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“EXCLUSIVE DOMINATION” OR “SHORT TERM IMPERIALISM”: THE PERUVIAN RESPONSE TO U.S.-ARGENTINE RIVALRY, 1946-1950*

“Peru lives in a psychological moment of singular confusion,” Argentine Ambassador Hugo Oderigo wrote in 1947, suggesting that “the United States and Argentina are its two great realities. It is attracted to our country by the community of historical origin, lives our reality, and recognizes the greatness” of General Juan Domingo Perón. On the other hand, the hegemonic United States, with its vast wealth and modern industrial order, offered promise for the future. In the years following the Second World War, both Perón and the Harry S. Truman administration forced two Peruvian presidents to choose between what one Lima journalist called “short-term Argentine imperialism” and the “exclusive domination which the Great Democracy of the North today exercises.”¹ Perón’s road promised rapid industrialization and liberation from foreign exploitation through statist corporatism and membership in a “southern bloc” of economically-integrated South American states, while Washington stood as the guardian of a new global order based on liberal capitalism and multilateral commerce. This conflict represents an important international aspect of what has heretofore been considered a domestic struggle within Peru from 1945-1949.

This clash between Perón’s populist vision and the liberal capitalism preached by the Truman Administration—itsself one phase of the larger U.S. campaign to promote what would later be called the “Washington consensus”—remains an overlooked aspect of post-war South American history, which tends instead to focus on the emerging Cold War as a major factor in the events of 1946-1950.² It is true that anti-communism in Europe and Asia

* I would like to express my gratitude to Judith Ewell, Michael Hogan, Alan McPherson, and the anonymous reviewers from *The Americas* for their insights, critiques, and assistance.

¹ Oderigo a Ministro, 21 Marzo 1947, Archivo del Ministerio de Relaciones Exteriores y Culto (AMREC), Buenos Aires (BA), 1947, 12, 1; *La Jornada*, quoted in Ackerman to Secretary, 9 June 1947, United States National Archives, Records of the Department of State, Record Group 59 (RG 59), 823.00.

² The best example is Leslie Bethell and Ian Roxborough’s excellent synopsis of the period, “The postwar conjuncture in Latin America: democracy, labor, and the left,” *Latin America between the*

distracted U.S. policymakers from events in their traditional "Good Neighborhood," but in the case of Peru, however, it played virtually no other role. Indeed, the State Department, preoccupied with its Argentine rivals, displayed apathy toward the crisis of Peruvian democracy and ignored the pleas of the most formidable anti-communist force in Peru as it came to embrace General Manuel Odría's military dictatorship in 1949. Still, the Peruvian leaders were far from helpless as they responded to Argentine and U.S. pressures, and did so with a sophistication and skill that Washington never fully appreciated.

When President José Luis Bustamante launched his ill-fated "three year fight for democracy" in 1945, he stood almost alone as a centrist, torn between the conflicting demands of both a reinvigorated left, in the form of Víctor Haya de la Torre's *Alianza Popular Revolucionaria Americana* (APRA), and the landed oligarchy, embodied in agricultural barons Pedro Beltrán, Enrique Gildermeister, and their *Alianza Nacional*.³ APRA, well-organized and hardened by fifteen years of persecution, clearly represented the dominant political force in Peru and the only party with any real mass support. Haya de la Torre had been instrumental in securing Bustamante's victory in what was perhaps Peru's first truly democratic election in 1945, but APRA viewed the president as a figurehead. If he proved to be sufficiently pliable, he was simply to implement its agenda, and if not, he was a fairly minor obstacle to its ultimate assumption of power. On the other hand, Beltrán's *Alianza*, representing the agroexporter "merchant aristocracy," incorporated dissident labor factions and communists marginalized by APRA's imminence into a loose anti-APRA coalition that was equally determined to dominate Bustamante. "Few [other] governments," Bustamante correctly lamented, faced the "political incidents and social conflicts which almost daily disrupted the general tranquility." His misfortune was only compounded by the emergence of Perón's challenge to the hemispheric order.⁴

Perón had risen to power in Argentina by meshing organized labor and the army into a political juggernaut, maintained by relatively equal parts demagoguery, real achievements in the realm of social welfare, and a promise of "economic independence" from foreign and oligarchic exploitation. Once in the Casa Rosada, he transformed the nation's economy and promoted industrial growth through statist centralization, epitomized by the *Instituto Argentino para la Promoción del Intercambio* (IAPI), a govern-

Second World War and the Cold War, 1944-1948, eds. Ian Roxborough and Leslie Bethell (Cambridge: Cambridge University Press, 1992).

³ Bustamante y Rivero, *Tres años de lucha por la democracia en el Perú* (Buenos Aires: n.p., 1949).

⁴ Owen to Daniels, 12 July 1948, RG 59, 823.00; Bustamante, *Tres años*, pp. 150; see also Víctor Villanueva, *El Apra en busca de poder* (Lima: Editorial Horizonte, 1975).

ment import-export monopoly. Moreover, *peronistas* worked actively to export *justicialismo*, Perón's eclectic philosophy, and the "Third Position," his neutralist foreign policy, across South America. In other words, not only was Argentina winning its own "economic independence," but Perón offered the promise that limitrophe nations could do the same, if they too cast off U.S. liberal capitalism and hemispheric leadership. In short, Perón offered an economic, cultural, and ideological challenge to U.S. domination of the hemisphere, and for the next four years, U.S. policy toward South America was virtually dictated by the need to contain not Soviet communism, but populist nationalism like Perón's.⁵

Still, Bustamante and his erstwhile *aprista* allies showed little inclination to join Perón's revolt. Instead, they endeavored to hitch their cart to the United States and its liberal capitalist order. Peru had cooperated wholeheartedly with the Allied war effort, and Bustamante, knowing that Washington and Wall Street could bankroll Peruvian modernization, earnestly hoped to reap the benefits in the post-war period. Moreover, Haya de la Torre and APRA had abandoned the anti-imperialist rhetoric that had once been their trademark. They were now calling for full-fledged alliance with the heirs to the Good Neighbor policy and were actively assisting the FBI's anti-communist efforts in South America, giving U.S.-Peruvian cooperation a very powerful domestic constituency.⁶ Therefore, Bustamante and Haya de la Torre immediately attempted to settle the outstanding issues of contention between Lima and Washington. The first and most significant of these was Peru's national debt, which had been in default since 1930. Establishing a repayment schedule would open the door to financial assistance from the World Bank and the Export-Import Bank, as Bustamante hoped to attract foreign capital to develop his nation's mineral resources and increase food production. The second serious issue that stood in the way of complete U.S.-Peruvian harmony was petroleum and the so-called Sechura concession, where the International Petroleum Corporation (IPC), a Standard Oil subsidiary, sought exclusive, permanent rights to drill. Bustamante readily agreed to these terms, hoping to provide a friendly climate for U.S. investment and win international support for his fragile "revolution by evolution."⁷

Unfortunately for the president and his *aprista* backers, Beltrán's *Alianza* had sufficient strength to block the implementation of both overtures. Bel-

⁵ Glenn J. Dorn, "Perón's Gambit: the United States and the Argentine Challenge to the Inter-American Order, 1946-1949," *Diplomatic History* 26 (Winter 2002), pp. 1-20.

