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Introduction

IN 1976, DAVID LILIENTHAL announced the end of an era. “The old slogans—Square Deal, New Deal, Great Society—no longer fit; they are irrelevant to our present imperatives,” he wrote in *Smithsonian* magazine.¹ Lilienthal spoke with some authority. As chairman of the Tennessee Valley Authority (TVA) during the 1940s, he had been a face of the New Deal state. In the ensuing decades, he had advised development programs throughout the Third World, and during the 1960s, he had wound his way home to participate in the Great Society. Now seventy-seven years old, Lilienthal articulated the wisdom of a new age. The heyday of midcentury statecraft was over, and he did not mourn its passing.

Lilienthal wrote amid a shattering political-economic transformation that historians are still struggling to name and understand. The final decades of the twentieth century saw the dismantling of welfare and developmental states across the First and Third Worlds. New calls for fiscal austerity, privatization, deregulation, and the decentralization of state functions rolled back some of the most ambitious achievements of midcentury public policy, dealt a blow to labor movements worldwide, and brought economic inequality to heights not seen since the 1920s. The world at the turn of the twenty-first century seemed radically new, and in crucial ways, it was.

Yet new orders always grow in some way from old ones. Lilienthal witnessed the death of the midcentury order with equanimity because, ironically enough, he had authored some of the ideas that dismantled it. He had never set out to do so, but by the 1970s it was clear that some of the practices that had built welfare and developmental states could also take them apart. In the capitalist economies of the First and Third Worlds, midcentury governments had often fulfilled responsibilities by delegating them to regional and private intermediaries. They had stretched miserly budgets by mobilizing volunteer labor, loosening regulations, and pushing costs onto the recipients of social services. Those strategies of state restructuring and belt tightening

had passed hand to hand over decades, traversing world regions and historical epochs to construct successive political-economic orders that seemed utterly antagonistic in retrospect, even to their creators. When Lilienthal declared the New Deal irrelevant, he was in fact noting that one of his most prized ideas—the notion of state decentralization—had come to serve such novel purposes that he himself could no longer regard it as an instrument of New Deal statecraft.

This book journeys across the postwar Americas to uncover the midcentury world to which Lilienthal belonged and the unseen possibilities that lay within it. It starts from the idea that the fate of the US welfare state and Latin American developmental states cannot be understood in isolation from one another. Lilienthal belonged to a generation of North Americans who threw their energies into the Third World after 1945, and their work overseas did more than remake foreign lands; it shaped the possibilities of policy making at home. Within the Western Hemisphere, long exchanges between US and Latin American societies endowed their political economies with some of the same internal contradictions. When the crises of the 1970s and 1980s came, the divergent promises that they harbored became vividly apparent. The mobilization of the right and the explosive conflicts of those decades did not simply substitute one set of ideas for another, obliterating all that came before. Instead, they sorted out the elements of midcentury mixed economies, destroying some practices, redeploying others, and retrospectively redefining them all as emblems of two different eras.

Seeing this history requires looking at the United States as many of its early architects did, and as many Latin Americans still do: as part of a hemisphere. American societies, with all their evident distinctions and inequalities, are products of a shared history; they grew from the same roots and entwined with one another as they aged. Colonized contemporaneously, nearly all attained independence together in the Age of Revolutions, and during the nineteenth century, they became competitors in a shared struggle to define revolution, sovereignty, republic, empire, liberalism, and America itself. Yet the same period produced striking differences within the hemisphere. Latin American societies, which as colonies had boasted incomparably grander cities and greater reserves of wealth, suffered extraordinary destruction during independence and recovered by reinvesting themselves in primary commodity production, the historic specialization of New World colonies. Meanwhile, the United States transformed itself into the world's leading industrial power. By the early twentieth century, the United States had become an aspiring global

empire and Latin America its major site of intervention: a place where US Marines, economic advisors, and private investors jockeyed for position with Europeans and built the capacities of the US state.²

