotiation over the previous 1965 Program Loan, high-level US officials had been struggling to convince their superiors of the benefits they would obtain from this help. The most obvious was again, electoral victory by a US ally. A state department official described the benefits of the 1965 loan to newly appointed national security advisor Walt Rostow in the following terms:

...most important of all, the resurgence of confidence resulting from the successful stabilization program and a reopening of foreign sources of credit, both public and private, was probably of decisive importance in bringing a climate conducive to orderly elections and the Lleras ticket's success in the March and May elections, where the survival of the democratic and progressive forces had been in doubt.<sup>121</sup>

What were the concrete benefits for the US of a National Front electoral victory? A State department staffer summed them up in a memo to President Johnson in these terms:

The FTN victory for us means: improved prospects for more stable, efficient and progressive governments in Colombia over the next four years, continued good performance on our program loan agreement, continued cooperation with us on major international issues.<sup>122</sup>

Instead, economic instability continued. The winning candidate, Carlos Lleras Restrepo, arrived in office in August 1966 preceded by a strong reputation as an able public administrator with particular interest in economic management. However, his skills were not enough to prevent yet another round of balance of payments problems occurring less than a year after the US had extended the \$65 million dollar Program Loan in late 1965. Fiscal revenue, exports and foreign reserves began to fall again in the third quarter of 1966, and by November, these were enough to cover only one month of imports. Once more, USAID and Colombia began negotiating a rescue package, with American advisors calling for yet another devaluation.<sup>123</sup> In November 1966 Lleras engaged in a much-publicized controversy with the IMF, which was coordinating USAID and World Bank negotiations in Colombia. The dispute centred on the familiar issue devaluation with IMF/AID demanding a large devaluation to head off a balance of payments crisis. Lleras publicly criticized the foreign aid agencies' requirements as a breach of Colombian sovereignty and instead, after a dramatic televised address to the nation, refused both devaluation and aid. His arguments against conditionality were similar to those espoused by Valencia a year earlier during the 1965 impasse. In a letter written months later to a State Department official, Lleras Restrepo argued that having allowed a massive devaluation "would have had social and political consequence [sic] which it was my duty to prevent. It is possible that AID or IMF officials do not always weigh the importance of these aspects".<sup>124</sup>

<sup>121</sup> Memorandum, Benjamin Read to Walter Rostow, 15 September 1966, Folder 4, 'Colombia memos (1 of 2), Vol II 8/65-9/66', NSF country file, box 14 (2 of 2), LBJL.

<sup>122</sup> Memorandum, William Bowdler to President, 24 March 1966, folder 5, 'Colombia memos (2 of 2), vol II 8/65-9/66', NSF country file, box 14 (2 of 2), LBJL.

<sup>123</sup> US Senate (1969), pp. 710-711.

<sup>124</sup> Letter, Carlos Lleras Restrepo to Covey Oliver, 2 April 1968, folder 2 'Colombia memos (1 of 2), volume III, 10/66-11/68', N.S.F. country file, box 15, LBJL (translation by the author).



Lleras Restrepo's popular nationalist stance against the IMF made it difficult for local political rivals to oppose him, and in the following months he managed to obtain domestic consensus and approval of an alternative exchange rate policy based on exchange controls and a 'crawling peg' devaluation instead of major devaluations. Financial markets believed in Lleras Restrepo's reputation as a strong and capable leader, and the exchange crisis temporarily receded.<sup>125</sup> Furthermore, he enjoyed great popularity for his 'standing up' against the IMF<sup>126</sup> with little damage done to his relations with the US. A few months later, in May 1967, USAID granted his government a new Program Loan of \$100 million, the largest yet, in spite of his open refusal to follow IMF-AID indications on how to run the Colombian economy. This would be followed by a \$58 million loan in 1968, the last disbursed by the Johnson administration.

The Colombian experience with US economic aid in the mid 1960s showed that the US had very little success in imposing the more traditional forms of economic conditionality, such as orthodox macroeconomic management on the Colombian government. As mentioned previously, the US also expected an implicit conditionality, by which its aid to Colombia would be tied to strong political support from Colombia to US foreign policy elsewhere. As with economic conditionality, they were less than successful in this area. Since WWII, Colombian governments had taken a generally strong pro-US position on most relevant foreign policy issues, including a strong condemnation of Axis powers during the War, a fairly active role in the creation of the United Nations, and even the deployment of a significant contingent of Colombian combat troops on the Allied side during the Korean war. However, in the early and mid 1960s, particularly during the governments of Valencia and Lleras Restrepo, Colombia refused several times to align itself firmly with US positions in international crises, much to the dismay of the latter. In October 1962, during the Missile Crisis, recently-elected President Valencia refused to allow a Colombian navy frigate to participate in the Cuban blockade, claiming that American media "took this for granted and he could not let his policies be governed by the US press".<sup>127</sup> In 1964 Valencia rejected several formal US petitions asking him for Colombian troops to fight in the Vietnam war, claiming economic needs.<sup>128</sup> In 1965, during an international conference held in Rio to discuss the US invasion of the Dominican Republic, Valencia's diplomats prepared a motion condemning the US position. American officials met with Colombian dignitaries warning that these positions could jeopardize future aid.<sup>129</sup> Valencia's successor, Lleras Restrepo, also earned criticism from US government representatives for what they perceived as Colombia's ingratitude towards US aid. In 1967 Valencia publicly chastised the US government for failing to act in support of international coffee prices and bowing to the demands of American housewives for cheap consumer goods instead of helping poor producing nations. A few days later, his foreign minister condemned the US for allowing the Vietnam War to derail its earlier pledges of aid to Latin America. The embassy in Bogotá reacted by delaying a previously scheduled release of US aid, hoping "not to lend confirmation to impression