⁶ Gonzalo Portocarrero Maisch, *De Bustamante a Odría: El fracaso del Frente Democrático Nacional, 1945-1950* (Lima: Mosca Azul Editores, 1983), pp. 73-81.

⁷ Bustamante, *Tres años*, pp. 88-106, 238-243.

tran condemned the proposed debt settlement, as it would be paid largely by duties levied upon him and other exporters, and claimed that it would divert resources from national defense. Nationalists augmented this offensive, accusing Bustamante of paying far more generously than was necessary and subordinating the needs of the Peruvian citizenry to those of Wall Street plutocrats. Sechura and the proposed petroleum law suffered a similar fate, as *Alianza* senators excoriated APRA and Bustamante for endeavoring to sell out Peru to Standard Oil—the archetypical “Yankee imperialists.”⁸ Despite his inability to overcome his domestic opponents, Bustamante nevertheless hoped that Washington would recognize the precariousness of his position and move to bolster it.

This dream, however, was doomed from the outset. The Truman Administration, preoccupied with events in Europe and Asia, and to a lesser extent with the challenge of Perón’s Argentina, was content to virtually ignore his plight. Ambassador Prentiss Cooper, whose credentials for his post comprised little more than a reasonably successful record as governor of Tennessee, argued forcefully that no assistance should be given until Peru settled its financial arrears. Even worse, Washington consistently, if inadvertently at times, added to the pressure on Bustamante and his rapidly deteriorating economy. In a decision that the Peruvians considered to be somewhat petty, the State Department insisted that Peru immediately repay \$2 million of wartime Lend-Lease aid before it could receive any financial assistance. Not only was the sum trivial, but other Lend-Lease beneficiaries were not being so pressured, and even former Axis states like Italy were receiving generous amounts of U.S. aid.⁹ Moreover, even as Washington pressed Latin American states to liberalize their economies and lower trade barriers, protectionists in the U.S. Congress were diligently raising tariffs on tuna and sugar that deprived Peru of badly-needed markets and dollar exchange. Adding insult to injury, the U.S. Army even canceled its contract for Peruvian alpaca wool, which it had once bought in great quantities for cold weather uniforms, as synthetic fibers developed during the war replaced natural ones.¹⁰

⁸ Portocarrero, *De Bustamante a Odría*, p. 87-89.

⁹ Prado a Ministro, 28 Febrero 1947, Archivo del Ministerio de Relaciones Exteriores (AMRE), Lima, 5-3-Y/16; Prado a Ministro, 6 May 1946, AMRE, Lima, 5-3-Y/42.

¹⁰ Prado a Ministro, 19 Junio 1947, AMRE, Lima, 5-3-Y/54; see also Prado a Ministro, 14 Julio 1947, AMRE, Lima, 5-3-Y/62; Memorandum of Conversation, Ferreyros, Armour, Espy, Owen, 26 February 1948, RG 84, Lima, Box 56, 863.6; Owen to Daniels, 5 October 1948, RG 59, 611.2331; Ferreyros a Ministro, 7 Octubre 1948, AMRE, Lima, 5-3-Y/58; King to Willoughby, 8 March 1949, RG 59, 611.2331; Owen to Wells, Woodward, Brown, and Hood, 17 September 1948, RG 59, 611.23; Willoughby to Brown, 17 September 1948, RG 84, Lima, Box 55, 850.

Most importantly, however, the State Department, facing a global food shortage, was unwilling to address Peru's desperate scarcity of wheat—Bustamante's most immediate problem. In mid-1946, Peruvian wheat stocks dwindled to the point that local mills had less than a one-month supply remaining. Even on the rare occasions when sufficient wheat was available, the high prices of food imports mandated that Bustamante engage in costly subsidies that further exacerbated Peru's traditional financial and exchange problems.¹¹ Still, despite knowing that food riots and economic dislocations would probably "precipitate [the] fall of [the] present cabinet," Secretary of State James Byrnes turned a deaf ear to Peruvian aid requests, since "any shipment of wheat to Peru from the United States would represent diversion from areas where critical need has been demonstrated." Moreover, when the Peruvians finally did manage to independently contract for 100,000 tons of wheat from a U.S. firm, the Truman Administration refused to grant export licenses, offering instead to sell an emergency shipment of just 8,000 tons. Bustamante again paid the price as *apristas*, drifting inexorably into opposition, condemned his "gross ineffectiveness" and implied that Peruvians "should not suffer hunger because of the inaptitude [sic]" of their "diplomatic representatives in Washington."¹²

Thus, late 1946 found Bustamante isolated and vulnerable as Perón launched his own diplomatic offensive clearly aimed exploiting U.S. negligence. Oderigo reported to his superiors that the State Department, "miserly and mercantile to the end," was estranging Peru as it fostered "dependency" and an inequitable "status quo," "absorbing the economy of the country without bringing progress or assuring the economic liberty of the people." Although he acknowledged that, for the time being, the U.S. held the upper hand, there was a burgeoning undercurrent of resentment in working class neighborhoods that he hoped to exploit. "It is very common," he related, "to hear people repudiating the North Americans," even if they felt obligated to do so "very quietly." Even more satisfying was the apparent growth of the sentiment, "what we need here is a Perón."

Oderigo's embassy worked tirelessly to encourage this spirit and end the Peruvian "gravitation toward the United States." by distributing pamphlets,

¹¹ Bustamante, *Tres años*, pp. 189-200; Flack to Secretary, 10 January 1947, RG 84, Lima, Box 50, 631.

¹² Byrnes to Embassy Lima, 30 January 1946, RG 59, 823.5018; Pawley to Secretary, 1 February 1946, RG 59, 823.5018; Pawley to Secretary, 22 February 1946, RG 59, 823.5018; Memorandum of Conversation, Fernandez Davila, Donayre, Braden and Wells, 1 April 1946, RG 59, 823.5018; see also Davila a Ministro, 13 Marzo 1946, AMRE, Lima, 5-3-A/98; Acheson to Embassy Lima, 2 April 1946, RG 59, 823.5018.

booklets, and magazines detailing Perón's achievements for the *descamisados*. It also broadcast daily and weekly radio programs to retell Perón's "principal accomplishments" and advertise the merits of *peronismo*, apparently with some success.¹³ While he was perhaps unduly optimistic, even U.S. embassy personnel lamented that "Argentine influence is on the increase both commercially and culturally." Not only were Peruvians reading Argentine magazines, buying Argentine products, and interacting with large numbers of Argentine tourists, but even "the popular music among the students seems also to be Argentine."¹⁴

Oderigo quickly received assistance from his superiors in the form of labor attachés dispatched to the embassy. In December, Perón started deploying Argentine unionists across the hemisphere to "spread the revolution of June 4" that had brought him to power. He announced that these attachés were to be "apostolic missionaries of peace," not "soldiers of conquest;" intermediaries between "Argentine workers and the working masses of all nations;" and educators who would bring "knowledge of the revolutionary work" being done in Argentina. Oderigo hoped that labor attachés might wean APRA (which shared with Peronism the search for a "new Latin American economic system based on the defense of the working class") away from Haya de la Torre. In Peronist eyes, Haya de la Torre was betraying the admirable "anti-imperialism" which he and APRA had once preached to forge an "inexplicable" entente with Washington. Bustamante's ambassador in Buenos Aires, C. E. B. Ledgard, warned that there was "nothing subtle" in this Argentine cultural offensive, recognizing instantly the mischief that these provocateurs could cause in Peru.¹⁵

Ledgard was well aware that, as South America's traditional breadbasket, Argentina was profiting immensely from the same food shortage wracking Peru. Nonetheless, he could also be counted among those impressed that Argentina had made the exceptional transition from "a debtor nation to a creditor nation" almost overnight. "This country," whose "political and economic importance grows every day," will not to be "disposed to merely sell us wheat and meat on credit," but will want "something like participation in

¹³ Oderigo to Bramulgia, 21 Marzo 1947, AMREC, BA, Peru 1947, 12, 10; Oderigo to Bramulgia, 16 Septiembre 1947, AMREC, BA, Peru 1947, 12, 1; Memoria Anual, 1947, AMREC, BA, Peru 1947, 12, 5.

