

Eisenhower, Dulles and the New Look

Most people thought that Eisenhower's foreign policies would be dominated by the Korean War; yet that conflict was resolved, albeit tenuously, by the middle of his first year in office. This gave his administration the opportunity to focus its containment policy elsewhere, and in particular, the US turned its attention to the region. The Arbenz administration in Guatemala was seen as one of the biggest threats; the policies of that democratically-elected president perceived as socialist and pro-Soviet. Guatemala was one among many countries in the region deemed vulnerable to the communist threat in this period. Where socialism and communist governments took hold of power, the US used the skills of the recently-created **Central Intelligence Agency (CIA)** to engage in operations that would undermine those regimes it felt threatened regional stability.

Central Intelligence Agency (CIA) The Central Intelligence Agency, the United States' intelligence service, formed after World War Two by the National Security Act of 1947. According to its website, "The Central Intelligence Agency's primary mission is to collect, evaluate, and disseminate foreign intelligence to assist the president and senior US government policymakers in making decisions relating to the national security."

The core question that arose repeatedly, especially with regard to the so-called banana republics of Central America, is how the Cold War advanced the aims of certain key élites within the United States. For example, it is impossible to address Central America without looking at the debilitating effect that the US-owned United Fruit Company (UFCO) had on the politics, economies and societies in these countries. The Soviet Union argued that it was not containment, but the capitalist interests of US élites that provoked the policies used in the region. In South America the issues were the same, although the United States did not always dominate as completely. In many areas, the wartime policies of the United States had meant that US economic and military dominance replaced former British dominance. In some cases US influence was welcomed by the élites but was increasingly questioned by the emerging middle class.

The United States increasingly supported military regimes that were previously considered anathema to US ideals but tolerated due to the anti-communist positions taken up by such dictators and the economic interests of American élites. This pattern, began under Truman, was clearly supported by Eisenhower and in full force until the late 1970s. The emphasis on human rights under President Jimmy Carter brought about some changes, but these changes in policy were not uniform across the region.



A man carries a stem of bananas over his shoulder at a United Fruit Company plantation, Tiquisate, Guatemala, 1945.

President Eisenhower's national security and foreign policies

Dwight D. Eisenhower won the 1952 election, taking the presidency away from the Democrats for the first time since 1933. As a retired general who had led the invasion at Normandy and took command of NATO forces, and a Republican, it was unlikely that he would be perceived as soft on communism (a charge consistently leveled at Democrats), and with John Foster Dulles as his Secretary of State, the two proved to be formidable anti-communists. Their policies were an extension of the containment policies of Truman but Dulles's virulent diatribes against communism and potential communist threats made the administration seem much harsher in its approach. On the other hand, the United States was facing an economic downturn and Eisenhower was looking for ways to curb expenditures. Republican economic policy reflected a free market, *laissez-faire* approach. In foreign policy, this meant limited economic assistance to struggling countries. Specific to the Americas:

- Commodities proposals made during the Truman administration were put on hold, leaving the cacao and coffee producers particularly vulnerable to market fluctuations.
- The creation of an Inter-American Development Bank was halted.
- Latin American states were advised that, in the interest of regional stability and cooperation, they should not discourage private foreign investment (meaning US interests).

The national security policy was called **New Look** as it was supposed to reflect a coming change in military orientation. Developed out of NSC-162/2 (1953), it was a reevaluation of US military priorities, committing the United States to a smaller army and navy while building up nuclear weapons reserves and expanding the air force which would be necessary in the event of nuclear strikes. From his position as a military man, Eisenhower viewed nuclear weapons tactically or strategically. Complementing the military shift, Dulles formulated a rhetoric that stated that the United States was on a moral crusade against communism and it would prevent the spread of communism through the use of all force necessary, including nuclear, to combat aggression. This led to the strategy of brinkmanship: the idea was that, through the threat of massive retaliation, the United States could contain communism by forcing the Soviet (or Chinese) opposition to back down. **Brinkmanship** led to an increase in the number of nuclear weapons the US possessed. During the Eisenhower administration, the US stockpile grew from 1,200 to 22,229.

