Adapting to the new world: Mexico’s International Strategy of Economic Development at the outset of the Cold War, 1946-1952

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ABSTRACT: This article is aimed at analyzing Mexico’s attempts to overcome the obstacles that the new international context, shaped by the end of World War II (WWII) and the beginning of the Cold War, posed for the country’s economic development plans. Drawing largely on new Mexican primary sources along with American, British, and multilateral organizations’ documents, this work will focus on the strategy that the Miguel Alemán administration (1946-1952) designed in order to adapt to the adverse conditions that the bipolar conflict generated for Latin America’s industrial developmental projects. This article will show that in spite of the adverse setting, the Alemán government was able to create and launch an ambitious plan for economic industrialization that implemented developmental measures on a large scale. In addition, this work will also show that a crucial ingredient for the initial success of Mexico’s economic strategy was the country’s capacity to attract economic aid and political support from Washington. Paradoxically, this happened at a time when the United States’ (US) economic and political backing of Latin American developmental projects had become a scarce currency in the Western Hemisphere.

KEYWORDS: International history; global cold war history; Latin American contemporary history; Mexican contemporary history; third world’s history


RESUMEN: Adaptándose a un nuevo mundo: México y su estrategia internacional de desarrollo económico al albor de la Guerra Fría, 1946-1952.- Este artículo tiene como objetivo analizar los intentos de México para superar los obstáculos que el nuevo contexto internacional, dibujado por el final de la Segunda Guerra Mundial y por el comienzo de la Guerra Fría, planteó para los planes de desarrollo económico del país. Basado en gran parte sobre nuevas fuentes documentales mexicanas, además de estadounidenses, británicas y de organizaciones internacionales multilaterales, este trabajo se centra en la estrategia que la administración de Miguel Alemán (1946-1952) puso en marcha para adaptarse a las condiciones adversas que el conflicto bipolar generó para los proyectos de desarrollo industrial de América Latina. Este artículo muestra que, a pesar del escenario adverso, la administración de Alemán fue capaz de elaborar y lanzar un ambicioso plan de industrialización que supuso la adopción de medidas de corte desarrollista a gran escala. Además, este trabajo mostrará que un ingrediente crucial para el éxito inicial de la estrategia económica mexicana, fue la capacidad del país de atraer ayuda económica y política por parte de Estados Unidos. Paradójicamente, esto ocurrió en un momento en que Estados Unidos se había mostrado crecientemente reacio a apoyar políticamente y económicamente los proyectos desarrollistas en América Latina.

PALABRAS CLAVE: Historia Internacional; Historia global de la Guerra Fría; Historia Contemporánea de América Latina; Historia Contemporánea de México; Historia del Tercer Mundo

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INTRODUCTION: LATIN AMERICA’S DEVELOPMENT STRATEGIES VERSUS WASHINGTON’S EARLY COLD WAR POLICIES

This article is aimed at analyzing Mexico’s attempts to overcome the obstacles that the new international context, shaped by the end of World War II (WWII) and the beginning of the Cold War, posed for the country’s economic development plans. Drawing largely on new Mexican primary sources along with American, British, and multilateral organizations’ documents, this work will focus on the strategy that the Miguel Alemán administration (1946-1952) designed in order to adapt to the adverse conditions that the bipolar conflict generated for Latin America’s industrial developmental projects. This article will show that in spite of the adverse setting, the Alemán government was able to create and launch an ambitious plan for economic industrialization that implemented developmental measures on a large scale. In addition, this work will also show that a crucial ingredient for the initial success of Mexico’s economic strategy was the country’s capacity to attract economic aid and political support from Washington. Paradoxically, this happened at a time when the United States’ (US) economic and political backing of Latin American developmental projects had become a scarce currency in the Western Hemisphere.

The Alemán administration’s capacity to launch and carry out a plan of state-led economic modernization, along with his ability to “persuade” the Harry Truman administration to support it, singled out Mexico as a rather exceptional case in the hemisphere. During the second half of the 1940s, Washington, reverting to what had been its orientation since the second half of the 1930s, moved toward a policy of stiff opposition to Latin America’s developmental strategies, thus seriously hampering their feasibility (Helleiner, 2006: 943-967; Bethell and Roxborough, 2005: 313). While the United States showed reluctance to support Latin America’s industrial development by instead advocating free trade and incentives to attract private investments as a way to promote growth in the Western Hemisphere, the majority of Latin American countries defended a developmental model based on protectionism, industrialization, and increasing state’s interventionism in the economy. Moreover, Latin American countries claimed that American financial and technical support represented a crucial factor for the feasibility of their developmentalist projects and thus advocated for a sharp increase in US aid (Urquidi, 2005: 122-126).

Although the Truman administration initially adopted a flexible approach to these issues, with the intensification of the Cold War in Europe and its escalation to Asia, Washington’s stance regarding the problem of continental development became increasingly more rigid. The Truman administration focused on Europe and Asia, where the majority of American political and economic resources were progressively channeled, relegating the Western Hemisphere to a secondary position (Leffler, 1992: 60, 160). Consequently, on a multilateral level, the US government showed reluctance to assume the role of benevolent godfather to Latin America’s industrialization, insisting on the need to open southern economies to foreign investments and liberalize their trade. Undoubtedly, this recipe represented a low-cost approach for Washington to the problem of Latin American development, which rather than relying on US public resources hinged on private investments and trade liberalizations.

While neglecting economic cooperation, the Truman administration’s multilateral efforts became obsessively reliant on the creation of a continental mechanism of military cooperation that was aimed at containing Soviet “expansionism” in the Western Hemisphere and tightening Latin America’s Cold War loyalty (Rabe, 1978: 279-294). This pattern became increasingly evident during the cycle of inter-American gatherings that took place between the 1945 Chapultepec Conference on the Problems of War and Peace and the 1948 IX Inter-American Conference of Bogotá, which led to the creation of the Organization of American States (OAS).

At Chapultepec, disagreements on the future of economic cooperation sharply emerged but pressure from the US dictated procrastination on any decisions related to this matter. In contrast, negotiations on hemispheric military cooperation were relentlessly pushed by Washington and advanced, culminating during the 1947 Rio Conference in the establishment of an Inter-American Treaty of Reciprocal Assistance (Rabe, 1978: 282-284; Urquidi, 2005: 123). While Washington repeatedly tried to deplete the recently founded United Nation’s (UN) Economic Commission for Latin America (ECLA, CEPAL in Spanish) of its functions and eventually merge it with the smaller Inter-American Economic and Social Council (ECOSOC), North-South tensions on economic planning reached their climax during the Bogotá Conference, which along with the creation of the OAS, should have also finally discussed the terms of hemispheric economic cooperation. However, although the conference approved the OAS’ political structure as well as a continental anti-communist declaration, it failed to ratify a regional economic chart, which resulted in a standoff that lasted until the end of the 1950s (Dosman, 2010: 254; Carr, 2013: 39-41).

Against this backdrop, this article shows that Mexico’s capacity to design and carry out its developmental policies, along with the Miguel Alemán government’s ability to attract significant US political and economic support, represented an extraordinary exception to Latin America’s multilateral patterns during the early Cold War period. In this regard, this work first shows how the Alemán government subtly used the relevance that Washington gave to Mexico’s internal political stability to exert pressure over the Truman administration and thus push through the concession of economic aid. Second, it retraces the skillful use that the Mexican administration made of its regional foreign policy to persuade the Truman administration to grant, along with the revision of bilateral commercial relations in favor of Mexico’s protectionist positions, the financial help that the country needed to back its plans of domestic development. In
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Conclusion, what this article shows is that through a skillful international strategy, Mexico was able to protect its economy and foster state-led industrialization while simultaneously receiving US aid and support.