¹⁴ Broderick to Donnelly, 19 June 1946, RG 84, Lima, Box 46, 800.

¹⁵ Ledgard a Ministro, 3 September 1947, AMRE, Lima, 5-1-Y/107; Oderigo believed that Manuel Seoane, one of Haya de la Torre's chief lieutenants "sympathized with the Argentine government," while Haya represented the "American tendency." Oderigo a Bramulgia, 16 Setiembre 1947, AMREC, BA, Peru 1947, 12, 1; Oderigo a Bramulgia, 21 Marzo 1947, AMREC, BA, Peru 1947, 12, 1.

the development of extractive industries.”¹⁶ His fears proved to be well-founded when Perón announced the signing of a major new trade agreement with Chile. The two nations would be forming a customs union, Chile’s food supply would be guaranteed as part of a barter that would send minerals to Argentina, and most importantly, Perón was granting a \$140 million credit for economic development in Chile. Because all of these transactions were to be administered by the governments and supervised by IAPI, the pact was a direct repudiation of U.S. principles of liberal capitalism and multilateralism, and an open challenge to U.S. hegemony in South America. It took Peronists less than two months to ink a similar pact with Bolivia, exchanging food for tin and providing the Bolivians funds for mineral and railroad development, as Perón implemented his “True Good Neighbor” policy.¹⁷

Bustamante did not have to wait long for the Argentines to press their case to him. Just days after the signing of the Chilean pact, *peronistas* informed the Peruvian embassy that they were willing to grant credits to Peru as well, and in March 1947, IAPI representatives arrived in Lima to begin negotiations in earnest.¹⁸ The Argentine proposals were familiar, as Perón sought to barter wheat and meat for Peruvian minerals. Although this was unremarkable, IAPI also offered developmental loans of up to 800 million pesos. As always, Perón insisted that industries developed with his funding benefit Argentina and remain under Argentine supervision. This meant that coal extracted from the Chimbote fields, for example, was to be sold to Argentina and railroads built in the Andes were to be designed to facilitate Argentine-Peruvian commerce.¹⁹

On the one hand, the State Department had little to fear. Unlike in Bolivia or Chile, there was no Peruvian constituency strongly in favor of binding the nation to *peronismo*. The domestic elite, importers and exporters alike, had no interest in a statist barter that would, at best, limit their freedom and, at worst, cede their role in the economy to the state. This put them atypically alongside Haya de la Torre, who was “very critical of Perón’s policy in holding up food shipments,” and had “always opposed Perón,” whom he viewed

¹⁶ Ledgard a Ministro, 10 Diciembre 1946, AMRE, Lima, 5-1-A/523; Ledgard a Ministro, 9 Diciembre 1946, AMRE, Lima, 5-1-A/519; see also Ledgard a Ministro, 28 Enero 1947, AMRE, Lima, 5-1-A/44.

¹⁷ Ledgard a Ministro, 9 Enero 1947, AMRE, Lima, 5-1-A/11; see also Leonor A. Machinandarena de Devoto, “La influencia del justicialismo en Chile, 1946-1952.” (Tesis de Doctorado, Universidad de Buenos Aires, 1995), Capítulo 2.

¹⁸ Ledgard a Ministro, 7 Marzo 1946, AMRE, Lima, 5-1-Y/13.

¹⁹ García Sayan a Encargador de Negocios, 30 Septiembre 1947, AMRE, Lima, 5-1-Y/28; García Sayan a Embajada, 26 Febrero 1948, AMRE, Lima, 5-1-Y/4; Proaño a Ministro, 8 Septiembre 1947, AMRE, Lima, 5-7-Y/34.

as a totalitarian rival for the allegiance of South America’s working class. Still, as he told U.S. embassy personnel, the “trouble is that Argentina has just what we need, food and money.”²⁰

Bustamante’s diplomatic corps echoed Haya de la Torre’s warnings. Ambassador Eduardo Garland reported that Perón was pursuing “political and economic hegemony over Bolivia and Paraguay,” which he would use as a “base of operations” for future “penetration” of Chile and Peru. With this bloc established, he could “confront the great North American power” and “counter and diminish the enormous influence which it exercises.” Once the Chileans signed their pact with Perón, Garland lamented that his prophecy was being fulfilled as “Chile fell easily into the Argentine orbit.”²¹ Javier Correa, a former Foreign Minister now serving in Chile, went even further, warning that both Peru and the United States would “suffer a serious blow” if Perón succeeded in his efforts to “economically create a regional group.” Even worse was Perón’s employment of a “‘stomach policy’ that obligates small neighboring countries” to “fall under the political and economic influence” of Argentina in order to feed themselves. This was, therefore, “a moment of highest importance” as any dalliance with Perón or cooperation with this “Argentine offensive against U.S. positions” might irrevocably prejudice Washington. While the State Department had made it clear that it would “certainly do nothing to stand in the way of Peru’s obtaining foreign credits,” Peruvian diplomats understood all too well that neither had it had made any secret of its distaste for Peronist Argentina and those who associated too closely with it.²²

Jorge Prado, serving in Washington, disagreed with his doomsaying colleagues to some extent, believing that Perón’s economic empire building could be turned to Peru’s advantage. Because Washington would be looking for loyal “friendly nations” to serve as a buttress against this emerging bloc, Brazil on the Atlantic and Peru on the Pacific could form legs of a “Washington-Rio-Lima triangle” to “contain” Peronism. If the United States had been content to ignore Latin America because it was not on the front lines of the Cold War, Prado enthusiastically hoped that Peru could benefit from

²⁰ Donnelly to Secretary, 10 June 1946, RG 84, Lima, Box 46, 800; Cooper to Secretary, 30 December 1947, RG 59, 823.00.

²¹ Garland a Ministro, 7 June 1946, AMRE, Lima, 5-7-Y/35; Garland a Ministro, 30 Diciembre 1946, AMRE, Lima, 5-7-Y/65; Correa a Ministro, 23 Diciembre 1946, AMRE, Lima, 5-4-Y/50.