The ties that bound the regions made the Depression a shared catastrophe. From the 1870s on, foreign investment and markets constituted the twin pillars of export-led growth in Latin America, and as they collapsed in the 1930s, the whole continent came to varying degrees of crisis. Searching for a new pattern of economic activity, Latin Americans invented import substitution industrialization (ISI), and with it a new structuralist school of economic thought that identified primary commodity production and economic liberalism as the sources of the region's poverty. Across the hemisphere—from the New Deal to Brazil's *Estado Novo*, Colombia's *Revolución en Marcha*, Argentine Peronism, and the reinvigoration of the Mexican Revolution—governments established new public financial institutions and social welfare agencies, land reform laws and agricultural stabilization schemes, price regulations and consumer protections, labor codes and tax reforms. They imagined alternative international economic systems, the US government seeking to stabilize national income and access to foreign markets while Latin Americans aimed to raise primary commodity prices and protect infant industries. War emboldened all those aspirations. The destruction that swept Europe, Asia, and Africa made the entire Western Hemisphere a booming “arsenal of democracy” in which Latin America churned out supplies of rubber, tin, copper, and petroleum while US factories transformed them into airplanes and Liberty Ships. As the war neared its end, Americans of every kind converged at Bretton Woods, heirs to a shared history and authors of competing postwar visions. They set out to build a new world.³

All of these events left two striking legacies in the Americas. First, by an unexpected route, Latin America had acquired a remarkable place in world history: it was the only region to attain independence in the Age of Revolutions and wind up part of the Third World. Born as the United States' rivalrous twin, it never abdicated that role. But as a new process of decolonization unfolded after 1945, Latin America acquired a second family as the elder sibling to postcolonial Africa and Asia. Latin American economists led the new United Nations Economic Commission for Latin America (CEPAL) and made ISI and economic structuralism into beacons for the Third World. At the birth of the Cold War, the United States and the Soviet Union declared themselves the only conceivable models of political-economic order, but Latin American structuralists offered an alternative. They became the first of many to disrupt the binary logic of the Cold War, joined in time by Algerian nationalists, Cuban and Chinese communists, Eastern European market socialists, the Asian Tigers, and many more.⁴

Second, and just as important, American societies emerged from the war with a doubled, internally contradictory notion of poverty. When the crisis of the 1930s began, Americans saw before them two separate problems. First and foremost was the poverty of nations, measured in macroeconomic terms and visible in new national income accounts that governments assembled all over the globe after the 1920s. Second was an extraordinary proliferation of poor people who had always existed within nations, now visible in a continent's worth of urban shantytowns, land conflicts, work stoppages, and lines snaking out the doors of churches and charities. The proliferation of poor people inspired panic and demanded remedy, but what gave the Great Depression its magnificent name was the sense that something deeper had gone wrong—that the growing ranks of the poor might not signify ordinary hard times on a large scale, but instead a historic or structural cataclysm. No one agreed on the cause of the Great Depression, but nearly everyone thought it exposed a profound flaw in the national or international economic order. Examining the United States, Harvard economists Alvin Hansen and Lauchlin Currie perceived the awful destiny of “mature” industrial capitalist economies: this one had reached a terminal state of stagnation and could grow no more. Latin American structuralists decried the folly of primary commodity production. Using the best data available, they argued that prices of primary goods fell over time in relation to those of manufactures, that the falling terms of trade had condemned Latin America to poverty, and that industrialization offered the only way out. Across the hemisphere, economists fought over the relative efficacy of fiscal and monetary policy, businessmen looked to cartelization and price controls, and newly formed unions and regulatory agencies constrained the power of private capital to make all sorts of economic decisions unilaterally. In all of these ways, the Great Depression focused attention on the structure of national economies and the procedures by which they generated and allocated resources. The poverty of nations struck Americans as a systemic consequence of political-economic order, and economists defining the macroeconomy as their object attained unprecedented influence in government, promising to diagnose and treat the problem.⁵

Yet the shared bounty of war—and its new susceptibility to measurement and international comparison—led Americans to divergent conclusions about poverty and the nation. In Latin America, the interwar drive to industrialize and invent a new national pattern of economic activity gained legitimacy through the experience of wartime growth. The region's progress was plain for all to see in national accounts, as was Europe's destitution and the astonishing ascent of the United States. What had begun in Latin America as an improvisational experiment in macroeconomic reform became a formal postwar project to eradicate the poverty of nations through continued structural

reinvention—a project called development centered on macroeconomic transformation, surrounded by social reform.