This study, which is part of a broader research project on the international history of Mexico’s developmental processes between 1947 and 1982, intertwines with several specific historiographical debates to which it aims to give a substantial and original contribution. First, it aims to enrich our knowledge of a period and a theme notoriously overlooked by historiography. At the beginning of the 1980s, Mexican scholars competently addressed the study of Mexican contemporary history, but they did not have access to the primary sources we now have. Thus, although historians, such as Blanca Torres, produced compelling studies on the Mexican industrialization process under Alemán, their works inevitably made little use of archival resources, not to mention multi-archival ones. Moreover, such studies have tended to address the international and domestic aspects of this process separately (Torres, 1984).

Although in the following decades Mexican scholars such as Lorenzo Meyer (2007: 309-322, 2010: 202-242), Soledad Loaeza (2010a: 627-660, 2010b), and Ariel Rodríguez Kuri (2009: 512-559, 2012), among others, have made significant contributions to our comprehension of Mexico’s contemporary history, their analyses have not specifically focused on the period and the problems addressed by this work. Thus far, one of the few scholars to have addressed this subject in detail and with a vast range of international and Mexican primary sources is Stephen R. Niblo (1995, 1999); however, his two monographs are approximately ten years old as of 2014. In his pioneering but isolated analysis of the period, Niblo portrays the 1940s as an epoch of moderation within the context of the revolutionary radicalism that had marked Mexico during the leadership of President Lázaro Cárdenas. This inversion, which would have culminated with presidential elections, the country had progressively undertaken with this political region that has been regularly overhanded, their differences, they also shared many common traits hinged on increasing federal government’s interventionism and, actually, on a strong amount of commercial protectionism, was not an adjustment to US interests. Rather, it was an autonomous strategy aimed at transforming and developing the country, and it was carried out in spite of Washington’s initial opposition instead of in connivance with American interests.

Second, adopting what Tony Smith (2000: 567-591) has defined as a “pericentric” perspective, this article represents an attempt to follow, and apply to the Latin American studies field, the recent methodological turn that calls both for decentralization and globalization of the history of the Cold War (Westad, 2007; Byrne, 2013: 101-123). Therefore, by focusing on Mexico and taking advantage of Mexican primary sources, this study hopes to strengthen the recent tendency aimed at rescuing Latin American states’ agency in a context where the predominant narrative has usually privileged the study of the superpowers’ points of view (Friedman, 2003: 621-636; Harmer, 2013; 2014). This does not mean neglecting an analysis of the predominant impact that bipolar dynamics had on the Third World but rather seeks to add a parallel analytical perspective that may help in understanding how peripheral actors deciphered such dynamics and eventually adjusted to them.

Finally, highlighting Mexico’s capacity to adjust to the Cold War’s new international system and to use its dynamic to its own advantage, this work also aims at creating a new common ground for transcontinental comparisons. Indeed, in the end, this article shows that like other Third World countries, such as for instance, India or Egypt, Mexico was able to ride Cold War streams successfully rather than succumbing to their whirlpools. Latin American and Mexican Cold War experiences definitely present their own peculiarities from other realities of the global South. However, Latin American and Mexico belonged to a broader geographical, political, and economic space called the “Third World,” and, along with their differences, they also shared many common traits with this political region that have been regularly overlooked by Latin American historiography.

THE PRESIDENCY OF MIGUEL ALEMÁN AND THE INCEPTION OF MEXICO’S ECONOMIC DEVELOPMENTALIST PROJECT FOR INDUSTRIALIZATION

In 1946, Mexico looked at the beginning of the post-WWII era with a mixture of hope and apprehension. On the one hand, during the three decades separating the beginning of the Mexican Revolution from Alemán’s election as president, the country had progressively undertaken a path of political stabilization of which the 1946 elections were a landmark. On the other hand, as we shall
see, the end of hostilities and the beginning of the Cold War seemed to cast a gloomy shadow over Mexico’s capacity to carry on and accelerate the process of economic development that the country had undertaken since the mid-1920s.

The creation in March 1929 of the Partido Nacional Revolucionario (National Revolutionary Party, PNR) through the initiative of one of the leaders of the Sonora revolutionary group, Plutarco Calles, during a period known as Maximato, had lain the foundation of Mexico’s post-1945 political stability. The party, which changed its name twice until it assumed the final denomination of Partido Revolucionario Institucional (Institutional Revolutionary Party, PRI) during the Manuel Ávila Camacho presidency (1940-1946), had grouped within a single political body the majority of different riotous tribes of the revolutionary family, thus creating a mechanism for disciplining them (Meyer, 1978: 59). In 1946, after several evolutions, the party eventually assumed a stable corporatist structure that integrated the country’s main social and economic sectors into a unified political body. Crucially, for a country that had been plagued by a long civil war and continuous military saber-rattling, the Army, which was originally represented in the party, was excluded from any political representation during the Ávila Camacho presidency. At the vertex of both the institutional and political pyramids was the President of the Re-public, who in his double role as maximum representative of the executive power and leader of the national leading party, accumulated and managed during his six-year term an extraordinary concentration of power. Thus, in spite of the democratic nature sanctioned by the 1917 constitution, by the end of WWII, Mexico’s political system had assumed a corporatist-authoritarian structure whose pillars lay in the PRI’s political machine and the presidency.

Miguel Alemán’s 1946 election embodied the “nor-malization” of the country’s political life, which was made possible by the “institutionalization” of the revolutionary process begun in the late 1920s with the creation of the PNR. Alemán was the first civilian to occupy the Mexican presidency since the beginning of the Revolu-tion in 1910. Most importantly, his election had not been opposed by a military uprising, as had happened with all previous presidential elections after 1910, thereby signifying the stabilization of civilian power over the country (Krauze, 1997: 89-179).

This “normality” meant that for the first time in two decades, at least in principle, a Mexican post-revolutionary president had at his disposal the political and institutional instruments to plan and implement the economic and social contents envisioned by the Revolution that had been crystallized in the extremely socially advanced 1917 Constitution. In reality, in spite of the Constitution, a ho-mogenous revolutionary program had never existed and different contending models of economic development cohabited at least until the 1940s. While state interven-tonism had always represented a feature of the Sonora post-revolutionary étatiste project, economic project during the late 1940s. During WWII the country’s domestic consumption industry grew rapidly as a natural consequence of the disappearance of European and American imports because of the damages the war produced in the Old Continent and the military reconversion of US factories. (Torres, 1984: 39-41). Because of WWII, Mexico had somehow involuntarily begun an import substitution industrialization (ISI) process (Cardenas, 1987). However, industrialization was also actively supported by the government which, with the adoption of the Ley de Industrias de Transformación, created fiscal stimulus for those industries considered “new and necessary”. Between 1940 and 1946, industrial production grew 50% and investment 400% (Puga, 2008: 201-203).