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<sup>125</sup> David Mares, 'State Leadership in Economic Policy: A Collective Action Framework with a Colombian Case', *Comparative Politics*, Vol. 25 no. 4, July 1993, pp.455-473.

<sup>126</sup> See 'La soberania por todo lo alto' in *El Tiempo*, 2 December 1966, p. 4.

<sup>127</sup> Telegram, Amembassy Bogotá to State Dept, No. 1427, 18 May 1965, folder 1, N.S.F. country file, box 14 (2 of 2), LBJL.

<sup>128</sup>Telegram, Amembassy Bogotá to State Dept., No. A-75, 25 August 1964, folder 1, NSF country file box 14 (2 of 2); and, Telegram, Amembassy Bogotá to State Dept, No. 10177, December 21 1964, folder 1, N.S.F. country file box 14 (2 of 2);LBJL.

<sup>129</sup> Telegram, Amembassy Bogotá to State Dept, No. 13896, 25 November 1965, folder 3 'Colombia cables 8-65, 9-66', N.S.F. country file, box 14 (2 of 2), LBJL.

already held by some elements here that best way to make Uncle Sam cough up is [a ] hard kick in the groin".<sup>130</sup>

During L.B.J.'s years his government did not even try to obtain from the Colombian government the *quid pro quo* of social reform initially expected from AFP money. They were only partially successful in obtaining macroeconomic adjustment policies. Neither did they obtain Colombia's unconditional support in the international arena, as they had sometimes hoped. One could argue, in defence of the US assistance program, that its basic objective in the 1960s was to prevent Communist revolutions and keep friendly governments in power. It is still hard to prove that without US money Colombia would have suffered a Communist takeover, especially when American intelligence reports claimed that Communist guerrilla organizations during the 1960s were too incipient to threaten the government. In any event, US economic aid was not enough in itself to eradicate these guerrillas, which have survived several more decades.

One could also attempt to argue that the AFP served at the very least to bolster the standing of the National Front and protect democratic rule in the 1960's from the threat of populist dictators. On this issue, near the end of L.B.J.'s administration, his staff was preparing yet another Program Loan to Colombia while confidently assuring themselves that liberal democracy and a pro-US regime had been preserved largely thanks to the massive aid programme. In February 1968, L.B.J. was advised by Rostow to ask Congress for a further \$90 million in aid to Colombia for 1969, pointing out that Lleras was

...one of the brightest spots in our Alliance for Progress effort. He performed equally well in the political arena by establishing a working majority in the Congress for his reform program and in the security field by clamping down on extremists in the university and aggressively pursuing the guerrillas.<sup>131</sup>

Still, this claim must be qualified by events occurring at the end of the decade. The presidential elections of 1970 saw populist General Rojas Pinilla obtain his best result ever, coming within a few thousand votes of beating National Front candidate Misael Pastrana in the official count.<sup>132</sup> The close results led Rojas supporters to claim fraud, an accusation which is still a matter of dispute in Colombian historical discussions. And a radical faction of his ANAPO movement, claiming disillusion with Colombia's formal democracy, formed the M-19, which would emerge in the following decade as the country's most notorious urban guerrilla group. This would suggest that massive US aid was not enough to prevent widespread disenchantment with Colombia's pro-American political establishment by the end of the decade. One final episode, though lying beyond the time frame of this investigation, sheds some additional light on some of the negative perceptions generated by US aid in Colombia. In 1976, while the Alliance had been formally dismantled, AID continued to operate in the country. During that year, Colombia's secular balance of payments problems took a sharp change for the better when harsh weather in Brazil led to a worldwide shortage of coffee and generated a massive price hike, and a very large foreign currency windfall for Colombia. Months later, President Alfonso Lopez Michelsen, perhaps remembering the political gains obtained by his predecessor Carlos Lleras from his nationalist posture against

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<sup>130</sup> Telegram, Amembassy Bogotá to State Dept, No. 869, 16 September 1967, Folder 1, 'Colombia cables, vol III 10/66-11/68', N.S.F. country file, box 15, LBJL.