In the United States, the events of the 1940s taught most New Dealers the opposite lesson. They emerged with narrowed sights by 1950, comforted by the return of growth and concerned mainly with sustaining it, not with achieving profound structural change. At the war's conclusion, wider ambitions to regulate private capital, redistribute income and wealth, and reassign responsibilities among public and private institutions did survive among industrial unions, civil rights activists, consumer advocates, communists, and the left flank of the Democratic Party. Those groups had spent the war years pushing the Roosevelt administration to ensure full employment, desegregate workplaces, enforce price controls, and create industrial boards with labor, management, and government representation to direct production. In 1945, they hoped to create a lasting form of social democracy and demolish the color line that ran through US economic life. But these were not most Democrats, and their demands fell victim to a postwar offensive by businessmen, Republicans, and Dixiecrats buoyed by a rising tide of anticommunism. The Employment Act of 1946 signaled the triumph of a restrictive version of Keynesianism in the United States; the federal government took responsibility for sustaining economic growth with fiscal and monetary policy but divested itself of broader obligations to regulate private capital.⁶

The United States was thus a country that never published a postwar development plan. The very idea of it seemed absurd. The dynamism of the war economy and the restoration of welfare capitalism restored an embattled faith that the country represented a historical endpoint toward which others might progress. Over the course of the late 1940s and early 1950s, that conviction politically resignified domestic programs that had recently gone under the name *development*. During the Depression, the Roosevelt administration had seen in the South and West common problems of rural societies and had channeled public investment there to construct hydraulic works, generate electricity, improve soils, stabilize prices, and raise agricultural productivity. Some of those initiatives lived on in the postwar era, reconceived as elements of a military Keynesian program that ringed US cities with suburbs and turned the South and West into the Sunbelt, the fastest-growing region of the United States.⁷ Federal spending transformed the nation, but by the 1950s, North Americans ceased to think of their state as a developmental one at all—that is, a state charged with turning a poor country into a rich one. In their minds, it became something different: a welfare state that guarded against insecurity in a land of abundance.

During the postwar era, poverty in the United States thus came to appear once more as an aberrant feature of an otherwise sound economic order. By

statistical measures, the poverty of the nation was no more. And as suburbanization and the rise of the Sunbelt became great engines of growth during the 1950s, it seemed gone for good. US macroeconomic performance became the envy of the earth for a time, and officials in Washington could scarcely acknowledge the ways that their chosen pattern of growth generated poverty and inequality. When the country's leading social scientists and policy makers looked at urban cores and rural communities impoverished by the growth of suburbs, or African Americans suffering soaring unemployment rates in the booming Sunbelt, they saw poverty amid plenty, or the problem of poor people themselves. What had once been a perceived symptom of the Great Depression—the existence of some number of poor people—became the purported essence of the problem of poverty after 1950.⁸

Postwar order in the Americas grew from the myth that Latin American nations had to face macroeconomic disorder that made them poor countries, but the United States confronted only marginal pockets of poverty within a healthy political economy. Those incommensurate notions of poverty facilitated an enormous circulation of people, policies, and ideas within the hemisphere. During the late 1940s, a generation of New Dealers and veterans of the Marshall Plan fanned out across Latin America, promising to adapt what they considered the lessons of capitalist recovery to what they understood as the problem of capitalist development. Within the region, no country inspired more ambitious dreams, scrupulous study, or relentless intervention than Colombia. Among the large states of Latin America, Colombia is today the least studied, and it chiefly attracts students of political violence, drugs, and security policy. But at midcentury, the US government, international lenders, and development theorists all believed that Colombia could become a model of capitalist development and liberal democratic reform. Colombia became the site of the World Bank's first comprehensive country survey in 1949, the world's leading per-capita recipient of World Bank loans from 1950 to 1974, and a "showcase" of the Alliance for Progress, an inter-American development program launched in 1961. The economist Albert O. Hirschman spent the mid-1950s working as an advisor in Colombia and used his experience to write one of the foundational books in development economics, *The Strategy of Economic Development*. Lauchlin Currie, an influential New Deal economist, led the 1949 World Bank mission, assumed Colombian citizenship during the 1950s, and spent the rest of his life there. David Lilienthal remade himself as an international development consultant in the 1950s and found his first job in Colombia. The country's privileged position in the minds and careers of foreign advisors made it a crossroads for global intellectual currents and gave its development programs outsized significance. For many North Americans, Colombia was the first place where they directly confronted a piece of the

mythic Third World, struggled to adapt their knowledge and experience to it, and fashioned lessons that they carried to projects worldwide.⁹