Despite his investment in this pro-nuclear shift, Eisenhower recognized the danger of nuclear weapons; the US could not simply stockpile weapons as the Soviet Union stood idly by—it, too, was increasing its cache of nuclear weapons. And, indeed, the quest for new forms of weaponry (hydrogen bombs, missiles in outer space) fueled a growing defense industry. Eisenhower recognized that technology brought about the idea of Mutual Assured Destruction (MAD), which theorized that massive retaliation from one side would

New Look President Eisenhower's New Look foreign policy, sometimes called the "New Look Doctrine" was articulated by Secretary of State John Foster Dulles. The New Look was an aggressive change from Truman's policy of containment. The spread of Soviet Communism would be rolled back, countries liberated, and the threat of massive retaliation with nuclear weapons would be used to intimidate the Soviet Union into capitulating.

Brinkmanship A strategy of escalating the consequences of confrontation with one's opponent until one side must back down to avoid potentially catastrophic results. The idea was to force the Soviet Union to back down rather than risk destruction. Brinkmanship differs from massive retaliation in that massive retaliation was thought of as a deterrent to Soviet actions, while brinkmanship would escalate a crisis in which the Soviet Union had already taken aggressive steps. Secretary of State Dean Rusk verbalized brinkmanship during the Cuban Missile Crisis when he remarked, "We're eyeball to eyeball, and I think the other fellow just blinked."

produce the same on the other; this, in turn, led to two US–Soviet summits, in 1955 and 1959, to address the threat of nuclear weapons.

Yet another way of combating communism was developed in the Eisenhower era: covert operations and the use of the CIA. Born out of the Office of Strategic Services from the Second World War, the CIA was created in 1947 as a data-gathering organization to assist policy makers in their decisions. However, its potential was soon recognized by Dulles and Eisenhower; it was an agency that worked mostly overseas, gaining information on those considered enemies of the United States. Headed by Allen Dulles (brother to the Secretary of State), the CIA was soon involved in subversive tactics and paramilitary actions as well as information acquisition. To perform its functions, CIA actions included:

- having foreign leaders on its payroll
- subsidizing anti-communist labor unions, newspapers and political parties overseas
- hiring US journalists and academics to make contact with foreign student leaders
- co-opt business executives who worked overseas to report back on economic circumstances and vulnerabilities
- creation of the US Information Agency to spread US culture, including the funding and programming for the Voice of America and Radio Liberty
- funding Radio Free Europe
- training foreign military officers in counterrevolutionary methods
- conducting covert operations to overthrow regimes hostile to the United States.

A core principle of the CIA is that the US president is removed from its decision-making. According to the principle of **plausible deniability**, the president could arrange for certain actions to take place but the links would be so well concealed that he could later deny knowledge of these actions. This allowed Eisenhower (and subsequent presidents) to disavow US involvement in a number of activities conducted to destabilize, overthrow or even assassinate leaders of hostile regimes. The deniability of such actions was reduced over time, but during Eisenhower's tenure he used this to his advantage in places such as Iran and Guatemala.

Implications of the New Look for the region

Under the New Look policy, defense of the United States was a prime concern and the US military community argued strongly that there needed to be a continental defense policy, not simply a protection of US borders. Canadian politicians were understandably concerned; although they shared US fears of Soviet expansion and understood the destructive potential embedded in massive retaliation, they also feared US encroachment on Canadian territory. Negotiations began in 1953 and finally, in 1958, they reached an agreement, and the North American Aerospace Defense Command (NORAD) was created. NORAD is a bi-national defense organization that provides

Plausible deniability The concept of creating a story or an untraceable connection that provides a believable alibi for those who order the commission of either illegal or embarrassing acts. It usually concerns a senior official of a government agency who orders an act, but for political or other reasons does not want to be held responsible should the action be made public.

“The ability to get to the verge of war without getting into war is the necessary art. If you cannot master it, you inevitably get into wars.”

John Foster Dulles,
Life Magazine, 1952

advanced warning of missile and air attacks on the US and Canada and protects the sovereignty of airspace in North America. It also maintains an airborne force to be used in the event of attack.