<sup>131</sup> Memorandum, Walt Rostow to President, February 24, 1968, folder 2 "Colombia memos (1 of 2) volume III 10/66-11/68", NSF Country File, Box 15, LBJL.

<sup>132</sup> Schoultz, op.cit. p. 35

international funding agencies, asked the US to suspend its aid programme in Colombia arguing that the buoyant external situation did not justify the assistance. As he recalled in a recent press interview:

The economy was then very prosperous. And since the times of (former President Misael) Pastrana, US AID, which provided us with a small amount of aid resources, had its own desk in the Finance Ministry, with a permanent employee, a *gringo*. He even went to Congressional sessions and sent notes to ministers in attendance, telling them what they should answer. It was then we decided to reject AID's help, which was not important...<sup>133</sup>

### **Plan Colombia: Change or continuity?**

After the winding down of the AFP and president Lopez Michelsen's row with AID in the mid-1970s, Colombia spent the next quarter of a century without major use of United States assistance funds. Thanks to a series of export booms, Colombia faced less of a necessity to accept US aid or the strings that came attached to it. While scarcity of foreign reserves in the face of low international coffee prices had been one of the great bottlenecks for Colombian development in the National Front years (1958-1974) and made American assistance a crucial element for economic and political stability, this changed in the following decades. The coffee bonanza of 1976 was followed by easy accessibility to international commercial bank loans in the late 1970s.<sup>134</sup> Colombia faced one last exchange rate scare during the 1982 Latin American debt crisis, but still emerged from it faster and with less traumatism than most of its neighbours. From 1985 onwards, rising oil production, export diversification and the increasing role of illegal drugs in the economy meant that dollar scarcity ceased to be a major economic problem for Colombia, and so the need for US funds at concessional rates to pay for essential imports fell low in the priorities of Colombian policymakers.

Likewise, Colombia did not occupy a high level in US strategic foreign policy priorities during the early 1980s,<sup>135</sup> even though the survival of its guerrilla movement provided a rationale for continuing US-Colombian military cooperation, albeit at a much lower level than that offered to Central American countries such as El Salvador. Colombia embraced deep market-oriented reforms and experienced an economic boom in the early 1990s. Its economic diplomacy placed a greater emphasis on signing trade agreements with its neighbours than on obtaining direct aid.

US-Colombian relations deteriorated sharply after 1994 when US authorities claimed President Ernesto Samper had been elected with drug cartel money. During his term in office, international isolation coincided with a slowdown of economic growth, an increase in guerrilla activity and the widespread belief that the FARC and ELN were now obtaining large amounts of funds from drug trafficking. This led to greater anxieties over the Colombian government's capacity to counter the narcotics trade, and brought up worries among US policymakers of increased instability in Colombia.<sup>136</sup> The 1998 election of the strongly pro-

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<sup>133</sup>Lopez Michelsen( 2001:56).

<sup>134</sup>Scheman (1989), p.9.

<sup>135</sup> Michael Shifter, 'Colombia on the brink', *Foreign Affairs*, 78, 4, July/August 1999, p.18.

<sup>136</sup> For a detailed analysis of the impact of drug trafficking on US-Colombian bilateral relations see Arlene Tickner, 'La "guerra contra las drogas": las relaciones Colombia-EU durante la administración Pastrana', in *Plan Colombia: Ensayos críticos*. Bogotá: Universidad Nacional de Colombia, Facultad de Derecho, Ciencias Políticas y Sociales, 2001.

American candidate Andres Pastrana was accompanied by public expectations of new economic support from Washington<sup>137</sup> and almost immediately, by the return of controversy over the convenience and effectiveness of US aid as a means to increase the nation's political stability.

### *Origins of Plan Colombia*

As with the AFP, the launching of Plan Colombia responded both to home grown concerns and international political pressures. US governments had spent the last decade increasing their preoccupation with ways to curb the drug supply from South America and particularly from Colombia, calling it a serious national security problem for the US, much as Communist expansion had been similarly described in the 1960s.<sup>138</sup> However, the initial thrust for Plan Colombia seems to have originated domestically. In 8 June 1998, then candidate Andres Pastrana first proposed it during a campaign rally. He stated then that:

[D]rug trafficking, more than a judicial problem, is a social problem...Developed countries must help us execute a kind of Marshall Plan for Colombia, that will allow us to undertake large investments in the social, agricultural and infrastructure field, to offer our peasants different alternatives apart from illicit crops.<sup>139</sup>