If during the Ávila Camacho the expansion of the industrial sector had taken off through a mix of state’s intervention and favorable conditions created by WWII, the idea of an industrial Mexico as the base for the country’s full modernization became an explicit and pivotal pillar of Alemán’s electoral program. During his presidential campaign, the PRI’s official candidate had repeatedly argued that only the enhancement of the industrial sector could decisively help Mexico in its struggle for development (Medin, 1990: 18). Alemán’s ambitious industrial project embodied the idea of economic modernization that had been predominant in Latin America since the 1930s, supported in Mexico by economists such as Victor Urquidi, Eduardo Villaseñor, Emilio Alanis Patiño and that, at the end of the 1940s, had found a coherent formulation in the writings of Raul Prebisch, the ECLA’s Executive Director. With the inevitable presence of rhetoric, Alemán’s public interventions as a candidate and then as an elected president showed his confidence in the fact that industrialization would fix the country’s economic instability, accelerate its social development, and strengthen its political independence (Martínez, 2008: 236; Puga, 2008: 203; Gauss, 2010: 5).

The mixed-economy approach proposed by Manero and other Mexican technocrats associated, for example, to the Banco de México’s Office of Industrial Research, did not imply the socialization of the economy, and in fact, as Alemán made clear during his electoral campaign...
and his presidential oath, private initiative had to lead the developmental project (Martínez, 2008: 238; Gauss, 2010: 95-96). However, during the Alemán presidency, federal government’s interventionism in the economy kept increasing. The government directly carried out industrial projects or delegated their development to private enterprises. Nevertheless in most cases, these projects were financed with credit from national lending institutions such as Nacional Financiera S. A. (NAFINSA), the country’s leading development bank created in 1934, whose capital, under Alemán, increased from 20 million pesos in the early 1940s to 100 million pesos in 1947 (López, 2012: 129-163; Martínez, 2008: 235). A 1950 International Bank of Reconstruction and Development (IBRD) study reported that NAFINSA had become “increasingly instrumental in Mexico’s industrial development since 1948.” According to the report, along with the expansion of its industrial investments through bonds and shares “by the equivalent of 10 million in 1949;” the Mexican public bank had developed:

its promotion activities and its standby operations to support private bond issues. Enterprises enjoying Financiera’s assistance in 1949 included the large Altos Hornos Steelworks, Chapala Electric Co., a paper mill, a large new fertilizer plant, Industria Electrica, two sugar mills, two textile mills, and a cement plant.6

The state-led economic modernization project also pushed the Alemán government to build new roads, dams, and irrigation systems. “In many regions of the Republic,” the aforementioned IBRD report argued, such as, “Matamoros, the Yaqui Valley, Mescalti, Sinaloa, the Laguna region, and soon in the basins of [the] rivers Papaloapan and Tepalcatepec, the face of the land [was] being literally changed as large dams and irrigation ditches [were] completed.”7

The federal government also improved power plants and enhanced electrification networks, a sector that had become particularly inadequate given the dramatic energy deficit provoked by the country’s industrial expansion during WWII. As reported by a different IBRD study published in 1948: “the Federal government has gradually assumed responsibility for the planning, coordination and regulation of the electric power industry.”8

The Alemán presidency’s insistence on economic diversification through state-led industrialization and federal government interventionism represented a continuation, with more emphasis on industry, of the étatiste model undertaken by the post-revolutionary elite after 1914 (Knight, 2013: 174). In the 1940s context, however, it also closely resembled the ECLA’s message of progressive transformation for Latin American social and economic structures. It is not by chance that the first ECLA Secretary was a Mexican economist, Gustavo Martínez Cabañas, and that Prebisch was invited twice by the Mexican Central Bank to lecture in Mexico, once in 1944 and 1946. Meaningfully, it was in Mexico City that the ECLA’s Executive Director used the key terms “core” and “periphery” for the first time (Urquidi, 2005: 120; Babb, 2001: 76).

Mexico’s economic plans of industrialization during the Alemán presidency indeed had a strong convergence with the ECLA’s theorization on ISI and the latter’s role as an agent of economic modernization. In fact, the same strong belief in the transformative power of industrialization resounded in the words that Gilberto Loyo, the head of the Mexican delegation at the ECLA, pronounced during the Commission’s first session: “the per capita income of population in secondary or lesser activities [industry], is approximately ten times as much as the income of the population engaged in primary activities [agriculture].” For Loyo, raising the general population’s living standards meant first increasing the agricultural population’s economic level through the growth of agricultural productivity based on “irrigation, drainage and [the] construction of roads.” Above all, however, improving the Mexican people’s existence meant transferring a “group of people from primary activities to more productive ones” through “industrial diversity by making use of all the possible natural resources of [different] countries.”9

In this sense, it is problematic to argue, as authors like Niblo have done, that the adoption of Mexico’s development strategy during the Alemán presidency represented an “about-face in the nation’s strategy of industrialization” and supports association with US interests, among other things, because of investment friendly policies or appeasing protectionist measures.10 Mexico’s post-WWII developmental project and its reliance on capitalist industrialization did stand as a departure from Cárdenas’s socio-economic model; this was much more focused on agrarian production and redistribution along communal property lines and was oriented toward a much more socialized economy. However, this change in the model did not necessarily mean the abandonment of the nationalist project of the country’s economic modernization begun after 1914 in favor of national or foreign private economic interests. Indeed, the development model adopted by Mexico after WWII went exactly in the opposite direction of what Niblo contends. It is one where the federal government played an increasing role and where protectionist measures were systematically implemented even when these actions implied a clash with the American position or national economic groups (Gauss, 2010: 8-10). As Alan Knight (2013: 201) has argued, Alemán’s project aimed to modernize the country through capitalist mechanisms, this, however, did not signal that neither the President or his economic project were comprados or cronies of private capital and interests, whether national or foreign.

First, contrary to what has been argued by Niblo and as we shall see in greater detail later on, protectionism was an integral part of the Alemán economic project. In 1947, at the very beginning of Alemán’s presidency, the government adopted legislation that required federal government’s authorization to import products considered potential threats to local industrial production (Martínez, 2008: 238).11 As a complement to this policy, Mexico also
refused to enter the 1947 US-sponsored free-trade General Agreement on Tariffs and Trade (Loaeza, 2010b: 668). It might be worth remembering that this happened at a moment when Washington’s agenda for trade liberalization in Latin America was achieving its climax and that since 1942 Mexico had been a signatory of a bilateral commercial treaty with the US, which in theory stymied the adoption of unilateral protectionist measures (Martínez, 2008: 242).

Second, it is true that foreign investments were well received in Mexico at the end of the 1940s, a policy that Prebisch himself, to be sure, strongly suggested as a part of his general recipe for Latin American economic development (Dosman, 2010: 276-277). Nevertheless, the Mexican government maintained tight control over its quantity, destination and employment. Analyzing the attitude maintained by several Mexican governments toward foreign investments after the Revolution, an IBRD 1948 report highlighted how since the Ávila Camacho administration Mexico had maintained a more favorable attitude toward those private enterprises interested in productive investments in Mexico. However, the report also argued that during the Alemán administration:

the government [...] definitely [reserved] the right to regulate such investments like the rest of the economy of the country and there [was] no slackening of the policy of intervention and regulation for political, social or economic reasons. Different government agencies [had] been set up for price control [...] and for official intervention in markets and the labour [sic] field.12

This interventionist attitude actually raised objections and opposition among traditional Mexican economic elites. The Alemán government faced waves of strong resistance from influential economic actors such as the Confederação de Cámaras Nacionais de Comercio (National Trade Chambers Confederation, CONCANA- CO). In addition, powerful, regional economic groups such as Monterrey’s and Guadalajara’s industrialists, along with Puebla’s cotton producers, also opposed, from different perspectives, the industrialist project pursued by Alemán. Some of these groups had a vested interest in the export sector and feared that the protectionist measures adopted by the Alemán administration from 1947 onward, such as the new import duties adopted between July and November 1947, would backfire and in turn threaten their access to American markets. Others considered deleterious the support Alemán gave to “corporatist labor arrangements”. Moreover, traders and big industrial groups also opposed the new taxes Alemán established, such as the 15% tax on exports, the administration’s price control policies, and the expansion of federal government’s regulatory functions through laws such as the 1950 Ley de Atribuciones Económicas del Ejecutivo (Torres, 1984: 47, 95; Gauss, 2010: 10-11).