Dulles constantly stated that communism was on the rise in Latin America and that it remained the largest threat to US security. In his nomination hearings he argued that the conditions there were similar to those of China in the 1930s and that if the US remained non-interventionist, Latin America would meet a similar fate. Added to this was the idea of the domino theory. Although formulated to address the fear of communism in Southeast Asia, the same argument was made for the Western hemisphere: if one country fell to communism, others were sure to follow, especially in the Central American countries which were geographically contiguous. Dulles raised suspicions about the governments in Costa Rica and Guatemala. Although democratically elected, their economic and social policies, and the appearance of known communists in their governments, alarmed him. The reasons for this are not simply founded in anti-communism; US involvement in the region was also clearly based on its economic interests in Central America.

While Marxist thought in Latin America had a long history among intellectuals, the communist parties that had grown in the 1930s had largely been discredited by the 1950s. Until its dissolution, the Comintern and Cominform had directed communist party activities outside of the USSR. As the atrocities of the purges, Five Year Plans and the Soviet army's treatment of civilian populations emerged, these parties were identified as Stalinist and moved to the fringes in most Latin American countries. While socialist ideals were present in many countries, they did not usually appear through a communist party. Nonetheless, links with communism were almost always established.

In reality, many Latin American élites were embracing new models of economic development that more accurately represented their histories and resources. These models didn't always compliment US ideas of the free market; at the same time that Eisenhower entreated Latin America to keep itself open to foreign investment many countries were adopting Import Substitution Industrialization (ISI) as a way to create their own local industries. This was seen as a threat to US economic interests that had dominated the region, especially after the Second World War.

The New Look's focus on minimizing costs was reflected in the support of the military in the Americas and the use of covert operations. To support its ideology and policy decisions, Latin American military men were armed and/or trained by US forces, most notoriously through the Latin American Training Center for US Ground Forces (later known now as the Western Hemisphere Institute for Security Cooperation or School of the Americas), based in Panama before relocating to Georgia in 1984. The training center was a US Department of Defense military academy for Latin American officers to be instructed in the fields of leadership, infantry and counterinsurgency. The New Look's policy was demonstrated by US actions in Guatemala in 1954.

Guatemala and the use of covert operations by the CIA

The most evident source of the US administration's discontent was the situation in Guatemala. Guatemala had suffered under the brutal dictatorship of Jorge Ubico until a 1944 coup d'état ousted him. Like his predecessors, Ubico endorsed pro-US policies and supported the United Fruit Company in its monopoly over banana production. UFCO not only controlled the main crop but also owned most of the country's infrastructure, including railways, ports and utilities. He was replaced briefly by a military junta until elections were held in December 1944. In 1945, Juan José Arévalo Bermejo became the first democratically-elected president of Guatemala, and a new constitution was written that included provisions for land and labor reform. Arévalo was succeeded in 1951 by Jacobo Arbenz, a center-leftist who pledged social and economic reforms for the country. By all accounts, his election was free, fair and devoid of corruption.

In his inaugural speech, Arbenz articulated three objectives for his people: economic independence, the establishment of a modern, capitalist state, and an increased standard of living for the population. He and his followers felt that the key to achieving these objectives was through agrarian reform. To this end, in June 1952, the Arbenz administration enacted the Agrarian Reform Bill (or Decree 900) that allowed the Guatemalan government to expropriate uncultivated lands from large plantations. The landowners would be compensated through 25-year bonds with 3% interest on the value of the land determined by the taxable worth of the land as of May 1952. After June 1952, 1.5 million acres were distributed to 100,000 families; this included 1,700 acres owned by Arbenz himself.

Much of the expropriated land was owned by UFCO; 85% of this land was unused. Based on the official tax value of the land, the Guatemalan government offered UFCO \$627,572 in compensation. But over the years, UFCO had deliberately undervalued its holdings to avoid paying tax and it now complained to the US government that it was not being compensated fairly for the loss of land. As a counteroffer, the US State Department demanded \$15,854,849. There was an additional conflict of interests in these negotiations: not only was UFCO a US company, but John Foster Dulles worked for the law firm that represented it and Allen Dulles had been president of the UFCO board.