The North Americans who traveled to Colombia invested enormous hope in it, and they hoped for more than capitalist development. As Hirschman recalled decades later, midcentury development theorists believed that “all good things go together”; growth would generate democracy and social justice. By the close of the twentieth century, Colombia’s ceaseless civil war and intractable economic inequality stood as harsh rebukes to that idea. Nonetheless, Colombian history is hardly a case of foreign experts fumbling and failing in the Third World. More disturbingly, Colombia revealed what success could look like. The country never became a model of social justice, and by 1991 its democracy appeared so broken that Colombians tore up their century-old constitution and set out to reinvent the state from scratch. Through all those decades of crisis, Colombia met international growth goals, barred communists from national politics, and maintained close ties with the US government. It approximated US officials’, economic advisors’, and international lenders’ dreams for Latin America during the Cold War. As Hirschman acknowledged, the course of Latin American history exposed the madness of development theorists’ foundational assumptions and aims.¹⁰

For decades, Colombian housing complexes, river valleys, planning agencies, and universities became international laboratories for new thinking about political economy. The broad conception of Latin America’s problems demanded every sort of person for every conceivable task: economists to write national plans, architects to design new cities, sociologists to fashion community development programs, and consulting firms to furnish technical advice and international social connections. North Americans collaborated and struggled with Latin Americans of all sorts, and together they transformed the country. The pages that follow explore landmark projects: the birth of Colombia’s first regional development corporation, the fate of its land reform program, and the making of the largest housing project built in the hemisphere under the Alliance for Progress. They are equally concerned with the transformation of knowledge that attended the life and death of development. The postwar project of forming an economy went hand in hand with the invention of economics as an independent discipline in Latin America, a region where political economy had long existed within schools of law and administration. Until 1945, economic policy makers in Colombia had been brilliant polymaths trained as lawyers, businessmen, and engineers. In the succeeding decades, Colombian universities aggressively recruited foreign funders and professors to train a new kind of economist: a credentialed specialist who could bring a new rationality to statecraft. The reconstruction of the national economy thus involved a reordering of the system of professions, a conceptual

recategorization of worldly problems, and a redefinition of the imagined boundary between the economic and the noneconomic. Latin American development became an essential part of one of the profound transformations of the twentieth century: the rise of economists as policy makers and public intellectuals, and the making of economics as a distinct, authoritative, globally recognizable form of knowledge.¹¹

Development programs simultaneously became social crossroads. Under their auspices, government officials, social scientists, businessmen, and community development workers hailing from the North and South Atlantic toiled and fought with one another, and with a great variety of Colombians whom they considered objects of reform. As it turned out, rural wage workers and campesinos, urban squatters, college students, and purportedly reactionary latifundistas all became agents of reform in their own right. The project of crafting an economy and inventing a new economics profession became something much broader and less determinate as Colombians nested their own aspirations within national policies and bent ascendant forms of economic reasoning to their own ends. Rural migrants who populated urban housing projects used their homes to sustain household economies within the national economy. Wealthy cattle ranchers and urban capitalists confronted hostile public policies by appropriating and redeploying forms of economic argument that the state would hear. Refashioning the ideas of economists and development agencies, they crafted vernacular economic explanations of their place in the nation, the relationship between their interests and the national interest, and the purported public value of concentrated wealth and inequality.

In these moments, it became clear that the developmental state incubated quite unexpected processes of intellectual transformation. Housing programs and land reform touched the lives of millions of people and became powerful instruments of ideological change among Colombians who had to deal with the state, and who could best defend their interests by appealing to its most cherished principles. That pressure to argue in legible ways never produced consensus around any policy but instead encouraged the popularization of economic reasoning as a mode of political contestation. Indeed, development made economics more than an authoritative form of expertise; it became a popular language of legitimation that pointed to many possible ends. Within the history and sociology of economic thought, the simultaneous construction of a global profession and the reproduction of nationally distinctive variants has become a rich area of research. But the popularization of economic reasoning is little understood and hardly even conceived as a constitutive part of the globalization and differentiation of knowledge. The finest place to study that process is in the realm of public policy, a social crossroads par excellence and an inescapably transnational one in the developmentalist era. In teaching

noneconomists to argue in economic terms, land reform and housing policy extended economists' influence while undermining their ability to control the use and meaning of their knowledge.¹²

As Americans developed wide-ranging visions of economic order and reason, they exposed the multiple possibilities that Depression-era policies harbored. In Colombia, veterans of the Roosevelt administration argued among themselves about the true lessons of the New Deal and adapted it in ways that can seem utterly counterintuitive. New Dealers redeployed US public housing law to cultivate private homeownership in Latin America. They crafted markedly austere forms of social welfare provision, mobilizing unpaid labor to limit the need for public spending. Men remembered as architects of a powerful central state at home became evangelists for state decentralization abroad. Those apparent contradictions stemmed partly from the simple fact that New Dealers were collaborating with Colombians whose own Depression-era policies had focused on formalizing private property ownership in the countryside, whose central state was notoriously weak, and who lived in a country marked by deep regional divisions and a little-noted tradition of administrative decentralization.¹³ But the peculiar fate of the New Deal abroad stemmed just as much from contradictions within it. The Roosevelt administration had presented innumerable remedies for the Depression and relied on local governments and agencies to implement them. The concrete manifestations of New Deal policies had already proliferated across the national territory by the late 1940s, and foreign aid programs became greenhouses incubating possibilities only half seen at home.