It is true that state interventionism and protectionism did not necessarily imply a redistributive attitude on behalf of the Alemán’s administration; and this considera-

According to Hansen (1971: 180-181), this state-sponsored social mobility, fostered by the developmentalist model represents the key to understanding the support the PRI’s modernization project also received from sectors of society that would have benefitted from a larger federal government’s commitment to direct redistributive policies.

Indeed, at the end of the 1940s, the industrialization project received firm support from what could be considered as the progressive sectors of Mexican society, from the leftist political establishment and from groups of nationalistic industrialists. Mexican nationalist industrialists such as José Domingo Lavin, for example, felt that industrialization represented both a tool of national emancipation and of progressive transformation of society: “los enemigos de la industrialización de México son los comerciantes que en México y los Estados Unidos tienen el privilegio de obtener grandes bienes económicos a base de injusticia social.” For Lavin, industrialization meant “romper esa situación de privilegio y por eso es combatida con toda clase de falsos argumentos.”14 Lavin’s views reflected the support which the Câmara Nacional de Indústria de Transformação (National Chamber of Transformation Industry, CANACINTRA), of which he had been president, had traditionally given to the industrialist project at least since the beginning of the 1940s (Puga, 2008: 208-209).

The link between industrialization and the improvement of the Mexican population’s social conditions was also at the root of the support the economic modernization project designed by Alemán received from a part of the country’s left. The Confederación de Trabajadores de México (Confederation of Mexican Workers, CTM)
shared the conviction that in the long term, industrialization would bring better wages and a radical social transformation of the country’s social structures (Torres, 1984: 21). During Alemán’s electoral campaign, CTM and CANACINTRA even signed a cooperation agreement aimed at supporting the “revolución industrial de México” (Torres, 1984: 21; Loaeza, 2010b: 667).

Mexico’s political mix of corporatism and authoritarianism, along with the state’s interventionism and the enhanced social mobility generated by economic development, allowed the Alemán administration to reduce the impact of national/local resistance to its policies of industrialization, granting them rather solid support. As IBRD analysts pointed out:

So far, the civilian government enjoys support from, and authority over the army. It devotes a large part of its efforts in developing education, roads, and new lands for cultivation, while encouraging industrial production, partly by official means. It stands midway between the industrialists and bankers whose initiative is commendable and often supported, and the labor forces which are split among a number of unions. The government plays the role of an umpire, and no grave discontent appears to threaten the balance of power.15

However, even though the Alemán administration successfully defused local resistance, defying Washington’s post-WWII plans while simultaneously requesting American economic aid turned out to be much more problematic. As we shall see, rather than an easy path of accommodation to Washington’s interests, Mexico’s determination to undertake a developmental strategy and accelerate the country’s industrialization represented, in the new post-WWII/Cold War context, a particularly challenging path.

ADAPTING TO THE NEW WORLD: MEXICO’S INTERNATIONAL STRATEGY OF DEVELOPMENT

While WWII created a favorable scenario for Mexico’s incipient industrialization, its conclusion and the beginning of the Cold War radically altered the positive economic and political premises upon which this process had hinged, challenging the feasibility of the developmental project designed by the Alemán presidency.

First, the end of hostilities brought about a quick reversion of American industry from a military to civilian focus. This process, combined with the inflation that hit the country at the end of WWII, jeopardized the survival of incipient Mexican industries, which in this new context faced serious problems with regard to their competitiveness (Torres, 1984: 39). Second, to make things worse, the federal administration’s capacity for intervention in terms of industrial protection was also hampered by the aforementioned bilateral commercial treaty signed with the US in 1942, which potentially limited control over tariffs and import duties; the increase of these tariffs represented a potential shield for the defense of the fragile national manufacturers (Torres Bodet, 1970: 22). Third, and most importantly, Mexico faced a dramatic lack of funding capacity, which was crucial for the financial support of its expensive state-led economic modernization plan (Torres, 1984: 177-178). As Secretary of Finance Ramón Beteta pointed out in a memorandum that analyzed the problems related to Alemán’s development project:

El Gobierno del Señor Alemán se esforzará, hasta el máximo, porque su programa de obras publica se financie, con ingresos derivados de sus impuestos [...]. Tiene que reconocerse, sin embargo, las limitaciones que con que tropezará ese esfuerzo.17

Raising new taxes was indeed problematic in a country where the thin middle class was already under severe pressure from inflation as a consequence of the end of WWII. Mexico also had low levels of domestic savings, and the vast amount of monetary reserves accumulated by the Bank of Mexico during the war had seriously been jeopardized by inflation and the dramatic increase of imports from the United States that followed the end of WWII. The end of hostilities also decreased the value of Latin American, including Mexican, agricultural goods and mineral exports, which had previously been a crucial source of currency to finance imports of industrial capital from abroad. Finally, the increasing inflation made funding the industrialization by printing new currency problematic (Torres, 1984: 42, 119-120; Torres Bodet, 1970: 21). As Beteta argued, given this general context, the only solution to the problem of funding had to come from external credit.18

Considering the strong interdependence developed between Mexico and Washington during WWII, and bearing in mind the former’s financial and technical needs, the resolution of most Mexican problems could be achieved by obtaining American political support and economic cooperation. Between the end of the 1930s and the conclusion of WWII, Mexico’s exports to the US had increased from $117800000 to $262300000. US investments in the country were primarily focused on the industrial sector and had increased by 25%, making Mexico largely dependent on the US for the import of industrial capital. During the same period, Mexico had also received a significant credit line of $90 million that was aimed at stabilizing the country’s currency and building new infrastructures for the country’s modernization (Meyer, 2007: 187-189; Ojeda, 1976: 38). From the Alemán administration’s point of view, the US had the private and public capital Mexico needed to launch and support its plan of industrial development. Moreover, out of its relations with Washington passed the much-needed revision of the 1942 commercial treaty and the possibility of raising new tariffs for the protection of Mexico’s national industry.