Even though Pastrana predictably chose to frame his proposal with reference to the successful Marshall Plan instead of the failed AFP, his public discussion of the rationale behind international aid for Colombia was quite similar to Kennedy's. He claimed that social injustice was the breeding ground for instability, and that large foreign aid packages oriented towards social infrastructure would be a key element of his strategy to bolster political stability. Soon after the beginning of his government in August 1998 his administration began peace talks with the FARC guerrillas, during which government and rebel envoys discussed the latter's possible role as administrator of a US financed drug eradication campaign by which peasants in southern Colombia, an area of intense guerrilla activity, would be paid to switch to legal crops.<sup>140</sup> During Pastrana's first state visit to Washington in October 1998, president Clinton announced an increase in military aid to Colombia and pledged to mobilize US and international support for the peace process. By August 1999, Undersecretary of State Thomas Pickering, offered a substantial increase in US aid if Colombia came up with a comprehensive anti-drug strategy.<sup>141</sup> The Colombian government responded with an initiative dubbed Plan Colombia, unveiled formally in September 1999, which proposed expenditures of \$7.5 billion. Colombia would contribute with \$4 billion and would hope to raise in the next months, with international solidarity, the other \$3.5 billion.

During the following year the Clinton administration struggled to obtain congressional approval for the US contribution to Plan Colombia. President Clinton justified US economic support to Colombia in March 2000 with the following words:

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<sup>137</sup> See Hernando Gomez Buendia in *Semana* Septiembre 15-Octubre 22. Edición 1105.

<sup>138</sup> Bruce Bagley, 'US foreign policy and the War on drugs, analysis of policy failure', *Journal of Interamerican studies and World Affairs*, vol. 30, no. 2-3, 1988, p. 189-212.

<sup>139</sup> Pastrana, 'Una Política de Paz para el Cambio', Discurso del Candidato a la Presidencia de la República, Bogotá, 8 de junio de 1998, in *Hechos de paz: El Presidente habla de Paz*. Tomo I. 1998-1999. Bogotá, 2002, p.21.

<sup>140</sup> Miguel Herrera Zgaib, 'Guerra social de media intensidad', in *Plan Colombia: Ensayos críticos*, Bogotá: Universidad Nacional de Colombia, Facultad de Derecho, Ciencias Políticas y Sociales, 2001, p.303.

<sup>141</sup> William M Leogrande & Kenneth Sharpe, 'Two wars or one? Drugs, guerrillas and Colombia's New Violencia', *World Policy Journal*, Fall 2000. pp.1-11 (reprint).

...today we are called upon to stand for democracy under attack in Colombia. Drug trafficking, civil conflict, economic stagnation, combined everywhere they exist, and explosively in Colombia, to feed violence, undercut honest enterprise in favour of corruption, and undermine public confidence in democracy. Colombia's drug traffickers directly threaten America's security. But first, they threaten Colombia's future.

Plan Colombia was defined as a “comprehensive plan to seek peace, fight drugs, build the economy, and deepen democracy.”<sup>142</sup> In August 2000, during a visit to Colombia, Clinton claimed that the Plan's objective was to achieve a better life for the people, for which it included a ten-fold increase in US support for economic development, governance, judicial reform and Human Rights. It also offered human rights training for the Armed Forces and the National Police, while denying assistance to any military unit linked with human rights abuses.<sup>143</sup>

During its discussion in Washington, it soon became clear that Plan Colombia's initial emphasis on social investment had changed. Clinton asked the US Congress for \$1.6 billion in Colombian aid over two years, eventually obtaining authorisation for \$1.3 billion. While Colombia still pledged to finance most of the social aspects of the Plan through its own funds, the vast majority of US resources were approved for military aspects of the anti-drug campaign.<sup>144</sup> In November 2000, US Drug Czar Gen. Barry McCaffrey defended this new orientation affirming that security was one of the main challenges faced by Colombia, a situation which demanded strong military assistance from the US to help the government regain legal control over the drug producing regions, particularly in the distant southern jungle region, in order to protect Colombian citizens and curtail illegal drugs production. In his description of the Plan, McCaffrey assured that it would work along two strategies. The first one would be the eradication of drug production in Southern Colombia, followed by village-level programmes to support the local economy's transition to legal alternatives. These programmes included the development of the necessary infrastructure for marketing legal crops as well as technical assistance for peasant organisations. On the military component of the Plan, McCaffrey assured that their government's policy was to abstain from directly supporting Colombian counterinsurgency efforts, focusing instead on anti-drug operations. However, the US would provide support to the Colombian government to protect security forces directly related with anti-narcotics efforts.<sup>145</sup>

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<sup>142</sup> <http://www.bend.k12.or.us/jewell2/colombia/politics/clinton.htm>. Clinton. President Clinton supports Plan Colombia. Remarks by President Clinton to Council of the Americas 30th Washington Conference (as pertaining to Colombia) 4 March 2000.