In this case, the interrelationship of US political and economic interests in the region became very clear. The statements that came out of the US Department of State clearly charged Arbenz with communism, or at the very least, of not stopping a communist insurgency in the country, yet they were coupled with a demand for more money to go to UFCO for the land expropriated. On the issue of UFCO undervaluing its land the State Department was silent.

Once again, the domino theory was applied; the US position was that, if Arbenz could not be stopped, all of Central America and possibly even the US itself could fall to communism. In particular, it was argued, the Panama Canal could become Soviet-controlled, thereby limiting global free trade. It was the duty of the US to act on behalf of all countries that supported free trade.

Despite such accusations, Arbenz continued with his land reforms and refused to oust the four communists in the legislature (of 56). The US responded by appealing to the OAS for assistance, hoping that the group would act collectively against Guatemalan actions. Although a measure for action against Arbenz was passed it did not allow for direct OAS intervention and the US found its hands were tied in this endeavor. And, while most Latin American countries subscribed to the Caracas Declaration of March 1954, that rejected Marxism, there was not much force behind such declarations. The US government resorted to both embargo and covert operations to oppose Arbenz. The US refused to sell military equipment to Guatemala, forcing Arbenz, fearful of invasion to approach Eastern Europe for military support.

The arms shipment from Poland that arrived on May 17, 1954, gave the US the excuse it needed in support of its claims that Arbenz was communist, and in neighboring Honduras the US assisted exiled Colonel Carlos Castillo Armas to lead a group of exiles in an armed insurrection against the Guatemalan government. On June 18, 1954, Castillo and an army of approximately 150 crossed into Guatemala. They were assisted by CIA operatives who provided news reports from the jungles that over-reported the strength of the opposition to Arbenz. At the same time, US pilots raked the capital, causing minimal physical damage but producing the image of a city under siege.

The army refused to support the government, fearing the outbreak of a bloody battle, and Arbenz was forced to resign and go into exile. The US ambassador assisted in the transition of power to Castillo who ruled the country for three years without holding elections. Castillo reversed Decree 900, and his rule was marked by a return to the brutality of dictatorship and the dominance of local and foreign élites.

After successfully overthrowing the Arbenz regime, the situation in Latin America seemed to quieten down and throughout 1957 and 1958 the Dulles brothers argued that the threat of communism had been seriously diminished through US actions in the region. State Department policies in the area reflected a diminished fear of communism while crediting and maintaining containment policies. Vice President Richard Nixon's visit to South America in May 1958 would shift the administration's view yet again.



An advertisement for an UFCO product.

Activity

A recipe

? Write a recipe for a banana republic. What are the essential ingredients? What agents and processes are needed?

Take one democratically elected government ... add at least 100,000 acres of fertile land ...

Activity**A banana republic**

Research definitions of a banana republic. What criteria must be fulfilled for a country to be considered a banana republic? Fill in the following table and answer the questions below.

Country	Guatemala	Jamaica	Norway	Argentina
Dates				
Form of government				
Primary export(s)				
Who controls the primary export(s)				
Type of industry in the country				
Economic élites				
Largest economic class				
Foreign private interest				
Foreign military or political presence				
Main imports				
Size of country				

Questions

1 In coming to a definition of a banana republic, which of the following assumptions are most correct? Which are false? Explain and discuss.

A banana republic is a small country.

A banana republic is a dictatorship.

A banana republic is dependent on a single crop.

A banana republic must be located in the Caribbean or South America.