Unfortunately, as we have seen, for Latin America the new context generated by the Cold War was quickly changing the cooperative attitude that had marked Wash-
tionalization (Torres Bodet, 1970: 38-47).21 The US government was not adequate to support its new strategy of industrialization that had been nurtured by the new president (Torres, 1984: 159). The plan submitted to the Secretary of the Treasury foresees the purchase of new agricultural machines; the electrification of part of the northwest territory; the construction of new roads, railways, and harbors; and the building and modernization of new industrial plants, especially iron, steel, and textile factories to the tune of $180,000,000.22 "A large part of the outlined program" argued the US Ambassador in Mexico in a memorandum for the Secretary of State dated December 1946, "is obviously of vital significance to the future course of Mexico’s economy and to the implementation of the President’s declared economic and political policies."23 During the initial months of 1947, at Mexico’s request, the two governments had also begun discussing the possible modification of the bilateral commercial treaty signed in 1942. Mexico argued that the end of the war had radically changed the conditions upon which the treaty had been based and that the treaty did not permit the executive branch to stop the incessant stream of goods proceeding from the US. Moreover, the Alemán administration argued that the duties established by the 1942 agreement were not adequate to support its new strategy of industrialization (Torres Bodet, 1970: 38-47).24

In principle, Washington had shown reluctance to approve the credit since with due consideration of its continental strategy, part of the proposed projects could and should be funded with private capital. In reply to Mexico’s solicitations, Snyder transmitted to Beteta his administration’s desire to “help Mexico in every reasonable way but [expressed] that he would have to discourage the thought of a large loan.”25 Washington also showed an unwillingness to discuss a modification of the commercial treaty that would allow Mexico to raise its protectionist measures (Torres Bodet, 1970: 41–42).26

Throughout the year, however, the Truman administration’s coldness gradually melted, and in May 1947, a few days after the conclusion of President Alemán’s official visit to the US, an initial Export-Import Bank loan of $50 million dollars was announced along with a second $50 million dollar loan by the US Treasury to support Mexico’s currency.27 Between January 1949 and October 1950, Mexico also received $60 million for electrification projects from the IBRD (Torres, 1984: 183-184). The largest deal, however, was achieved in August 1950 only after three years of intense negotiation, when the Alemán administration clearly defeated the US’ resistance and Washington authorized the concession of a multipurpose Export-Import Bank credit line of $150 million. The credit basically covered the cost of Mexico’s development projects that were presented in December 1946 (Torres, 1984: 183-184). Eventually, during the same period of time, Mexico was also able to convince the administration to review the commercial treaty, which after a first round of modifications favoring the Mexican position, was finally repealed by both countries in July 1950.

The process leading to the modification and repudiation of the commercial treaty along with the approval of the main objective of the Alemán administration, the $150 million dollar multipurpose loan, was lengthy and required the generation of enduring pressure on Washington from Mexican diplomats. Before its final approval in August 1950, the feasibility of the projects submitted for funding was examined at length by State Department officials, the US Embassy in Mexico, led by Walter Thurston, and Export-Import Bank specialists. Along with the projects’ economic soundness, the Mexican fiscal system, its monetary reserves, and the balance of payments were carefully analyzed to evaluate Mexico’s capacity to repay such a large loan.25 As we shall see, it was only the Alemán administration’s ability and maneuvering that permitted Mexico to overwhelm the persisting ideological and technical doubts that surrounded its financial request and Washington’s opposition to Mexico’s protectionist measures.

In the first place, part of the process that brought matters to a favorable decision on the concession of the loan and the review of the commercial treaty was the combination of Washington’s willingness to stabilize Mexico’s political system and the Alemán government’s subtle use of its domestic problems in order to strengthen its negotiating position with the Truman administration.

In August 1947, the US Embassy in Mexico reported to the Secretary of State that the Alemán government was facing severe problems of stability and that the president was “not in as a strong political position now as he was during the first six months of his administration.” The Embassy pointed out that “the President had encountered troubles principally arising out of economic developments” and that “many of them were perhaps inevitable and President Alemán should not be held responsible.” According to the Embassy, the high cost of living along with the corruption the administration had inherited from previous governments were having negative effects on the perception of the “mass of the people” had of the Alemán government. On the other side, “top government planners” were disappointed at “not being able to carry out many of the projects such as dams, irrigation schemes and electrical plants which [had] been planned.” “This is,” continued the paper, primarily due “to [the] lack of funds, and their feeling is closely related to their disappointment that President Alemán has not been able to secure larger loans from the United States.”

This situation triggered a campaign of attacks from a sector of the press and left-wing groups related to former President Cárdenas as well as the leader of the Popular Party and former General Secretary of the CTM, Lombardo Toledano. US diplomats reported that given the tense situation, there were rumors indicating that the gov-
ernment was considering a political shift to the left. The document argued that the help given by Washington to fight the hoof-and-mouth disease that had dramatically affected Mexican cattle at the beginning of the Alemán presidency represented a tangible source of help for the administration. This form of reduced aid, however, did not “touch irrigation projects, and other plans for increasing food production and raising [the] standard of living.” The report concluded by reckoning that if these were carried out, they would form a basis for the political stability which the government so sorely needed [but] it is difficult to see how any appreciable numbers of these projects can be consummated with the money available in the country.26

After riots broke out against high bread prices in September, the Embassy released an even more alarming report, indicating that there were rumors regarding a meeting between Alemán, Cárdenas, and Toledano in which “the three of them arrived to an understanding with regard to their political relationship.” According to the Embassy, the rumors, even if unconfirmed, showed that “President Alemán [was] still making [a] serious effort to retain the support of the leftists and [had] not yet decided to take a strong stand against them.” Because of corruption, the campaign against the hoof-and-mouth disease, and the “unsettled economic conditions,” the report concluded that “the President may well find himself in a position of having to keep hold of any support that he can avail himself of.” 27

The alarmist tone of these reports became a constant feature of most US diplomatic accounts until the end of 1948, when a slight improvement in the economic conditions of the country, produced by the July 1948 devaluation and the introduction of the first round of protectionist measures, improved Alemán’s political situation.28 These reports and their alarmist tone reflect the importance Washington placed on the Mexican political regime’s stability. Indeed, as CIA (Central Intelligence Agency) analysts argued, for the United States, Mexico was “strategically important [...] because of geographic, political, economic and military factors.” The country was an important source of “various strategic materials,” and bearing in mind sites that could be “valuable for bases,” it represented a potentially “active war participant on the side of the US.”29 In light of these considerations, the US diplomats’ close scrutiny of the country’s political dynamics, stability, and economic factors is understandable. This explains why, regardless of any Mexican attempt to use its geographic leverage in order to obtain concessions, the American Embassy was preoccupied with the possible destabilization of the country or, in a scenario of increasing bipolar tensions, a political shift to the left of the Alemán administration. The CIA’s analysis sheds light on the spontaneous empathy that the Embassy showed toward the Alemán administration’s problems and explains why the Embassy eventually helped providing the tools, such as economic aid, that would fix them.

The Miguel Alemán administration, however, was not a passive spectator. On the contrary, it proved particularly capable of using Washington’s anxieties regarding the stability and the political collocation of the country for its own benefit. For example, from time to time, US diplomats suspected that Alemán’s threats to move to the left simply represented tactical maneuvers on the part of a president whom they described as an extremely skillful politician. In January 1948, the Embassy reported that it had “recently noticed a change in the tone of Mexican officials [sic] statements regarding the United States.” The Embassy excluded a radical change in the Alemán administration’s policy of cooperation with the United States but highlighted that “as a tactical maneuver, Mexican officials are now trying to give some satisfaction to the anti-imperialists.”

Alemán’s use of the tactic was, according to the Embassy, in part an attempt to “combat the impression that he [had] become subservient to the United States.” In part, however, the concession to the left did represent a way to reciprocate “the treatment,” which according to Mexican officials, the country had “received from the State Department in the negotiations for revising the Trade Agreement between the two countries.”30 The skill with which the Alemán administration wove its own domestic problems with its strategic necessities and American anxieties in an attempt to achieve its main objectives is evident here.