²² Correa a Ministro, 29 Diciembre 1946, AMRE, Lima, 5-4-Y/52; Correa a Ministro, 2 Enero 1947, AMRE, Lima, 5-4-Y/1; Braden to Cooper, 27 December 1946, RG 59, RDAS, Box 5; see also Correa a Ministro, 27 Enero 1947, AMRE, Lima, 5-4-Y/10; Garcia Sayan a Embajada Washington, 24 Mayo 1947, AMRE, Lima, 5-3-Y/36.

being in the trenches of the U.S. campaign against Perón. Taken together, these sentiments illustrated if nothing else, a widespread consensus “that Perón will be [a] troublemaker in the future” and “there is no doubt” that those who signed agreements with him “will be economically dominated.”²³

Still, Bustamante had been forced into an impossible position. While his critics assailed him for not taking advantage of Argentine credits—as Chile and Bolivia apparently were doing—the public castigated him for attempting to settle Peru’s debts with the Foreign Bondholders or the Sechura contract, which were preconditions for U.S. assistance. Although he had some interest in Argentina as a “promising market for the Peruvian coal industry,” and in using Argentine credits to fulfill an old dream to transform Chimbote into the “Pittsburgh of Peru,” he had long since dedicated his government to “unqualified adherence” to U.S. foreign policy. “Direct political and economic cooperation” with the United States precluded statist treaties that could permanently mold Peruvian development along Peronist lines.²⁴ Bustamante therefore worked to stall the Argentines, hoping to be rewarded for his steadfast loyalty to U.S. principles. But when he explained that it is “very important” that Peru receive immediate aid from the United States to “placate the public and strengthen her position as an independent nation,” Cooper denounced his plea. The ambassador saw Bustamante’s appeal as nothing more than a pathetic attempt to “arouse our anxiety” about the possibility that Peru might join “Perón’s southern bloc in hope” that this might “force us to give prompt economic assistance.” His tune changed in March 1947, however, when it became clear that the Argentines were eyeing Peruvian petroleum.²⁵

Perón’s emissaries, as Ledgard had augured, did press for massive quantities of oil to fulfill any sort of barter for desperately-needed wheat, and it did not take the IPC long to recognize that it would be called upon to meet the Argentine demands. Bustamante’s Director of Mines and Petroleum, Juan Velasco, deemed a barter with Argentina to be “vital to the Peruvian economy,” and therefore urged the IPC to “accede voluntarily” to deliver oil to the Argentines at whatever price was negotiated. Otherwise, “measures to oblige International to divert oil to Argentina may have to be taken.” In effect, “by withholding wheat and flour shipments to Peru, Argentina is trying to force Peru to deliver oil,” IPC representatives complained, and the

²³ Prado a Ministro, 22 Enero 1947, AMRE, Lima, 5-3-Y/4; Cooper to Secretary, 28 March 1947, RG 84, Box 51, 801; Ledgard a Ministro, 10 Marzo 1947, AMRE, Lima, 5-1-A/117.

²⁴ Rada a Ministro, 11 Febrero 1946, AMRE, Lima, 5-1-A/50; Cooper to Secretary, 31 December 1946, RG 84, Box 48, 851.

²⁵ Cooper to Secretary, 31 December 1946, RG 84, Lima, Box 48, 851; Cooper to Secretary, 30 December 1946, NA, DS, RG 59, 823.00.

Peruvians were responding by exerting "considerable pressure" of their own on the Standard subsidiary.²⁶

Although initially confident that Bustamante had a "very favorable" negotiating position, Cooper's view changed radically when Velasco informed him that he was leaving for Buenos Aires shortly but "anticipates no higher bid than International on Secura [sic] contract." Stunned that there might be any alternative to IPC control over Sechura, and concluding that the Peruvians might well favor an Argentine bid "unless some monetary relief is possible," Cooper urgently requested that the State Department make a long-term guarantee of Peru's food supply to forestall any Argentine "hard bargaining."²⁷ Unfortunately, Byrnes could make no such commitment, due to "extremely heavy demands upon even our prospectively large wheat supplies." Increasingly desperate after this rebuff, Cooper now begged his superiors to "do what we could to obtain the best possible reception in financial circles" for Peruvian loan requests. Perón's "economic offensive in Peru" had finally spurred the Truman Administration to reconsider the cold shoulder it had heretofore offered Bustamante.²⁸

Fortunately for Cooper and the IPC, the Sechura rumor was unfounded—in no small part a gambit by Velasco, who had dangled the prospect before the Argentines to spur their interest in offering credits. He explained his actions with "revealing frankness" to U.S. officials, asserting that matters "might work out successfully for Peru in either of two ways." If Peru actually repaid an Argentine credit, the *peronistas* had agreed to reinvest the repayments into Peruvian state oil fields, "over which Peru and *not* Argentina would exercise control." On the other hand, if Bustamante failed to deliver either money or petroleum in repayment (as was far more likely) he could, "as a government entity, request and expect to obtain without undue difficulty an extension of time in which to repay or a favorable revision of the terms." Velasco cheerily expressed the opinion that "he has successfully negotiated a barter deal greatly to Peru's advantage," and had stolen a march on (and perhaps money from) Perón in the process. Therefore, "the proposed agreement should be viewed in a favorable light by the United States."²⁹

²⁶ de Lambert to Secretary, 7 May 1947, NA, RG 84, Box 52, 863.6; Ledgard a Ministro, 22 Marzo 1947, AMRE, Lima, 5-1-A/136.

²⁷ Cooper to Secretary, 9 April 1947, RG 84, Lima, Box 52, 863.6; Cooper to Secretary, 14 March 1947, RG 84, Box 51, 801; Cooper to Secretary, 3 March 1947, RG 84, Lima, Box 51, 801.

²⁸ Memorandum of Conversation, Cooper and Briggs, 24 March 1947, RG 59, 623.00; Cooper to Secretary, 22 March 1947, RG 84, Lima, Box 51, 801.

²⁹ Campen to Secretary, 17 August 1946, RG 84, Lima, Box 53, 631. Velasco was playing a clever, if rather transparent game with Washington, claiming that he was "disinclined to put pressure" on the IPC

While reassured that IPC's position in Sechura was secure, but reminded of the "irresponsible manner in which Peru is prone to enter into formal international commitments," the State Department heeded Cooper's warnings when the Argentines employed the "stomach policy" in earnest in April. Perhaps frustrated at Bustamante's hesitancy, IAPI chief Miguel Miranda suddenly doubled the price Peru was to pay for wheat, threatening to significantly "weaken Peru's exchange position" and exacerbate "existing economic dislocation." Days after this announcement, Bustamante made yet another appeal to Cooper. This time the State Department allocated 8,500 tons of wheat and flour.³⁰ Less than a month later, Secretary of State George Marshall authorized ten thousand tons of flour, in the explicit hope that "these emergency allocations will improve Peru's bargaining position in its current negotiations with Argentina." In July, he dispatched 17,000 tons more, further "lessening Peru's interest in economic discussions with Argentina." The State Department finally understood that Bustamante "will not be interested in any Argentine commercial or financial offer" and would have "little or no inducement to deal with a foreign government rather than" U.S. oil companies "so long as the United States continues to supply wheat and flour." As a result, any prospect of a commercial treaty with Argentina, Correa noted with glee, was "dead as a dodo."³¹

Through this minimalist approach, the State Department was able to give Bustamante the leverage to weather the immediate storm. Although Cooper's superiors continued their intransigence with regard financial assistance until the debt and petroleum stalemates were resolved, they understood that it was in their "best interests" that "Peru be furnished enough wheat or flour to avoid any undesirable commercial agreement."³² Still, this did little to benefit Bustamante, who remained unable to overcome domestic nationalist sentiment on either key issue and was therefore denied assistance from either the United States or Argentina as the Peruvian economy and his political position deteriorated.