<sup>143</sup> <http://usinfo.state.gov/espanol/colombia/00083002.htm>. CLINTON. Palabras del presidente Clinton al pueblo de Colombia el 29 de agosto de 2000. Servicio noticioso desde Washington; 30 de agosto de 2000

<sup>144</sup> Tickner (2001).

<sup>145</sup> <http://usinfo.state.gov/espanol/colombia/001120.htm>. Palabras de Barry R. McCaffrey Director de la Oficina de Política Nacional de Control de Drogas, ante la Academia Diplomática de Colombia 20 de noviembre de 2000..

### *Continuities and differences*

A line of thought espoused by some academics, including Sarmiento Anzola<sup>146</sup> and Petras<sup>147</sup> among others, claims that Plan Colombia is a continuation and escalation of US counterinsurgency policy begun in the 1960s by Kennedy. Evidence presented in this paper reveals differences, as well as some continuities. The AFP and Plan Colombia both sought to deploy economic aid as a means of furthering US political interests in the region. They parted from an initial diagnostic which concluded that poor economic and social conditions in Colombia were part of the explanation for violence and constituted an eventual national security risk for the US. Both initiatives also experienced substantial transformations in their emphasis during their implementation, following shifting political realities in both countries. After a couple of years the Alliance de-emphasized social reform and focussed instead on shoring up a pro-US regime. Plan Colombia also changed from its initial presentation as a Marshall plan destined to finance social expenditures as part of a peace process, to a more strictly military and anti-drug strategy. However, there are substantial differences in the scope and ambition of the two initiatives.

The most obvious difference between the AFP and the Plan Colombia regards the military orientation of the latter. While total US aid in the 1960s contained less than 10% of military spending, nearly 70% of US Plan Colombia resources are committed to military expenditure.<sup>148</sup> This reflects a major difference in the way the US perceived Colombia's problems in the two periods. Under the Alliance's original premises, Colombia was to receive help due to its perceived success in the early phases of modernization and its readiness to embark on economic 'takeoff'. On the contrary, Plan Colombia has been built largely on a premise of state failure, resulting from the incapacity of the contemporary Colombian state to face alone the pressures of drug trafficking and subversion. Therefore, at least in its first years, the Alliance channelled funds to accelerate the social transformation of Colombia into an industrialized country. Plan Colombia, in contrast, earmarked most of its funds to finance an army build-up that would simply prevent the collapse of the state at the hands of narco-guerrillas.

Plan Colombia's social expenditure component also followed a different rationale than the Alliance's. Originally, the latter was designed to bankroll agrarian and tax reforms with the intention of radically changing the distribution of economic power, attacking a feudal status quo, and creating a modernising and pro-US middle class. One of its main objectives was to attack the perceived injustice of privileges among the ruling groups in the country. Plan Colombia's social component has a far more modest objective. Instead of attempting to change the core of Colombian society, as the Alliance claimed to do, Plan Colombia's main social objective is to alleviate the situation of a relatively small group in the economic periphery of the country: the small farmers dedicated to growing illicit crops in the empty

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<sup>146</sup> Libardo Sarmiento Anzola, 'Conflicto intervención y economía política de la guerra', in *Plan Colombia: Ensayos críticos*, Bogotá: Universidad Nacional de Colombia, Facultad de Derecho, Ciencias Políticas y Sociales, 2001, p.83.

<sup>147</sup> James Petras, 'Consideraciones de geopolítica', in *Plan Colombia: Ensayos críticos* Bogotá, Universidad Nacional de Colombia, Facultad de Derecho, Ciencias Políticas y Sociales, 2001, p.157.

<sup>148</sup> According to 'Servicio noticioso desde Washington; 19 de julio de 2000; Hoja Informativa: Aspecto social del apoyo de Estados Unidos al Plan Colombia'. Oficina de Asuntos del Hemisferio Occidental del Departamento de Estado de Estados Unidos in <http://usinfo.state.gov/espanol/colombia/000712.htm>, the grand total US non military support to Plan Colombia amounted to \$321 million out of a \$1.3 billion total investment. *El Tiempo*, 15 October 2002. Page 1, *Dos años y 1,700 millones de dólares después*, presents five-year figures for social spending in Plan Colombia, claiming it amounts to \$561 million out of a total of 1.7 billion, amounting to 27.5% of total investment.

jungles of southern Colombia. This area of the country, with less than 10% of the population, is far away from the main urban, industrial, or traditional agricultural production centres. It has been occupied by impromptu colonisation, with little or no participation or presence of the state. It is in this vacuum of authority where illegal armed actors such as FARC have grown particularly strong.<sup>149</sup>

