

Latin American governments have complained that U.S. insistence upon sound monetary and fiscal policies is not politically feasible. They are not convinced that private capital can handle the job of basic economic development and demand more public funds for this purpose. Because of fundamental differences in economic policy, they have over the past decade been unable to get the United States to join in an inter-American economic treaty designed to ease their credit and commodity problems. In their search for a solution to their economic problems, many of which are problems of their own making, the Latin American governments have been generally frustrated by what they feel to be the "business and banking mentality" that dominates U.S. economic thinking and policy toward Latin America. It is not the purpose here, in a study devoted to the political aspects of policy, to take up such thorny questions as commodity agreements, stabilization of prices for basic Latin American exports, the volume of future U.S. investment in Latin America, and the proper division between private investment and public loans or grants. It is the purpose, however, to stress the need for economic policies which will result in favorable political consequences. It is because the key Latin American determinant of political cooperation is U.S. assistance in the resolution of economic problems that the following recommendations are made:

(a) Instead of the year-to-year bare minimum economic programs, the United States should develop long-range economic assistance policies based less upon a concern for sound banking and business principles, although these should by no means be ignored, and more upon the value to the U.S. security position of Latin America's friendship and cooperation. To achieve this, it is recommended that a long-range program for public loans and grants for Latin America be worked out on roughly the same scale as our existing programs for underdeveloped countries elsewhere in the world.

(b) Inasmuch as the further expansion of trade is basic to mutually beneficial economic ties, the United States should take into account, more fully than it has in the past, Latin America's dependence upon exports of foodstuffs and minerals.

(c) Since economic aid is intimately related to the resolution of Latin America's sociopolitical problems, care should be taken that no aid is granted regimes bent on preserving an outworn order. The United States should also be wary of granting economic assistance to any military regime in Latin America, for the experience of the past has demonstrated that even when men in uniform have assumed leadership of the social revolution they have shown little capacity for resolving their nation's problems. The best way to insure intelligent use of economic aid is to supply it only to broadly based civilian governments.

4. Nonintervention

The term "nonintervention" is a negative one. It cannot be correctly understood without knowing the affirmative: "intervention." But of all the terms used in international law, the latter is one of the most difficult to define. Charles G. Fenwick, the well-known American jurist, puzzled once about this question and wrote: "Scarcely any two