On the other hand, by 1948 his reluctance to entertain Argentine overtures appeared more prudent, as Perón's own financial position began to col-

but that "Peru is being forced into the deal for lack of long-term monthly commitments of wheat from the United States." Cooper to Secretary, RG 84, Lima, Box 52, 861.31.

³⁰ Tittmann to Miller, 7 October 1949, RG 84, Lima, Box 57; Cooper to Secretary, 7 April 1947, RG 59, 861.31; Acheson to Embassy Lima, 22 April 1947, RG 84, Box 52, 861.31; Marshall to Embassy Lima, 19 May 1947, RG 84, Box 52, 861.31.

³¹ Naval Attaché Report, 9 July 1947, RG 84, Box 50, 800; Sundt to Secretary, 27 March 1947, RG 84, Lima, Box 52, 863.6; Trueblood to Secretary, 13 April 1946, RG 59, 723.35.

³² Cooper to Secretary, 31 October 1947, RG 84, Lima, Box 52, 861.31.

lapse. As it became clear that there was little hope of his government delivering on promised loans, the Bolivians, still awaiting the credits Miranda had pledged almost two years earlier, expressed admiration for the wisdom that Bustamante had shown in putting off “Argentine offers for commercial accords.”³³ It was also wise that Peru had not locked itself into a long-term agreement to purchase wheat at the high prices of 1946 and 1947, as Washington was diligently and successfully working to bring down global food prices. Not only did U.S. farmers harvest a record wheat crop in 1948, but U.S. Marshall Planners were engaged in a covert “economic boycott” of Argentina until its prices fell into line with those of U.S. sellers. In short, one Peruvian diplomat chortled, despite the hunger riots that still periodically wracked Lima, it is a “buyer’s market now.” Although Oderigo’s dispatches remained optimistic, Perón, with his leverage gone and his financial reserves dissipating, had no means by which to turn his propaganda offensive in Peru into a political alliance so long as Bustamante and APRA held any sway.³⁴

Nonetheless, on October 28, 1948, General Manuel Odría’s *golpe de estado* initially appeared to offer Peronists renewed hope. Odría and his colleagues in the Peruvian Army had been drawn into politics when pro-APRA naval units at Callao had risen in rebellion against the hapless Bustamante on October 3. However, the assault had been uncoordinated. The overeager rebels did not receive assistance from Haya de la Torre and APRA leaders at a key moment, and the uprising was suppressed easily. Apparently incensed at APRA’s subversion of the navy and perhaps sensing that Haya de la Torre’s organization was divided, Odría and his colleagues in the *Ejército Peruano* determined that the time was right to launch a vigorous campaign to permanently eliminate the *aprista* threat. With financial backing from the Beltran and Gildermeister interests, Odría moved decisively from Arequipa and unseated Bustamante, proclaiming himself the head of a new revolutionary *junta*.³⁵

Beltran and his fellow oligarchs had probably counted upon Odría to be a puppet, easily manipulated to serve their interests with a liberal capitalist outlook. However, the new military chief clearly had different intentions and

³³ Proaño a Ministro, Mayo 1948, AMRE, Lima, 5-7-Y/23.

³⁴ Carlos Escudé, *Gran Bretaña, Estados Unidos y la declinación argentina* (Buenos Aires: Editorial de Belgrano, 1984); Ferreyros a Ministro, 23 Junio 1948, AMRE, Lima, 5-3-Y/31; Ferreyros a Ministro, 12 Julio 1948, AMRE, Lima, 5-3-Y/43; see also Oderigo a Bramulgia, n.d., AMREC, BA, Peru 1947, 12, 1; Broderick to Secretary, 20 July 1948, RG 59, 823.00.

³⁵ Daniel M. Masterson, *Militarism and Politics in Latin America: Peru from Sánchez Cerro to Sendero Luminoso* (New York: Greenwood, 1990), pp. 111-124; Margarita Guerra Martiniere, *Manuel A. Odría* (Lima: Editorial Brasa, 1994), pp. 31-52; Víctor Villanueva, *El Apra y el Ejército, 1940-1950* (Lima: Ediciones Horizonte, 1977), pp. 72-81.

was, at the very least, taking some cues from Buenos Aires. Claude Bowers, who had served in Chile for a decade, believed that Odría's ties with Perón ran far deeper. He reported that he had not met a "single South American who has any doubt" that Odría's revolt had been "inspired in Buenos Aires," even if he did concede that "we have no documentary proof." Most Chancelleries of South America joined Bowers in initially suspecting some Peronist intrigue in the Arequipa uprising, as rumors abounded. The most interesting of these involved Odría's subordinate, Colonel Alfonso Llosa, who apparently told journalists that "the example of Perón guided the military rebels."³⁶ While new U.S. Ambassador Harold Tittmann reassured his superiors that there was "no evidence" of *peronista* involvement in the revolution, he nonetheless argued that there was still considerable cause for concern. "There is an element (which includes Odría) in [the] government which admires Perón," he asserted, but even more disquieting were "reliable" indications that members of the *junta* "refer to Odría as 'Peronito,' to his obvious personal satisfaction."³⁷

In stark contrast to Washington's trepidation, Peronists had long considered Odría to be a "friend of our country," who could be expected at least to draw on certain aspects of Perón's example. Perón had illustrated, if nothing else, how a simple barracks coup could be transformed into an enduring, independent, popular government, and Odría clearly had pretensions in this direction. Indeed, one of his first acts after seizing power was to request detailed information about Peronist labor policies from the Argentine labor attaché in Lima. Oderigo was only too happy to accommodate the generals who "admire the personality of General Perón" and his "achievements in the social field," which had allowed Argentina to become a "strong nation, sovereign and proud."³⁸ Perón flatteringly (and prematurely) addressed Odría as the "Provisional President" and had Oderigo present him with a suggestive Christmas gift—a replica of the sabre of General San Martín—the Argentine-born hero of both Argentine and Peruvian wars of independence. In addition to this and other gestures calculated to encourage an "*espíritu sanmartiano*," Oderigo presented orphans and hospitalized children in Lima with toys and clothes in the name of Juan and Eva Perón and delivered over

³⁶ Bowers to Secretary, 3 January 1949, Claude Bowers MSS II, Lilly Library, Bloomington, Indiana, Box 7; *Noticias Graficas*, 8 Noviembre 1948, 2.

³⁷ Tittmann to Secretary, 5 November 1948, RG 59, 723.35; Tittmann to Secretary, 4 November 1948, RG 59, 823.00.