It was within the inter-American arena, however, that the Alemán administration fully disclosed its gerrymandering and tactical skills, capitalizing on the great importance Washington gave to Mexico’s hemispheric cooperation. As the aforementioned CIA report reckoned, besides geography, Mexico’s strategic relevance for the US also had a peculiar political dimension that was rooted in the impact the evolution of US-Mexican dynamics had “on US relations with other Latin American countries.”31

The CIA alluded to Mexico’s important position within the inter-American system, where the country had played a decisive role during, and in the aftermath of WWII by helping to strengthen and legitimize the shaping of a hemispheric alliance bounding the Americas across the northern and southern parts of the Western Hemisphere. As a policy paper issued by the State Department reported, Latin American countries considered Mexico “The Sentinel of the Race” and the “Bulwark Against the Barbarians of the North”; it further underlined that “she [Mexico] holds a position of influence and leadership in Latin American affairs.”32

During WWII and up until the 1945 Chapultepec Conference, Mexico had been an enthusiastic promoter of the inter-American system and had supported Washington’s integrationist policies, using its influence to promote the Pan-American ideal among other Latin American nations (Torres, 1984: 283-292). However, Mexico soon understood that Washington’s postwar interpretation of Pan-Americanism relied more on military assistance than on improving mechanisms of economic cooperation (Ojeda, 1976: 66). In reaction to the American militarist ap-
proach, Mexico adopted a strategy that according to Mexico’s Secretary of State and poet, Jaime Torres Bodet, tried to “no hacer de la cooperación una abdicación” (Torres Bodet, 1970: 54). Mexico used its cooperation with Washington in the inter-American arena as leverage to mitigate the superpower’s hegemony and force it to make concessions in terms of economic cooperation. This strategy was patiently weaved between the 1947 Río and the 1948 Bogotá Conferences and bore its fruits in the summer of 1950, when the beginning of the Korean War made Mexico’s critical and increasingly cold support of Washington too risky for the US to sustain given the new context.

As an American embassy report issued a few days before the beginning of the Rio Conference reckoned, the Mexican delegation had departed for Rio “with the intention of cooperating closely with the delegation of the United States.” “At the same time, however,” the report continued, “the Mexican representatives will not lose sight of the fact that their country is now beset with economic troubles and that the solutions of many of its problems would be greatly facilitated by foreign economic help.” In this sense, the Embassy argued that the general opinion in the country was that “if the United States expects Mexico to assume any obligations under a hemispheric defense pact, the Americans must provide Mexico with financial assistance to do it.”

Indeed, compared to the previous gatherings, at Río, the Alemán administration’s pugnacity saw a vigorous rise. “No hemos venido aquí a sancionar una alianza de guerra, sino una asociación jurídica de naciones libres y soberanas” argued Torres Bodet during a session of the conference. Torres Bodet pointed out that military cooperation was not a sufficient guarantee for continental security and that only the economic improvement of Latin American nations could generate the structural conditions required to safeguard the security that Washington so highly valued in the new Cold War scenario. “¿Qué es lo que encontramos en no pocas regiones de nuestra América?” Torres Bodet asked his audience:

Miseria, hambre, ignorancia y enfermedades. Hasta tanto no luchemos contra ellas con la misma unidad de acción que reconocemos como primer requisito de nuestra seguridad política no podremos afirmar que hemos penetrado en el dramático corazón de este problema.

During his intervention, Torres Bodet implicitly criticized the militarist approach that Washington had adopted with regard to inter-American relations, underlining the lack of consideration for the real social problems and their economic roots that affected the continent at the end of WWII. The military cooperation pursued by Washington brought benefits only to the US, while leaving Latin America without any compensation in exchange for its goodwill.

This aggressive strategy obviously entailed risks and challenges for Mexico, which had to carefully calibrate a position that, while putting enough pressure on its powerful neighbor to soften its rigidity, could not overstep the mark. As Torres Bodet wrote to Alemán from Río:

para delegación Mexicana situación es sumamente difícil pues todos nuestros antecedentes históricos obligarnos tomar actitud que no resulte inamistosa para Estados Unidos, pero que no altere tampoco nuestra línea de conducta en defensa de seguridad económica como garantía seguridad política.

However, a strategy of opposition and appeasement, if wisely balanced, could also grant important victories to Mexico as, in fact, systematically happened between 1947 and 1950 (Torres Bodet, 1970: 54). Eventually, at the end of the Río Conference and after having raised its voice, Mexico signed the pact of mutual military assistance that Washington had pursued throughout the course of the meeting, determining, from the American point of view, the positive outcome of the conference. Mexico also helped the United States in its successful attempt to defer a discussion of economic matters until the Bogotá Conference (Torres, 1984: 294-295). Nonetheless, the risky mix of resilience and appeasement implemented by Torres Bodet also produced extremely positive results for his country. On the one hand, Mexico’s attitude forced the US to accept the Mexican-Colombian proposal, thereby giving its approval for the ECOSOC to begin the formal elaboration of an economic charter to be discussed during the next Inter-American Conference of Bogotá. On the other hand, through this strategy Mexico was creating and successfully implementing political leverage that would be used to convince Washington to grant support for requests made after December 1946, thus allowing Mexico to adopt a successful economic development strategy.

The strength given to Mexico’s negotiating position by its diplomatic maneuvering at the inter-American level was disclosed, for example, by a conversation held in November 1947 by Norman Armour, Assistant Secretary of State for Political Affairs, and George S. Messersmith, former US ambassador in Mexico, after a visit the latter had taken to the country. During his trip, Messersmith had maintained a two-hour conversation with Torres Bodet, during which he had congratulated the Mexican foreign minister on his action at the Río Conference “and particularly [on] his support of his United States position.” However, Messersmith argued that “Torres Bodet was disturbed at the trend of United States-Mexican affairs.” Firstly, according to Messersmith, Torres Bodet had pointed out that “although his support of our position at the Río to defer economic talks until Bogota was justified at the time, he is disturbed that adequate preparation for Bogota is not being made or, if it is, he, Torres Bodet, is not being informed.” Messersmith also reported that President Alemán was equally disturbed over these matters and that both the President and Torres Bodet “feel that we are not helping them adequately on their difficult financial situation” and that “they do not find the Export-Import Bank sympathetic to their approach for loans.”
Torres Bodet concluded his conversation with the former ambassador by mentioning the US-Mexico’s 1942 Trade Agreement, saying that US “officials were giving special consideration to European countries which they refused to give to Mexico” and that “the same situation exists in Mexico” where “poverty is widespread”; Torres Bodet concluded that “he felt that our former keen interest in Mexican affairs was lessening.”

Messersmith concluded his report of his conversation with Torres Bodet, stating that he was seriously concerned about the situation and that he wanted Armour to be aware of it “for he fears that unless something is done before Bogota, we may not be able to rely to the extent we did at Rio on Mexican support.”

Armour was definitely moved by Messersmith’s report and stated that the State Department was evaluating the possibility of getting assistance for Mexico from the International Bank [IBRD], adding that he had hopes that the Export-Import Bank would in the close future “look more sympathetically toward the Mexican situation.” Messersmith concluded his report of his conversation with the former ambassador by mentioning the US-Mexico’s 1942 Trade Agreement, saying that US “officials were giving special consideration to European countries which they refused to give to Mexico” and that the same situation exists in Mexico “for he fears that unless something is done before Bogota, we may not be able to rely to the extent we did at Rio on Mexican support.”