In this sense, the more modest social objectives of Plan Colombia may avoid one of the main problems facing the AFP: the contradiction between social reform programmes and the interests of domestic power groups. The eventual US-funded conversion to licit crops of impoverished farmers in the coca growing areas of Cauqueta and Putumayo presents little threat to the interests of powerful societal groups in mainstream Colombia, while the land reform projects of the 1960s certainly did. Instead, the crop substitution projects that make up the bulk of Plan Colombia's economic aid programme would help the Colombian state recover its ambiguous control over a disputed area of the country. Other Plan Colombia social projects include emergency employment programmes in large cities or programmes to increase the efficiency of judicial reform.<sup>150</sup> Once again, these are relatively uncontroversial, and do not touch the major economic interests of politically influential groups. It seems safe to say that their implementation will not be treated with the hostility or apathy that the Colombian political establishment reserved for social reform under the Alliance in the 1960s. Likewise, Plan Colombia projects like crop substitution and judicial efficiency programs seem less likely to attract the kind of controversy in Washington brought about by more ambitious (and riskier) social engineering under the Alliance, which eventually led to its reorientation in the LBJ years.

The 'conditionality' aspect of the Plan has been different and less ambitious than under the Alliance's original design. Explicit conditionality of Plan Colombia aid was largely limited to statutes designed to block aid to military units implicated in human rights abuses. The US government under the Clinton administration chose not to exercise this option. Of course there is the central expectation that aid will result in less cultivation of illegal drugs in the targeted areas of southern Colombia. A report in *El Tiempo* claims the Plan has supervised the substitution of 9,000 hectares in the Putumayo province and 629 in the rest of the country, out of an estimated total of 150,000 hectares of illicit crops.<sup>151</sup> Presumably a failure in the eradication/substitution objectives would eventually lead to curtailment of future aid.

The amount of funds committed under Plan Colombia are significantly smaller in real terms than those given under the AFP (see Figure 3 and 4). Even though the Colombian press has often claimed Plan Colombia is the largest US aid project ever to have been granted to Colombia,<sup>152</sup> in fact its non-military component for 1998-2003 is about six times less in real terms than the amount of non-military assistance provided to Colombia between 1962 and 1967. The combined military and non-military components of Plan Colombia are still about

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<sup>149</sup> Alfredo Molano, *Selva adentro : una historia oral de la colonización del Guaviare*, Bogotá: El Ancora Editores, 1987; and Alfredo Molano, *Siguiendo el corte : relatos de guerras y de tierras*, Bogotá: El Ancora Editores, 1989.

<sup>150</sup> *El Tiempo*, 15 October 2002, p. 1-2.

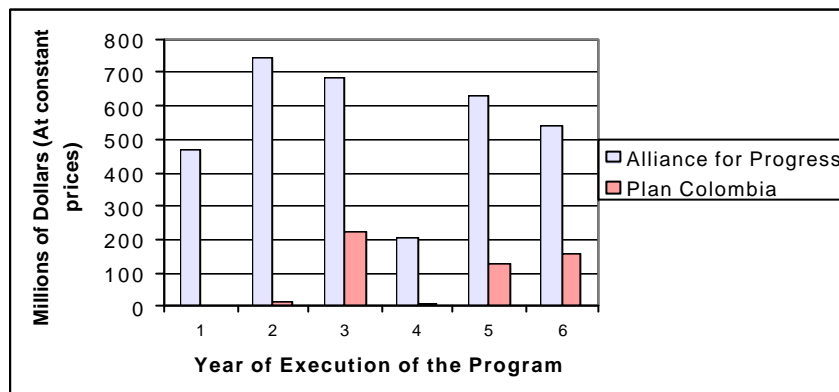
<sup>151</sup> 'Programas de desarrollo alternativo llega al 20 por ciento de las familias con cultivos ilícitos', in *El Tiempo*, 13 October 2002.

<sup>152</sup> 'Lucha antidrogas' in *Semana*, No.924, 15 January 2001.

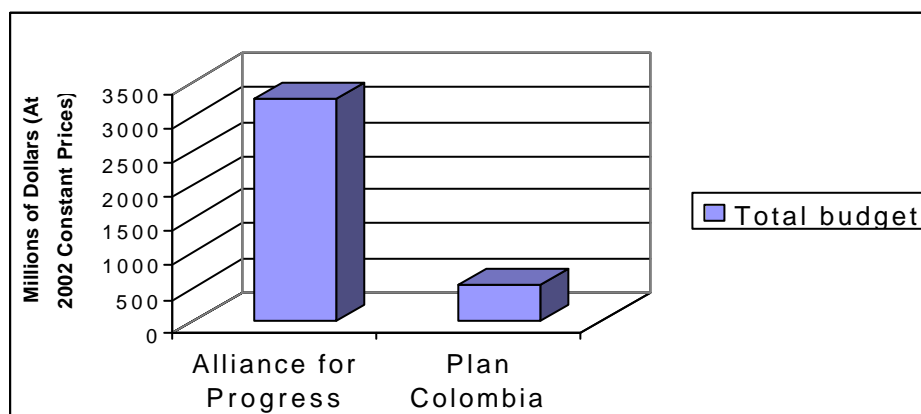
half the approximately \$3.2 billion (adjusted to constant prices of 2002) worth of aid received by Colombia in the 1962-1967 period.<sup>153</sup>