³⁸ Unsigned a Paz, 8 Setiembre 1949, AMRE, BA, Peru 1949, 28, 9; Oderigo a Anadón, 5 Setiembre 1947, AMRE, BA, Peru 1947, 12, 1; see also David Collier, *Squatters and Oligarchs: Authoritarian Rule and Policy Change in Peru* (Baltimore: Johns Hopkins University Press, 1976), pp. 109-110; Guerra Martiniere, *Manuel A. Odría*, pp. 53-57.

the radio their Christmas message for the Peruvian people. Odría responded by lauding "the illustrious Argentine soldier," who "rules your beautiful country with singular ability," and expressing the desire of "all Peruvians" to "make our sincere and traditional friendship more pleasant and even closer." Even more telling, the newspaper *Nuevo Tiempo*, recently seized from its *aprista* editors, actively praised "Argentine leadership of a Latin American bloc." In short, there was every indication that Perón's "wooing of the Odría" regime could easily lead to alliance, or at least "incidentally give Odría [the] benefit of Argentine experience."³⁹

Peronistas wasted no time following up on this goodwill campaign by attempting once again to cement an economic accord. Only a month after the coup, the U.S. embassy in Lima reported that "Perón has agreed to supply 180,000 tons of wheat" and 20,000 tons of fats and oils, "which are approximately Peru's annual requirements." In exchange, Argentina would receive sugar, cotton, coal, lumber, and petroleum.⁴⁰ Tittmann confirmed this rumor, reporting that IAPI's negotiator in Lima "appeared to be in a very happy mood, remarking that everything was arranged." Odría, in his New Year's Day address, announced that he was "counting on the valuable and spontaneous offer of the Argentine government" to "increase the supply of meat, fats, and wheat." Unlike Bustamante, the *junta* was taking a decisive step to "assure public nutrition" and in the process, "reduce the drain on our foreign exchange." Although Argentina was no longer in a position to offer major credits, Odría was willingly rushing headlong into familiar "Perón-style" state trading.⁴¹

Not only was Odría abandoning the principle of multilateralism (presumably one of Beltrán's reasons for supporting him) in favor of bilateral barter, but he was apparently, in the words of IPC's manager, establishing "a Peruvian IAPI corresponding to that in Argentina." In January 1949, Minister of Agriculture Colonel Carlos Miñano informed sugar exporters that they were "expected to sell sugar to the government" at a low, state-mandated price to "cover the requirements of the contemplated trade agreement." If they failed to do so, the government would simply "seize what it needs"—a clear emulation of IAPI's notorious *modus operandi*. Cotton, coal, and lead producers were reportedly told much the same. Even the IPC was approached about its

³⁹ Tittmann to Secretary, 3 January 1949, RG 59, 723.35; unsigned a Paz, 8 Setiembre 1949, AMRE, BA, Peru 1949, 28, 9; Tittmann to Secretary, 23 November 1948, RG 59, 723.35.

⁴⁰ Tittmann to Secretary, 6 December 1948, RG 84, Lima, Box 53, 631.

⁴¹ Tittmann to Secretary, 23 December 1948, RG 59, 623.3531; Tittmann to Secretary, 4 January 1949, RG 59, 623.3531; Tittmann to Secretary, 14 December 1948, RG 59, 623.3531.

ability to meet the terms of the still secret treaty, albeit in a very different tone, since it was "one of the keystones of the Peruvian economy and therefore would have to be nurtured rather than dealt with in a summary fashion." Although U.S. embassy informants suggested that the *junta* was only pursuing this "drastic action" because it was "thoroughly frightened" about the "food outlook" and its dollar shortage, this "tendency toward [a] state trading monopoly" boded ill for U.S. designs in Peru.⁴²

By February, an agreement of some sort was clearly going into effect. One Peruvian diplomat was apparently told by his superiors that "Peru had no intention whatsoever of seeking aid from the United States, as arrangements were being made with Argentina to provide what help might be necessary in the development of the country." Tittmann reassured his superiors that while he doubted that this was a "strictly accurate report," he nonetheless conceded that "it does indicate the trend of things."⁴³ When the Grace corporation offered to fill cargo ships with exports to the United States "if they would bring back wheat," the Peruvian shippers "at first agreed but suddenly informed Grace" that it was "impossible because [the] government needed all ships for Argentine business." Moreover, one such ship had already put in at the Gildermeister docks "prepared to load" sugar bound for Buenos Aires. The Gildermeisters refused to load the ship but recounted the episode at the U.S. embassy to illustrate that Odría was "definitely bent on going ahead" with his own experiment in *peronismo*.⁴⁴

While the negotiations had proceeded secretly through backroom channels, Odría's envoys, like Bustamante's before them, argued forcefully against a close relationship with Perón. Carlos Echecopar Herce, chargé in Buenos Aires, counseled that this time "was not favorable for the celebration of agreements of this sort" for a number of reasons. He argued that not only was the Argentine economy in a sad state, but Perón was already backpedaling on many of the promises that had made him a revolutionary force. Moreover, the architect of the earlier state trading and loan agreements and "the man who symbolizes this policy," Miguel Miranda, had just been removed from his post. On the one hand, Echecopar was not entirely displeased at the disappearance of "a figure who has not distinguished himself for his friendliness toward Peru" and had been the foremost practitioner

⁴² Tittmann to Secretary, 20 January 1948, RG 59, 623.3531; Pierrot to Tittmann, 17 February 1949, RG 59, 623.3531; see also Tittmann to Secretary, 6 December 1948, RG 59, 623.3531.

⁴³ Tittmann to Secretary, 10 February 1949, RG 59, 623.3531.

⁴⁴ Tittmann to Secretary, 8 February 1949, RG 59, 623.3531; Tittmann to Secretary, 3 February 1949, RG 59, 623.3531.

of the “stomach policy.” But his removal nonetheless heralded a “new orientation of the economy and commercial policy” and a “restructuring of statist organizations” along lines endorsed by the U.S. government.⁴⁵ For Odría to undertake Peronist policies and create a “Peruvian IAPI” now made little sense at a time when Perón himself was racing to abandon the original IAPI.

Moreover, Echeopar reiterated that despite Perón’s friendly words, he was actually discriminating against Peru and had been for years. Argentina, under pressure by Marshall Planners, was willing to sell wheat to Western European nations for 45 pesos per quintal, but refused to sell to Peru for less than 60 pesos. This, Echeopar argued, was “not in accord with [Perón’s] often reiterated desire to favor sister countries with the object of aiding economic independence and bettering the standard of living of its peoples.” Moreover, the Argentines had reversed their traditional independent stance and were now participating in the International Wheat Conference to allocate the global grain supply, illustrating that private deals were unnecessary, if not pointless. At the same time Odría was contemplating an economic alliance, Echeopar concluded that perhaps “the moment has arrived to revise the resolution to continue purchasing Argentine wheat” at all.⁴⁶ Moreover, Odría’s chargé in Washington was optimistic that since Western European nations were showing “little or no interest” in loans from the Export-Import Bank due to the Marshall Plan, it was orienting itself toward “greater investments in Latin America.” This naturally boded well for Peru. Last, but not least, the Brazilians, ever vigilant about the threat of “Argentine expansionism,” made very clear their dim view of any government that had significant ties with Perón.⁴⁷ Taken together, these arguments constituted a powerful array against the formation of a Perón-Odría alliance.

Still, the most powerful motivation for the new regime came from the Truman Administration, which waded into the fray, still fearful that this pact “might lead to a state trading monopoly which would restrict private trade.” Tittmann had hoped that Odría could be granted a credit to purchase wheat in the United States, which would quell his fears about food imports. Unfortunately, this proved impossible since Peru had not yet settled its financial arrears and such a step might be interpreted as a tacit U.S. endorsement of

⁴⁵ Echeopar a Ministro, 19 Febrero 1949, AMRE, Lima, 5-1-A/53; Echeopar a Ministro, 27 Enero 1949, AMRE, Lima, 5-1-A/30; Echeopar a Ministro, 20 Enero 1949, AMRE, Lima, 5-1-A/23.