The fact that Mexico had already shown enough courage to speak loudly against Washington’s position, as Torres Bodet did during the Rio Conference, made its threat to hamper US objectives at the next Inter-American Conference of Bogotá, scheduled for March 1948, credible. However, Washington also knew that the Alemán administration’s belligerency had a price and, in fact, in the meanwhile the Truman administration had started to show a more flexible approach to Mexico’s economic problems and requests.

Indeed, while the pressures exerted by the Alemán administration at the inter-American level were not yet generating the desired results in terms of loan concessions, they did permit Mexico to progressively bypass the 1942 commercial treaty and to raise unilaterally protectionist measures. Since the bilateral talks for the modification of the treaty begun in early 1947 did not result in significant advances during the rest of the year, Mexico, citing a dangerous decrease of its foreign exchange reserves, unilaterally raised two protectionist measures, one each in July and November of 1947 (Torres, 1984: 228-229). Mexico’s actions represented an infringement of the 1942 treaty and the Truman administration reacted vehemently, even considering the unilateral denunciation of the agreement. However, as State Department Counselor Charles “Chip” Bohlen explained in a memorandum to the Congressman Harold Knutson, after “an exhaustive consideration of all angles of the problem and with overall United States-Mexican relations in mind,” the administration decided to avoid a hasty retaliation. Indeed, according to Bohlen, the denunciation of the treaty would have been “unfortunate,” making it “more difficult [for] the achievement of United States objectives at […] Bogota.”

Mexican actions were in line with the desire of Mexico to industrialize itself and that they are determined to fight against any threat to that industrialization, whether it comes from the European Relief Program or any other sources. Amid what the US Ambassador defined as an “increase in anti-Americanism in the departments of [the] Mexican government,” Mexico began its participation at the Bogotá Conference by adopting an attitude that closely resembled the one it had maintained at Rio. A few weeks before the conference, in February 1948, Ambassador Thurston wrote a memorandum to the Secretary of State, warning that:

the public and private statements of Mexican officials indicate that at the Bogota Conference they will have very much in mind the desire of Mexico to industrialize itself and that they are determined to fight against any threat to that industrialization, whether it comes from the European Relief Program or any other sources. [...] There is an apparent definite note of suspicion regarding the United States’ attitude.

When asked by the national press about the importance Mexico gave to the forthcoming conference, Torres Bodet expressed that it was perhaps the most important inter-American gathering since 1938 and that its relevance was rooted in the fact that “lo que en ella se haga revelará hasta que punto puede ser una realidad el sueño de Bolívar y hasta qué extremo el panamericanismo corresponde a la intención de recíproca ayuda que proclaman nuestros Estados.”

During the conference, Mexico’s actions and proposal showed how far from realization the Pan-American ideal
was. Mexican delegates insisted on the need to promote state-led development, proposing the creation of an Inter-American Development Bank and the concession of long-term developmental loans accompanied by technical cooperation. Without directly mentioning the US, the Mexican delegates made it clear that the realization of these objectives was mainly an American responsibility. “Algunas veces se dice,” argued the Mexican Chief of Delegation and former director of the Banco de México, Eduardo Villaseñor, during a plenary session of the conference:

> que los países latinoamericanos esperan que la asistencia económica exterior venga a suplir o que deberían lograr con políticas internas bien planeadas y ejecutadas en materias fiscales, monetarias o de crédito. Sin aceptar que la crítica sea justa, es claro que en la medida que los países que han logrado en esas ramas de la técnica y de la política económica una mayor madurez, pongan al servicio de los otros los frutos de su experiencia y los asistan con su consejo, serán mayores las posibilidades de estos últimos para mejorar, mediante su propio esfuerzo, las condiciones de sus economías interiores.44

Moreover, the Mexican delegation fiercely opposed the idea that private capital could represent an alternative to public investment and restated that the former should always respect the primacy of national laws.

Mexico’s proposals were a straightforward opposition to what had been until then the nucleus of the American position with regard to inter-American economic cooperation. In this sense, compared to Rio, Mexico’s attitude at Bogotá offered even more tangible proof of the Alemán administration’s readiness to fight over the issue of economic cooperation and generate greater pressure on the US. Although the Conference approved the creation of the Organization of American States and an anti-communist declaration, its failure to ratify the economic chart, which was also caused by Mexico’s resistance and arguments, officially spoiled Washington’s design to build a unitary political bloc on the continent. Once again, the Alemán administration had implemented a strategy composed of resistance and concessions that did not take for granted Mexico’s uncritical allegiance to US desires and that expressed increasing criticism of Washington’s policies. As an US Embassy report from Mexico City argued in March, when he came to power Alemán had expected “more financial help from the United States” and “many of the nationalistic measures which have been adopted by his government […] and the anti-American trend in his economic policy are due to his hope having been dashed.”45

At this point, Mexican pressure finally reached enough intensity to produce changes in the American administration. Had the Export-Import Bank loan not become embroiled with a harsh dispute over oil exploitation, its concession could have probably been unlocked at the end of 1948. At the beginning of 1947, Washington had approached the Alemán administration in an attempt to discuss the possible return of American private capital for the exploitation of Mexican oil, which had been nationalized in 1938 by President Cárdenas and since then had become one of the flagships of Mexican nationalism. After initial hesitation, the Alemán administration had deflected American solicitations and counterattacked by asking for a new, specific loan for the development of its oil industry. While in principle the Export-Import Bank’s $150 million dollar credit and the oil problem represented two separate issues, with the stagnation of negotiations on both fronts, they became gradually entangled. For four years, the Mexicans insisted on the concession of the oil loan, while the Americans, advocating the return of private capital, put the Export/Import credit line on hold in the hope of overcoming the Alemán administration’s resistance (Torres, 1984: 191-192).

This impasse lasted until the summer of 1950, when the beginning of the Korean War along with Mexico’s usual semi-ambiguous foreign policy broke the impasse, thereby giving the Alemán administration the occasion for a final push on the issue related to the Export-Import Bank credit line.

Earlier in the spring, a State Department policy paper reminded Washington policymakers about the importance of maintaining “Mexican support of United States foreign policy objectives, both political and economic, in the hemisphere and the world,” arguing that “to make Mexico’s support more effective” it was necessary to lend “every appropriate assistance in that country’s continued economic development.” Indeed, the Korean War immediately offered an opportunity to see how Washington’s reluctance to grant economic aid had pushed Mexico’s coldness to a worrisome point. As Roy Rubottom, a State Department leading specialist on Latin America, reported to Edward Miller in August, “Mexico and President Alemán have been unenthusiastic supporters of UN and U.S. action in Korea publically.” Privately, however, “Foreign Office spokesmen Tello and Sanchez Gavito give assurance [that] Mexico will come through.”47 Once again Mexico was showing, on a public level, a rigid and rather independent position, while on a private one, it kept open all possibilities for collaboration.48

At this point, given the evidence that Mexico had already offered regarding its capacity to oppose, when necessary, American decisions, a double rejection on the oil loan and the $150 million dollar Export-Import Bank credit line could have clearly jeopardized Mexico’s collaboration with the US in the context of the Korean War. US diplomacy, then, quickly renounced its aspirations of opening Mexican oil production to private capital and began trying to convince the Alemán administration to give up on the oil loan in exchange for a conspicuous Export-Import Bank credit line. Finally, on August 17, Miller wrote to the Under Secretary of State, Webb, that Mexico had given its approval to withdraw the oil loan request if it would finally be granted a multipurpose Export-Import credit line of $150 million. “In view of
these considerations, and the importance of Mexican cooperation in the crisis which we are now passing through,” Miller wrote, “it is hoped that the Export-Import Bank will not delay any action until it is absolutely satisfied that Mexico has a borrowing capacity for the full amount of the credit.”