Colombia thus serves several purposes in this story. It is a place worth understanding in its own right. It is an illustrative site of US foreign policy experimentation that shaped the fate of the New Deal. And it is a vantage point from which to see the United States anew. Looking north from Latin America, our eyes settle on midcentury policies that have largely escaped the gaze of US historians—initiatives of the 1940s, 1950s, and 1960s that occasioned little comment at the time but turned out to be consequential to US history.

Within Colombia, Americans spun out the inchoate promises of the 1930s under extraordinary new circumstances. During the late 1940s and 1950s, the central preoccupation of Colombian life was political violence, which briefly brought an end to democracy itself in 1953, temporarily toppled the country's party system, and left Colombians deeply skeptical about politics, partisan mobilization, and the legitimacy of the national state.¹⁴ Over the course of the 1950s, those fears combined with Cold War anticommunism and the power of Colombian business associations to constrain the forms that state-building could take.¹⁵ So, too, did the fiscal strangulation of a government that struggled to raise tax revenues. During the first half of the twentieth century,

Colombia's state expenditures hovered between 4 and 6 percent of GDP; not until the 1970s did they regularly reach 10 percent annually.¹⁶ US and World Bank loans compounded those pressures. Both institutions maintained that accelerating growth required concentrated public investments in industrial production and closely related infrastructure; for the time being, social welfare programs had to function on a shoestring. When Lauchlin Currie delivered his 1950 country survey to the World Bank, Vice President Robert Garner was incensed that it even discussed social policy. "Damn it Lauch," he cursed. "We can't go messing around with education and health. We're a *bank!*"¹⁷ Laboring under all those pressures, Colombian elites and US advisors came to believe that Bogotá could best fulfill its widening obligations by acting through autonomous agencies, regional authorities, private intermediaries, and volunteer community action organizations. Those ideas resonated powerfully with New Dealers raised on federalism and familiar with the growing administrative state at home.¹⁸ Adapting and melding national policy traditions under novel constraints, Americans of all kinds turned to new forms of state decentralization, private delegation, and austere systems of social welfare provision. These innovations built the Colombian state, expanded its responsibilities, and became hallmarks of midcentury developmentalism.

The practices of devolving responsibility and squeezing social spending flourished within national plans that are often remembered as great symbols of state centralism and munificence. During the early postwar decades, CEPAL and most Latin American officials believed that development required powerful central planning agencies that could model the national economy and chart its course. Those plans in turn required national powers to set tariffs, taxes, and exchange rates in the interest of industrialization. But despite the common association of development with centralized power, the fulfillment of plans fell to a great variety of institutions both public and private, many of them strapped for cash. Some parts of the public sector, such as local governments, were not even routinely included in national planning and budgeting procedures. According to CEPAL's own statistics, Latin American states became far more complex than many economists acknowledged during the late 1950s and 1960s, as decentralized agencies and autonomous public enterprises grew more rapidly than the public sector overall.¹⁹

Latin American experiments in state-building became objects of fascination in the United States during the 1960s. The Alliance for Progress, launched in 1961, funneled unprecedented levels of US aid to anticommunist development projects across the continent. As it began, John F. Kennedy declared the 1960s the "development decade," and a stint overseas became as common for US researchers, government functionaries, and college graduates as a trip through the colonies had once been for their British counterparts in the age

of empire. Yet as capital, military equipment, social scientists, and volunteers flowed south, their attempts to remake foreign societies became bound up in affairs back home. When the Alliance began, North Americans were already embroiled in conflicts that defied US policy makers' sense of their own society as a model to others. Native Americans battled the federal government in defense of their own sovereignty. A rising tide of social movements denounced US corporations as engines of racial inequality, class exploitation, ecological depredation, and imperialist war. North Americans fought over the same questions that development projects raised overseas: what were the proper roles of state action and voluntarism, of for-profit and nonprofit activity, and of national and local initiative in the provision of social welfare and the generation of prosperity? Conflicts that predated the 1960s became acute during that decade, and North Americans came to invoke foreign experience in struggles at home.