⁴⁶ Echeopar a Ministro, 3 Febrero 1949, AMRE, Lima, 5-1-Y/5; Echeopar a Ministro, 18 Enero 1949, AMRE, Lima, 5-1-A/18; see also Echeopar a Ministro, 13 Enero 1949, AMRE, Lima, 5-1-A/9.

⁴⁷ Fernandez Davila a Ministro, 7 Enero 1949, AMRE, Lima, 5-3-A/5; Cisernos a Ministro, 3 Enero 1949, AMRE, Lima, 5-2-Y/1; see also Fernandez Davila a Ministro, 31 Enero 1949, AMRE, Lima, 5-3-A/44; Cisernos a Ministro, 10 May 1949, AMRE, Lima, 5-2-Y/24.

his seizure of power. Instead, both the State Department and the IPC made an “informal approach” to the Canadian government, asking if it “might be able to grant a loan or take pounds sterling in payment for wheat.” As it awaited word from Ottawa, the State Department sent Tittmann a list of objections to the pact and instructed him to “informally discuss the matter with the Peruvian authorities.”⁴⁸

The State Department position was predictable. The state trading and barter provisions of the treaty violated U.S.-Peruvian commercial agreements and the principle of the most-favored nation, as well as those of General Agreement on Tariffs and Trade (GATT)—which Odría “would no doubt want to keep in mind.” Furthermore, the deal would antagonize Standard Oil, whose cooperation would be vital if Peru ever hoped to further develop its petroleum resources. Last, but not least, the State Department argued that a pact with Argentina was unnecessary, and that “Peru should not be too concerned about import availability” of wheat. In effect, the guarantee that Bustamante had sought for years was quietly being given to the would-be dictator who had unseated him.⁴⁹ Although Tittmann was authorized to raise these concerns with members of the *junta*, he went further by compiling the arguments into an “informal memorandum,” which he presented to Foreign Minister Díaz Dulanto on February 9. The minister was “glad to have the document to place before colleagues,” assuring Tittmann that this was an “opportune moment” to present the State Department’s views. Tittmann believed that this alone might well be “sufficient to dissuade [the] government from persisting” in their flirtations with Perón.⁵⁰

The “informal memorandum” did seem to tip the balance. The sugar barons approached Tittmann a week after he presented it, this time to inform him that “Yapi [sic] style barter agreement with Argentina” had been “discussed in Cabinet meeting two days ago.” He was told that the “Ministers had our informal memorandum before them during [the] discussion with good effect,” as Odría and his cabinet unanimously reached a decision to “abandon [the] project.”⁵¹ While the State Department certainly cannot have been displeased with the results, the ambassador had made one potentially serious error by handing the Peruvians clear evidence of the U.S. effort to sandbag an Argentine commercial treaty.

⁴⁸ McGinnis to Woodward and Mills, 28 February 1949, RG 59, 623.3531.

⁴⁹ ITP to Tittmann, 20 January 1949, RG 59, 623.3531.

⁵⁰ Tittmann to Secretary, 10 February 1949, RG 59, 623.3531; Tittmann to Secretary, 14 February 1949, RG 59, 623.3531.

⁵¹ Tittmann to Secretary, 18 February 1949, RG 59, 623.3531.

Since February 1946, when blatant U.S. intervention against Perón had backfired disastrously, the State Department had made every effort to derail him quietly and unobtrusively. Over the next several years, Perón had periodically accused the United States of intervention, but had never been able to substantiate the charges. While there had been no small measure of truth to several of his accusations, the State Department had been able to prevent "political repercussions" that "might have been serious if we had not been able to righteously" deny any interference. "Our answer to a protest in the case of Peru," one official noted, "isn't going to be so easy" due to the existence of Tittmann's memorandum. As one Department commercial expert put it, however, "since the worst that we appear to have done on the record, is to protect U.S. interests," there was little to do but to "hope for the best" and "stop trying to sell Canadian wheat or arrange for a Canadian loan."⁵² These fears ultimately proved groundless, as Odría never seems even to have hinted to the Argentines of the existence of the offending document.

That Odría kept the State Department's embarrassing secret is itself an indication of the direction he was about to take his nation. Rebuffing the Odría-Perón entente was the first step in the forging of an unlikely partnership between the dictator and the Truman Administration. For the State Department, it was quickly becoming apparent that Odría was, in some respects, exactly what Washington wanted in a Peruvian leader. Bustamante's presidency had illustrated, if nothing else, that no civilian government could rule Peru without APRA backing and that APRA would undermine any government it did not control. Moreover, the nationalism that had blocked both a debt settlement and the petroleum issue would have paralyzed any Peruvian government that had to concern itself with popular approval. Although Washington may have had some distaste for Odría's repressive tactics—especially his bloody purge of APRA—it quickly determined that he was also opportunistic and a buttress against dangerous "Perón-style" radicalism within Peru's armed forces.

As the State Department surveyed the political situation, it came to believe that if there was any threat to Odría, it was the notorious Colonel Llosa. Tittmann and the FBI had warned consistently that Llosa's "intense ambition to head government is well known," as were his anti-U.S., pro-Argentine sentiments, his violent temper, and his proclivity for intrigue. Known as the "Perón of Peru," this "confirmed totalitarian" had led his own

⁵² TRM to RSA and HHT, 14 February 1949, RG 59, 623.3531 (misfiled in 625.3531); Martin to Tewksbury, 31 March 1949, RG 59, 623.3531 (misfiled in 625.3531).

abortive anti-APRA coup attempt in July 1948 but had joined Odría in time to secure a role in the Arequipa uprising. Tittmann feared that unless Odría swiftly “put his cabinet to order he may wake up to find that the Government has slipped from his hands” and into Llosa’s.⁵³ The State Department therefore determined that it would do nothing that might weaken Odría, fully understanding that any U.S. pressure on the new regime constituted a “grave risk” that played “directly into [the] hands” of Llosa “and indirectly Perón.” As Odría ruthlessly purged APRA and threatened Haya de la Torre’s life, the State Department did nothing, understanding that any U.S. intervention could well have rendered Odría vulnerable to the *llosistas*.

Happily, whatever threat, if any, that Llosa posed to both Odría and his emerging entente with the United States was quickly removed in June, when the Colonel traveled to the Walter Reed Hospital for treatment of rheumatic fever. Once he left Peru, *odriistas* accused him of plotting to assassinate the president and removed him from the cabinet. The Peruvian ambassador in Washington “discreetly” requested that the State Department amend Llosa’s visa so that he could “remain in this country for an indefinite period of time since it was deemed desirable to keep him out of Peru for the time being.” It only took the State Department two days to do so, and thereby transform the renegade Colonel into a *de facto* exile, despite the fact that his “ailment is not serious and that it could easily have been cured in Peru.”⁵⁴ With this small bit of subterfuge and conspiracy, it appears that Odría and the Truman Administration started to recognize their common interests, as the last voice for an alliance with Peronist Argentina was silenced.