Clinton's Plan Colombia reflected an era of diminished expectations on the capacity of the US to transform developing societies. A large element of US controversy around Plan Colombia has revolved around its possible role as a stepping stone for increased US involvement, and a Vietnam-type quagmire. The trauma of US foreign policy failures in the developing world during the 1960s, as well as more recent experiences in Bosnia and Somalia, had left Americans with little appetite for 'nation building'.<sup>154</sup> While the Alliance had hoped to completely transform Colombia into a modern society, the Plan under Clinton only expected to keep it from complete collapse. In this sense, it is harder to describe Plan Colombia in the late 1990s as a continuation of US counterinsurgency strategy from the 1960s.

**Figure 3. Plan Colombia vs Alliance for Progress (yearly non-military economic aid)**  
(Source: Alianza para el Progreso (n.d.) and El Tiempo (1/10/02).)<sup>1</sup>



**Figure 4. Total non military spending for first five years of A.F.P. and Plan Colombia**  
(Source: Alianza para el Progreso (n.d.) and El Tiempo (1/10/02))



<sup>153</sup> Data for magnitude of Alliance funds obtained from Alianza para el Progreso (n.d.); and US Senate (1969). Data on magnitude of Plan Colombia funds obtained from *El Tiempo*, 15 October 2002. Page 1-2. Calculations by the author.

<sup>154</sup> Among those who argue in this fashion is Mandelbaum, Michael, 'Foreign Policy as Social Work', *Foreign Affairs*, Jan/February 1996.



### *Plan Colombia and the Bush administration*

The arrival of the Bush administration, however, has led to expectations of increased and deepened involvement in Colombia. On August 31, 2001, President Bush claimed that Colombia mattered to the US, as could be seen in the \$1.3 billion package assistance given to the Pastrana government. To continue and broaden the scope of that assistance, his administration proposed:

a \$880 million Andean Regional Initiative that will help address the regional problems of instability and poverty, and prevent drug trafficking from moving across borders from Colombia to its neighbours, Ecuador, Bolivia, Peru, Venezuela, Brazil and Panama.<sup>155</sup>

Eleven days later, the terrorist attacks on the US changed its government's attitude towards Colombia in important ways. The press reported widely on US pressure exerted on the Colombian government to harden its position against FARC and ELN, officially labelled as terrorists by the US government<sup>156</sup>. Among widespread domestic dissatisfaction and increased international pressure, peace talks were cancelled by the Colombian government in early 2002. The US government has pledged to continue supporting the new government of Alvaro Uribe, voted into office in May 2002 after a campaign focussed on promising strong law-and-order measures. One of the most visible signs of this increased support has been the decision by the US to remove legal limitations that prohibited funding military hardware to be employed directly in counterinsurgency activities (as opposed to drug control operations).<sup>157</sup>

Increasing militancy in the 'War on Terror' could bring further changes to US official economic aid to Colombia. The American press has lately reported on how the Bush administration reversed its previous disdain for 'nation-building'. The Bush administration now says that a commitment to financing large-scale socio-economic reforms in developing countries is an important facet of the War against Terror. US policy has gone full circle, returning to beliefs last held during the Vietnam conflict, such as the convenience of overseeing controlled social revolutions in distant lands to prevent the emergence of anti-American radicalism. As the *New York Times* reported on 24 November 2002:

the idea that rebuilding other nations can be good for America is now taken for granted again, spurred by fears of resurgent anarchy in Afghanistan and a determination to prove that the war on terrorism can improve life in Iraq and elsewhere in the Muslim world.<sup>158</sup>

In this sense, the degree of future US economic involvement in Colombia may be determined by its success in rebuilding Afghanistan and other early scenarios of the global war against terror. If the US is successful there in bankrolling substantial social and economic reforms, and eventually manages to promote political stability and less hostility towards the West, it could be tempted to return to other places like Colombia and try to finish the task it abandoned thirty years ago with the failure of the AFP.

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<sup>155</sup> <http://www.state.gov/p/wha/rls/rm/2001/august/4798.htm>. GROSSMAN, Mark., Under Secretary for Political Affairs. US "Support for Plan Colombia". Remarks to the Press; Bogotá, Colombia; August 31, 2001

<sup>156</sup> See for example, 'La Hora del Garrote', in *Semana*, no.1011 14-24 September 2001, p. 62.

<sup>157</sup> 'El Gran Garrote', in *Semana*, no. 1017 29 October - 5 Nov 2001, p. 26.

<sup>158</sup> James Dao, 'Nation-building. The return of America's Postwar Generosity', *New York Times*, 24 November 2002, Weekend p. 6.

