

I. BACKGROUND

Until the time of World War II, political power in most Latin American countries remained in the hands of the same institutional and social elite groups which had dominated the area ever since the early 19th century. The 20 Republics south of the Rio Grande were generally controlled by the traditional order of society.

This old order was characterized by a rural-oriented society and economy in which wealth and social position were dominated by a landed aristocracy. The latter either controlled politics directly or shared political control with the armed forces, which, until the time of World War II, were generally allied with the landed gentry. Also included in the traditional social order was the Roman Catholic Church. Its clergymen connived with the landowner and army officer components of an oligarchic triarchy whose principal aim was preservation of the status quo.

However, by the time of World War II the popular opposition pressures to the static political system dominated by the representatives of the old order had reached the breaking point. For a quarter century prior to World War II, the society and economy of Latin America had been undergoing fundamental transformations which progressively rendered political control by the traditionalist groups more anachronistic.

World War I marked the beginning of the end of the old system under which Latin America's well-established economic and social organization was firmly tied to a stable Old World order. Fractures in the neat international system of trade and diplomacy precipitated by the 1914-18 upheaval were compounded by the great depression; added to this was the impact of socialism, fascism, and communism, and the influence of the New Deal, all of which helped hasten the breakdown of the old order.

Economic change was characterized by a tendency of the rural-oriented, colonial-type economy of Latin America to give way to industrialization and urbanization. The disturbances and dislocations caused by the outbreak of the First World War, particularly the experience of being suddenly cut off from foreign manufactured goods, stimulated a drive for greater economic independence. To this end, a determined and sustained program of industrialization began in most of the area in order to bring an end to exaggerated dependence upon un dependable prices and demand in overseas markets, and to raise living standards. Industrialization was accelerated by the failure of attempts in the 1920's to rebuild the international economy, by its collapse in the 1930's, and by the experience of the early 1940's which again demonstrated the hardships suffered by colonial economies during wartime.

Industrialization proceeded most rapidly in the larger countries, such as Brazil, Mexico, and Argentina, which had the minimum essen-