The State Department’s support for the Mexican loan did not go unopposed. On August 21, for example, the Economic and Finance adviser of the Bureau of Inter-American Affairs warned that even if the political reasons for the loan to Mexico were evident, the decision would have important political implications on “US political and economic relations with the other nineteen republics.” Indeed, until then, the Export-Import Bank had refused to grant multipurpose long-term credit lines to other Latin American republics, arguing that the institution mandate was to finance only small and specific projects. Moreover, the Bureau pointed out that the Bank usually financed purchases of material and equipment produced in the US while Mexican operations under the proposed loans “would include Exim Bank dollars to finance local currency expenditures.” Finally, the Bureau insisted that there were serious doubts regarding Mexico’s capacity to fully repay the loan.

The State Department was perfectly aware of the consequences of the decision, which was even more problematic considering that only a few weeks before Brazil had been informed that if it wanted a long-term loan for development purposes, it had to look to the International Bank (International Bank of Reconstruction and Development). However, the outlook was that the loan would have a very positive impact on US-Mexican bilateral relations, and after some more thought, on August 30, the US Administration approved of the concession for the amount requested by Mexico. After three years of intense maneuvering, the Alemán administration had eventually gained the financial coverage to back its dreams of economic modernization.

CONCLUSIONS

In 1940, Mexico had 13000 industrial plants. In 1950 the number had increased to 73000. Between 1946 and 1952, Mexican industrial growth averaged 7.2% (Krauze, 1997: 111). The country, driven by the state’s increasing initiative, experimented in deep architectural remodeling that brought about the building of new modernist middle-class residential units, such as the Multifamiliar Miguel Aleman or the futurist University Campus of Ciudad Universitaria, both designed by the Mexican architect, and a student of Le Corbusier, Mario Pani. New roads, bridges, and dams made their appearance throughout the immense country, while electricity finally reached remote, rural hamlets. After years of violence and stagnation, Mexico was experiencing the shiver of modernity, a feeling that, amid problems and setbacks, would nonetheless last for many decades.

The foundations of this process were laid between 1946 and 1952, oddly enough at the beginning of what was one of the most troubled epochs for Latin America. Compared to other regions of the Third World, in Latin America, the beginning of the Bipolar Conflict exacerbated the process of the Cold War’s binding affiliations, described by Arne Westad (Westad, 2013: 210). Whether other Third World countries had, at least in theory, the option to “seek accommodation with the United States or with the Soviet Union,” Latin American republics faced a much more restrained dynamic. Latin America, because of its geographical position and increasing American pressures determined by geopolitical calculation, but also as a consequence of the acceleration of economic and political integration experienced during the 1930s and the 1940s, was forced to seek accommodation almost exclusively with the United States. This, however, occurred at a time when Washington’s Cold War strategies were stiffening the American position with regard to economic and political cooperation with Latin America, thus creating a perverse dynamic that lasted at least until the end of the 1950s, when the Cuban Revolution forced a reappraisal of US policies on the continent. While in general this tightening trend choked Latin American political and economic aspirations, Mexico presents a different trend. As this paper has shown, Mexico’s resilience and ability to take advantage of the new dynamics triggered by the Cold War were mainly based on its capacity to use its foreign policy skillfully to service its economic development plans. The Alemán government was indeed able to forge a strategy that wisely mixed constraints with the appeasement of its powerful neighbor, exerting an enduring pressure that ultimately resulted in the achievement of its main objectives. After four years in power, the Alemán administration had indeed obtained US public funds to cover parts of its vast industrialization project and had modified its commercial rules with Washington so that it would be able to protect its incipient national industry.

This study shows that there is a great need to revise our perspective of Latin American contemporary history. Its study needs to become more nuanced and must recognize the existence of rather crucial exceptions to the general trends that affected the continent and the dynamics of inter-American relations during the Cold War. In other words, the dominant perspective that sees and portrays Latin America as a passive testimony of the tragedies of post-WWII history needs to be deeply reviewed and replaced by a new focus on Latin American countries’ policies, efforts, and attempts to adapt to the new world projected by the Cold War. This perspective can offer a more balanced vision of Latin American history and can also lead to new ideas for comparisons between the Western Hemisphere and other realities found in the so-called Global Third World.

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NOTES

1. See the introduction of Niblo (1999).
2. For a critical appraisal of this historiographical approach see Max Paul Friedman (2003: 621-636); Hamer (2014).
3. See, for an overview of this process see Peña (1994).
4. See, for example: “Recuperación Económica a Partir de Hoy,” Excelsior, 1 December 1946: 1 and “La Industrialización del País, una de las metas del gobierno,” 3 December 1946.
7. Ibídem. 5.
10. See, for example, Niblo (1995: 200-217).
17. Archivo del Colegio de México, Fondo Ramón Beteta, Miguel Alemán Caja 1, Memoranum Política, Caja Exp. 19, Memorandum 29, approx. December 1946: 3.
18. Archivo del Colegio de México, Fondo Ramón Beteta, Miguel Alemán Caja 1, Memoranum Política, Caja Exp. 19, Memorandum 29, approx. December 1946: 3.
19. Ibidem, pp. 8-10; RG59, 812.51/12-1746, Airgram, AmEmbassy to Secretary of State, No Subject, 17 December 1946.
21. Foreign Relations of the United States (hereafter FRUS), Mexico, 1947 V. 8, Discussion between the United States and Mexico Regarding Mexican Import Restrictions and Trade Agreement Revision, 611.1231/1-1047, 4 March 1947: 772-776.
22. NARA RG59, 812.51/12.1846, Office Memorandum, No Subject, 18 December 1947.
23. FRUS, Mexico, 1947, V. 8, Discussion between the United States and Mexico Regarding Mexican Import Restrictions and Trade Agreement Revision, 611.1231/1-1047, 4 March 1947: 772-776.
24. NARA RG59, 812.51/5-1447, Statement by Ministry of Finance with respect to $50,000,000 Stabilization Agreement with U.S. Treasury, and $50,000,000 Export/Import Bank Credit, 14 May 1947.
26. NARA RG59, 812.00/8-2147, Political: Difficulties of President Alemán, 21 August 1947; see also: RG59, 812.00/8-2247, 22 August 1947.
28. See, for example: RG59, 812.00/8-2048, Mexican Political Development, 20 August 1948. For the devaluation: Torres (1984: 121).
32. NARA RG59, 611.12/4-2450, Office Memorandum, “To assess our current political relations with Mexico,” 24 April 1950.
34. Fundación Miguel Alemán, Caja 9, Exp. 254, Fajas 20, Conferencia Interamericana sobre el mantenimiento de la paz y la seguridad del continente, 15 August 1947: 2.
36. NARA RG59, 611.123/11-1447, Mr. Messersmith’s Recent Visit to Mexico—his conversation with Foreign Minister Torres Bodet, 14 November 1947.
37. NARA RG59, 611.1231/3-348, No title, 2 April 1948.
40. NARA RG59, 812.00/4-2148, Political Conditions in Mexico for the Period Beginning March 6, 1948 and Ending April 15, 1948.
41. NARA RG59, 812.00/2-1848, Political Conditions in Mexico for the Period Beginning January 16, 1948 and Ending February 15, 1948, 18 February 1948.
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