A hallmark of US political argument in the 1960s was in fact its insistent reference to Latin America, Africa, and Asia. North Americans who agreed on nothing else concurred that those world regions offered lessons for the United States, and they mobilized stylized depictions of "underdeveloped" societies to advance every domestic program imaginable. Their capacity to reason across region depended on a general insistence that at the national level, the United States was nothing like Colombia, but that it contained little Colombias within it. "US ghettos are underdeveloped countries right next door to rich, powerful, mature economic regions which tend to dominate them," David Lilienthal declared in 1968.²⁰ Stokely Carmichael and Charles V. Hamilton agreed at least on that point. Their 1967 blockbuster *Black Power* declared that "black people in this country form a colony, and it is not in the interest of the colonial power to liberate them."²¹ As these remarks suggested, the equation of poor communities at home with poor countries abroad taught no single lesson; it was a language of politics that served contradictory purposes for a generation of activists, intellectuals, and government officials. The Black Panther Party, Young Lords, National Congress of American Indians, and American Indian Movement stood at the forefront of social movements that described their own communities as colonial or postcolonial societies in order to critique economic and political relationships within the United States. They indicted US officials as imperialists siphoning resources from reservations and hollowed-out cities, and they looked to the Third World as a source of strategy and solidarity. For many policy makers, the very same comparison between the First and Third Worlds allowed them to treat impoverished communities at home not as products of exploitation but as nations unto themselves—aberrant, internally pathological features of an otherwise sound political economy. When rising social movements and explosive political

violence forced them to confront the injustices of the affluent society, they turned not to suburbs or Sunbelt metropolises to understand the roots of their problems, but instead cast their sights on the Third World, insisting that knowledge of poverty lay there. Many anthropologists, political scientists, sociologists, and urban planners followed their lead, transposing concepts that they had recently developed abroad. They analyzed US cities as urban villages, and some deployed the homogenizing, stigmatizing categories of modernization theory to compare the mentalities and social structures of poor people across the globe. Cumulatively, these voices formed a discordant choir announcing the news from the Third World. Their comparisons between home and away generated as many practical experiments and stylized pieces of wisdom as there were political traditions in the United States.²²

US businessmen and Native American nations built some of the first practical bridges between First and Third World policy. These groups had always functioned across the fictive divide separating foreign from domestic, and during the Kennedy years, they made novel use of the federal government's interest in foreign aid. Since the 1950s, Native tribes battling for their own survival had demanded that Washington treat them as developing nations, and during the 1960s, they convinced the federal government to adapt foreign assistance programs on reservations. Meanwhile, businessmen active in both foreign and Indian affairs forged interlocking networks across the hemisphere to shape public policy. These incipient connections multiplied after 1963, when Lyndon Johnson became president. Johnson cared nothing for Latin America and came into office like a wrecking ball, gutting the Alliance for Progress and recalling foreign aid officials to conduct the War on Poverty. Over the next five years, an unruly assembly of North Americans filed home, all promising to repatriate the lessons of the Third World. Inserting themselves into domestic conflicts, they began a new process of international translation that recalled their experiences in Latin America: they struggled to adapt their knowledge to new circumstances and became subject to processes of social mediation that determined the final meaning of their work. By the late 1960s, domestic and foreign policies bore striking new resemblances, and North Americans found that they could move in countless directions across the First and Third Worlds.

Within the United States, however, they could not go just anywhere. The prevailing definition of poverty channeled federal funding and veterans of the Third World to a single corner of the government: the welfare state. North Americans had crafted lessons for every aspect of Colombian policy making from as many features of US society, but during the 1960s, the Kennedy and Johnson administrations were not looking for a comprehensive macroeconomic plan or another TVA. All the divergent possibilities that existed within developmental statecraft became transmuted into lessons on just one subject

at home: the treatment of the poor and the provision of social welfare. Historians have tended to notice the direct connection that grew between community development abroad and community action at home. Sargent Shriver, the head of the Peace Corps, became director of the Office of Economic Opportunity (OEO), the main organ of the War on Poverty. Under his leadership, the OEO's community action program tapped a generation of social scientists who had spent years implementing community development programs overseas. Volunteers in Service to America (VISTA), a signal program of the Great Society, began as a glimmer in the Kennedy administration's eye, originally known as the "Domestic Peace Corps."²³ But community action turned out to be just one idea carried home from the Third World. The northward shift in federal spending after 1963 brought with it people of every social experience, professional qualification, and political persuasion. Few had any programmatic experience that could serve a domestic antipoverty program; they were not teachers, social workers, or welfare administrators. But they did have experience building state institutions and articulating them with all sorts of private activity. When the War on Poverty began, many veterans of the Third World viewed it as more than a set of services and entitlements to the poor; they took it as an occasion to restructure the welfare state.