## Conclusions

Between 1962 and 1968 nearly \$550 million in direct US aid reached Colombia. The majority of these resources, approximately \$350 million reached Colombia during the presidency of Lyndon B. Johnson, precisely at the time the Alliance programme was becoming more unpopular. Throughout the decade, Colombian policymakers took advantage of US aid, largely using it to avoid macroeconomic adjustment measures that would have compromised their domestic political standing. While receiving those resources, they largely disregarded US recommendations on social, economic or political reform originally formulated by the Kennedy administration.

Among the reasons behind the failure of the AFP in Colombia was the 'capture' of US policy towards Colombia by a local government which managed to extract a large amount of resources from the US government, at least partially for its own narrow goals, providing relatively little public goods and therefore creating a generalized impression of failure for the rest of the programme. The argument set forth by Faguet on the tendency of aid programmes to be diverted towards consumption by politically important groups, seems to hold for Colombia in the 1960s.<sup>159</sup>

Instead of financing social investment, US aid was largely channelled to maintain the consumption levels of politically significant groups in Colombia. As a result of the inflow of US aid, the Colombian economy managed to sustain its level of imports and delayed or completely avoided alternative adjustment measures such as large devaluations. As predicted by Collier and others, the US faced great difficulties in imposing political or economic conditionality on the use of its aid by the Colombian government. Instead, once it had publicly committed to help the Colombian National Front governments as a showcase for democratic reformism, it saw itself compelled to continue and even increase this aid even when it had become convinced that the Colombian government had largely reneged on its reformist plans. Maintaining the National Front in power became the overriding goal of US foreign aid, above the original goal of social reform, even at the cost of leaving unfulfilled hopes and discrediting US aid efforts among the Colombian populace.

During the period 1964 to 1966, Colombian and US government interests on aid coincided more closely than at any other time in the decade, as the LBJ administration reversed previous US insistence on social reforms and focused more strongly on guaranteeing political and economic stability for the friendly Valencia regime. US ability to influence Colombian policy in the macroeconomic management sphere was limited during Colombian balance of payments crises in the early and mid-1960's, when the government needed US funds most urgently. By the early 1970s, as Colombia's foreign exchange position improved, it was better able to completely ignore US demands for aid conditionality. Colombian policymakers could even ask US AID to leave the country, as occurred in 1976 during the government of Alfonso Lopez Michelsen.

The Colombian experience in the 1960s suggests that it is very difficult to make reform-inducing foreign aid programmes work if the reform objectives of aid programmes do not coincide with the interests of those in power, no matter how generous the financial assistance prize offered for cooperation with reform. Policymakers both in donor and recipient countries will often act primarily in function of their short-term and self-interested objectives, at the

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<sup>159</sup> Faguet (2002).

expense of the foreign aid programme's long-term and public-good objectives. Policymakers in donor countries are liable to abandon their sponsorship of reform if it so suits their perceived interests. Leaders in recipient countries are also liable to be affected by moral hazard issues. Once a powerful patron is publicly committed to help them, they have an incentive to renege on promised reforms and to behave more irresponsibly, knowing that the donor will often extend additional aid to them to avoid the embarrassment of a supported regime's failure.

Colombia's new experiment with foreign aid under Plan Colombia is much less a reform-inducing strategy than the Alliance. In its present version it wants to hold the Colombian state together, rather than transforming it. In that sense, its interests are more closely aligned with those of existing power structures. If it keeps its rather limited main social policy objective of crop substitution in the Colombian economic periphery, it will count on more cooperation from the Colombian state than that received by the Alliance's radical reform programmes.

Elements from both experiences, the Plan Colombia and the Alliance, suggest that foreign aid as a means to bolster institutional strength is no complete substitute for domestic political will and effort.

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- WP32 Carlos Medina & Hermes Martínez, 'Violence and drug prohibition in Colombia' (August 2003)

The aim of the Crisis States Programme (CSP) at DESTIN's Development Research Centre is to provide new understanding of the causes of crisis and breakdown in the developing world and the processes of avoiding or overcoming them. We want to know why some political systems and communities, in what can be called the "fragile states" found in many of the poor and middle income countries, have broken down even to the point of violent conflict while others have not. Our work asks whether processes of globalisation have precipitated or helped to avoid crisis and social breakdown.

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### **Research Objectives**

- We will assess how constellations of power at local, national and global levels drive processes of institutional change, collapse and reconstruction and in doing so will challenge simplistic paradigms about the beneficial effects of economic and political liberalisation.
- We will examine the effects of international interventions promoting democratic reform, human rights and market competition on the 'conflict management capacity' and production and distributional systems of existing polities.
- We will analyse how communities have responded to crisis, and the incentives and moral frameworks that have led either toward violent or non-violent outcomes.
- We will examine what kinds of formal and informal institutional arrangements poor communities have constructed to deal with economic survival and local order.



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