For his part, Odría comprehended Washington’s new attitude and immediately worked to convince the State Department that he no longer had any interest in Argentina. One cabinet minister informed Tittmann that Odría had even gone so far as to “dismiss Perón lightly and reemphasize that Peru should follow a course of friendship with the United States.”⁵⁵ Now committed to the United States, new ambassador Fernando Berckmeyer called upon State Department officials, requesting investment and support

⁵³ Tittmann to Secretary, 31 January 1949, RG 84, Lima, Box 58, 350; Pearson to Graling, 6 June 1949, RG 319, IRR Personal Name File, Alfonso Llosa, 131B; see also Masterson, *Militarism and Politics in Peru*, pp. 115-116; Villanueva, *El Apra y el ejército*, pp.64-72; Gerberich to Mills and Woodward, 31 January 1949, RG 59, 823.00.

⁵⁴ Owen to Daniels and Mills, 10 June 1949, RG 59, 823.00; Tittmann to Secretary, 23 February 1949, RG 59, 823.00; Tittmann to Secretary, 26 February 1949, RG 59, 823.00; Moura, “Lt. Colonel Alfonso Llosa, Peruvian Minister of Development,” 19 May 1949, RG 319, 131B.

⁵⁵ Memorandum of Conversation, Berckmeyer, Beltran, Saldías, and Miller, 6 July 1949, RG 59, 711.23.

of the new regime, which only now pledged itself to Beltrán's brand of free trade. While the Truman Administration remained hesitant to offer direct financial aid, it did all it could to encourage Odría's sudden but welcome *volte-face*. In June, Odría authorized Berckemeyer to recruit and hire private U.S. experts in finance, commerce, and tariff policy to reform and, essentially, renovate the Peruvian economy “independent of all influences.”⁵⁶ In less than three months, Odría had thoroughly redirected his economic plan from the contemplated “Perón-style” statism to a liberal capitalist system that would surpass even Beltrán's hopes. To carry out this task, Odría was willing, if not eager, to give U.S. technocrats power and authority reminiscent of that they enjoyed in the reconstruction of Germany and Japan.⁵⁷

Berckemeyer ultimately selected Dr. Julius Klein, a former member of Herbert Hoover's administration and a respected economist whose ideals were fully in harmony with U.S. principles of free trade, to head the “independent” team who was hired to rebuild the Peruvian economy. For the State Department, although overjoyed that Odría was looking to Wall Street and not Buenos Aires, the obvious area of concern was whether the U.S. should grant “any kind of aid to a government which had not been constitutionally elected.” Division chief Sheldon Mills deftly sidestepped this pitfall, rationalizing that “it might well be that withholding economically justified aid would delay rather than hasten the time when steps toward political democracy might be taken.”⁵⁸ Thus, the Klein Mission found itself in a unique situation. It had only to recommend changes in the Peruvian financial system, and Odría would dutifully implement most of them by decree as the U.S. planners neatly dodged the acrimonious debates that had so paralyzed democratic Peru. In an astonishing turnabout, only one year after the Arequipa revolution, Klein enthusiastically praised Odría's Peru as “one of the best friends of the United States,” a “solid island of free enterprise” and a “decidedly healthy example to its neighbors,” while Tittmann pronounced the “outlook” to be “rosy” with “no discernable clouds in the sky.” Even though U.S. embassy personnel were periodically disturbed at how harmonious their relations were with an openly undemocratic regime and how easily they had forged a mutually beneficial relationship with APRA's nemesis, Odría was providing stability, an excellent climate for foreign investment,

⁵⁶ Tittmann to Secretary, 23 July 1949, RG 59, 823.00.

⁵⁷ Aramburu a Ministro, 27 Agosto 1947, AMRE, Lima, 5-3-A/400; Jon V. Kofas, *Foreign Debt and Underdevelopment: U.S.-Peru Economic Relations, 1930-1970* (Lanham: University Press of America, 1996), pp. 123-128; Portocarrero, *De Bustamante a Odría*, pp. 191-198.

⁵⁸ Mills to Tittmann, 5 August 1949, RG 84, Lima, Box 57, 350.

and a bastion against revolutionary nationalism that no popular government in Peru could have ever hoped to provide.⁵⁹

Although his first four months in office had appeared to suggest that he was following Perón's course, Odría had cast his lot irrevocably with the United States. Undeterred, the indefatigable Oderigo continued to expand his embassy's propaganda machine—which now broadcast three radio programs, continued its handouts in the name of Eva Perón, sponsored sports teams and leagues, and hosted rallies extolling the "third position" at every opportunity. Unimpressed with Oderigo's optimism or energy, Tittmann now deemed Peronist efforts to be "routine, trumped up, and unconvincing." While the military leaders of Peru "repeatedly" expressed their "respect and admiration" for Perón and their "frank amity" toward Argentina, they were firmly ensconced within Washington's camp, not Perón's.⁶⁰

The eventual alliance that was forged between Odría and the Truman Administration might at first glance lend the impression that Washington welcomed the Arequipa uprising, but in fact, the State Department initially feared that it might reinvigorate Perón's drive for the economic independence of the Southern Cone.⁶¹ This fear, not the Cold War, gave the openly dictatorial Odría the opportunity to acquire vital U.S. backing that had been denied to Bustamante. U.S. statesmen knew well that neither APRA nor *bustamantista* centrists would seriously contemplate entente with Perón's Argentina and its explicit challenge to the "Yankee Colossus." This permitted them the luxury of ignoring Lima's desperate pleas for assistance, thereby paving the way for both APRA's attempted and Odría's successful revolution. Odría, on the other hand, whose dalliance with the Argentines certainly appeared earnest, was able to overcome the U.S. commitment to democratic government in Latin America by offering subservience, a thorough repudiation of almost all forms of economic nationalism, and a *laissez-faire* economic program that was unthinkable in a more democratic Peru. In addition, since Odría quickly became an ally in the war on drugs and did eventually become one of the most reliable anti-communist cold warriors in South America, Washington was able to achieve almost all of its goals in

⁵⁹ Klein to Miller, 29 November 1949, RG 59, Records of the Assistant Secretary of State for Latin America, Peru; Tittmann to Miller, 26 September 1947, RG 84, Lima, Box 57; see also Aramburu a Ministro, 30 Diciembre 1949, AMRE, Lima, 5-3-A/598.

⁶⁰ Memoria Año 1949, undated, AMREC, BA, Peru 1949, 28, 5; Tittmann to Secretary, 20 January 1950, RG 59, 623.35; Oderigo a Paz, 12 Enero 1950, AMREC, BA, Peru 1949, 28, 11.

⁶¹ Leslie Bethell and Ian Roxborough, for example, suggest that while there is "little evidence" that U.S. diplomats were "actively involved," they assert that "further research would seem to be justified." Bethell and Roxborough, "The postwar conjuncture," p. 29.

Peru by sacrificing Bustamante and APRA to a regime it had initially distrusted.⁶² As in Western Europe, the Truman Administration was offered an informal "empire by invitation" by both Bustamante and Odría, but had only accepted that offer in Peru to contain not communism, but "Perón-style" economic nationalism.⁶³

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⁶² Dorn, "The American Reputation for Fair Play:" Víctor Haya de la Torre and the Federal Bureau of Narcotics," *The Historian* 65 (Fall 2003): pp. 1083-1101.

⁶³ Geir Lundestad, "Empire by Invitation? The United States and Western Europe, 1945-1952," *Journal of Peace Research* 23: pp. 263-277.