The history of international development contributed to two epochal transformations in US social welfare policy. First, when the War on Poverty began, businessmen who had insinuated themselves into Latin American statecraft, university reform, and development policy writ large turned homeward declaring themselves public servants fit to administer the War on Poverty—by contract, and at a profit. The US government had long relied on for-profit contracting to carry out foreign aid, military, and public works programs, but never the areas of social welfare that the Johnson administration now targeted. Following the enticements of federal budget appropriations, US aid contractors joined with military contractors and corporations active on Indian reservations to remake the welfare state in the image of foreign and imperial policy. Industrial corporations ultimately ran the majority of the War on Poverty's training and education programs in US cities and Indian country. Turning manpower programs into for-profit ventures, they imbued them with doubled purposes and irresolvable contradictions. Light manufacturers that used capital flight as a business strategy now treated job-training contracts as subsidies that helped them shift employment around the country, evade the Fair Labor Standards Act, and undermine unionization. Executives capitalized on left-wing critiques of public education to present corporate management, the profit motive, deprofessionalization, and deunionization as paths to progress in teaching. In all these ways, businessmen fit the War on Poverty into their long-standing battles against organized labor, government regulation, and the

left. Before the 1960s, they had fought those battles by resisting the welfare state or trying to shape it from without, but their experience inside the developmental state gave them a new perspective: they now entered the welfare state and conducted its work. In the process, businessmen who faced a crisis of legitimacy during the 1960s arrived at a novel public defense of themselves and their firms. Addressing North Americans who had come to doubt the virtues of the US pattern of growth, and who condemned corporations' core productive activities as sources of the country's crises, businessmen presented a new response: the corporation was not mainly an instrument to build cars, but rather a for-profit social problem solver that could fix the very problems social movements identified. In 1966, David Lilienthal invented the phrase "social entrepreneurship" to convey the idea that corporate managers might continually shift the line between public and private goods, redefine the realms of for-profit and nonprofit activity, and thus solve the full range of society's problems. Generally mistaken as an artifact of the late twentieth century, the term originated in the social combat of the 1960s and in the mind of an old New Dealer turned for-profit development consultant.²⁴

Businessmen never ran most of the War on Poverty, and the second lesson that came home from the Third World harbored a more ambiguous promise. The 1960s seemed a moment of triumph for a generation of social democrats, civil rights organizers, radical pacifists, and Native American tribal leaders who had long struggled to channel federal housing funds to tenant farmers, sharecroppers, migrant farmworkers, and Indians living on reservations. For decades, all of those groups had taken inspiration from build-your-own-home programs overseas and in US territories. In rural communities especially, they imagined the owner-built home as a source of autonomy for farmworkers, a challenge to employers' power, and a foundation of political citizenship. From the 1930s to the 1950s, the federal government had promoted those programs in foreign and imperial contexts but generally discouraged their growth on the mainland, forcing activists to launch small-scale, private experiments of their own. Those private initiatives became nationwide public policy during the War on Poverty. The transformation of rural self-help housing from a struggling private activity to a federal government mission illuminated multiple ways that influence could operate internationally. In training and education, US officials at the highest levels of government chose deliberately to remake the welfare state in the image of foreign and imperial policy. When it came to housing, grassroots activists and officials in the Bureau of Indian Affairs spoke explicitly of foreign models, but other rural housing officials generally did not. Their sense of the possible had simply changed through decades when austere homeownership programs proliferated abroad as celebrated instruments of US aid. During the 1960s, officials began to authorize proposals they had once

rejected, and in doing so, they opened new pathways to international housing advisors, architects, and community workers who had cut their teeth abroad. The result was a transformation of rural housing provision that pointed toward multiple futures. Here was a policy that dramatically expanded the reach of the state, building homes in places and for people that conventional public housing had never reached. Here, too, was a policy that receded from the model of public housing, offering much smaller subsidies to the poor and sidelining public construction and ownership as foundations of shared economic security.