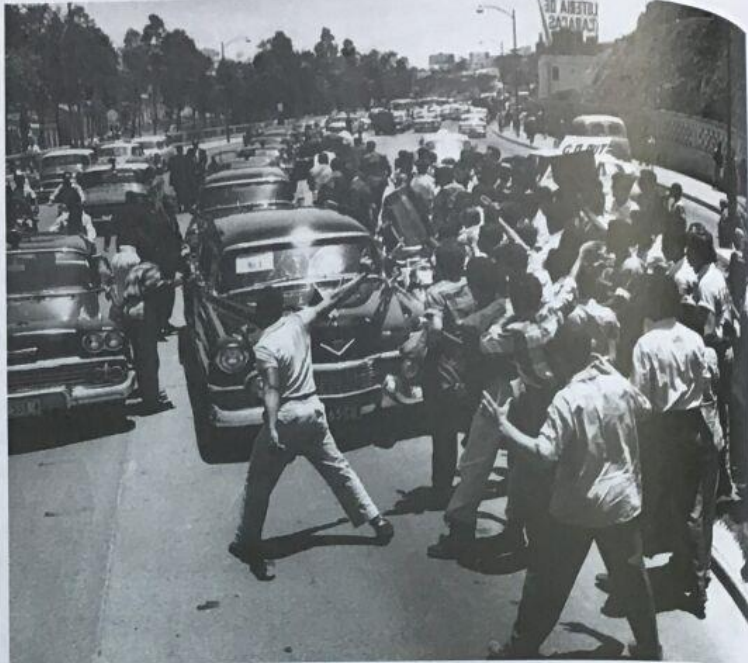
2 Extending the model, find countries in other regions of the world in which comparable conditions exist that conform to your definition of a banana republic. Discuss your findings with your group.

Nixon's visit to South America

In May 1958, Nixon was dispatched to Latin America to congratulate Argentine president, Arturo Frondizi, on his recent election. He decided to extend his tour throughout Latin America to survey the scene for himself and was surprised by the anti-US sentiment he encountered in city after city. In most cases, he found himself engaged in debates with students and intellectuals who challenged US dominance in the region, and general opposition was respectful. However, in the cities of Lima and Caracas, he met with angry crowds that threatened to turn violent; in Caracas, he was first stoned and then the crowds attempted to pull him from his car.

The US State Department and press portrayed the protestors as angry mobs of communists; their opposition to the United States was not communicated to the US public. Nonetheless, upon his return, a shaken Nixon reported to Eisenhower that the US had to change its policy directions in Latin America. Eisenhower called in a number of experts and, ultimately, it was agreed that, to keep the region stable

and prevent the leftists from coming to power, the US needed to endorse and commit to economic aid. Through the Inter-American Development Bank, Eisenhower's administration provided money for social and economic programs in the region. The problem for the United States was that a downturn in the US economy made it difficult to justify foreign aid when the United States itself was struggling. State Department officials also cautioned that economic aid sent to Latin America would remain in the hands of the oligarchs and dictators, so, the implementation of the revised policies was tenuous at best. In the end, the US committed \$500 million to a new program, rather than the \$20–30 billion initially envisaged, and the commitment to economic aid lost momentum when Fidel Castro came to power in 1959.



Demonstrators attacking Vice President Nixon's car on May 13, 1958, in Caracas, Venezuela.

Eisenhower and the Cuban Revolution

On January 1, 1959, with former dictator Fulgencio Batista in exile in the Dominican Republic, Cuba's government shifted strongly to the left. Fidel Castro and his followers made a victory tour from one side of the island to another and, upon reaching Havana, Castro made a victory speech that ushered in a new era. He promised free and fair elections once the situation in Cuba had stabilized, and he promised to implement economic and social reforms. The United States viewed the Cuba Revolution with trepidation, also given Cuba's location, 90 miles from the US border. Castro was clearly pursuing socialist policies and, while he did not initiate nationalization or relations with the USSR immediately, his government had ambitious social policies that the Cuban government could ill afford.

In April 1959, Castro went on a press tour of the United States where he engaged journalists, but Eisenhower refused to meet with him. Instead, he was received by Nixon, ending any potential collaboration between the two countries. Shortly thereafter, Eisenhower authorized a CIA plan to train Cuban exiles to overthrow Castro's regime. The program floundered in late 1960 when Vice President Nixon lost the presidential election to John F. Kennedy, but the course of Eisenhower and Dulles remained steady throughout; to the end, they used the New Look policies in an attempt to prevent communism from taking root in the Americas.

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