By the late 1960s, Colombia's developmental state and the US welfare state had come to generate novel forms of state decentralization, private and for-profit delegation, and austere social welfare provision. Those techniques originated as ways for deeply compromised, internally embattled governments to fulfill extraordinary promises under punishing ideological, material, and political constraints. Welfare and developmental states contained profound contradictions, and in ways unforeseen, incubated practices susceptible to appropriation and redeployment for very different purposes during the 1970s and 1980s.

The economies and states that came to crisis after 1970 had grown up together, interpreting and borrowing from one another's experiments. Their historical interrelationship recasts central problems in twentieth-century political economy. It suggests that one way of tracing the route from the New Deal to the Great Society is by traveling through Latin America. One way of understanding the history of economic development is by studying its relation to First World programs for economic recovery and reform. And one way of explaining the making and unmaking of welfare and developmental states as concurrent, transnational processes is by analyzing their shared, mutually constituted internal contradictions, the varied possibilities they contained, and the mounting pressures and crises that foreclosed some of their most egalitarian promises and turned some of their most ambiguous practices to deeply inegalitarian ends. Contradictions within midcentury political economy have long fascinated historians and are in principle evident from any perspective. But their accumulation along the path from the First World to the Third World and back is stunning to witness.

This history forces us to rethink accounts of the midcentury state's destruction that center on the mobilization of the right and the southward projection of power by US and multilateral institutions. For good reason, a great deal of writing on the unraveling of welfare and developmentalist projects has pointed to half a century of conflict between right and left, and capital and labor, culminating in a political and intellectual coup from the right during the successive crises of 1973 to 1991—the oil shocks and stagflation, the debt crisis, and

the collapse of the Soviet Union. These stories' protagonists are rightfully known to us all today: neoclassical and Austrian economists; right-wing business and religious networks; military dictators; the Carter, Reagan, and Clinton administrations; the World Bank and International Monetary Fund (IMF); and an army of US foundations and think tanks.²⁵ Yet these accounts leave us with confounding puzzles. Many purportedly novel practices of the late twentieth century—including the ones in this book—had earlier lives as developmentalist phenomena. Some of the leading policy makers within the World Bank and IMF were Latin Americans who believed they were carrying forward the lessons of midcentury statecraft. Radical liberalization programs rarely relied on coups or massive purges but drew strength from existing institutions and officials with long careers inside the state.²⁶ For all the influence and intellectual production of the right, for all the power of lenders to demand structural adjustment, much of the raw material they had to work with during the 1970s and 1980s came from the repertoire of midcentury state-building itself. Writing about the socialist economies of Eastern Europe, sociologist Johanna Bockman argues that "neoliberal capitalism was a parasitic growth on the very socialist alternatives it attacked." The process of historical change differed within the capitalist economies of the United States and Colombia, but Bockman is right that the midcentury order contained within it seeds of many others.²⁷

Writing a history across region and time demands analytic concepts that travel well and say what they mean. The story that unfolds in the following pages strains national vocabularies, and it strains the imagination of historians who live in a world no one could foresee in 1950. This book ultimately forsakes some of the standard keywords that historians use to interpret twentieth-century political economy. It is not a book about liberalism and its unraveling; the term that runs through US history bears meanings so different in the rest of the world that it fails as an analytic category. Neither is this a book about neoliberalism, at least until the very end. Virtually no one in the story had any intention of building the political-economic order that bears that label today; in their own moment, their ideas and policies were developmentalist and welfarefarist, which is not to say that they were benign or that anyone should regard them with nostalgia. This is a book about the competing possibilities that lay within midcentury capitalism and midcentury state-building. It requires a vocabulary that captures those contradictions, not one that reads future political-economic orders back on them.

Fortunately, the midcentury period provides valuable keywords of its own. In the United States, Colombia, and much of the First and Third Worlds, policy makers and intellectuals commonly invoked the notion of the mixed

economy to describe capitalist orders. An evocative term of its time, the mixed economy is also a powerful category for historical analysis. In its time, it was an imagined path between *laissez-faire* and socialism, or between the stylized ideals of pure private competition and complete state ownership. In that wide expanse grew a remarkable variety of lived practices and ideals, including the ones in this book. States grew by local and private devolution, tax-starved governments supplemented public spending with private volunteer labor, and businessmen jockeyed with economists as stewards of the state. By design and as a point of pride, every project of purported “state-led” development was in equal measure a private initiative; every national economic plan intersected with a business plan; and policy makers routinely debated just which government agency, for-profit corporation, or nonprofit community organization could best carry out a given task under very immediate circumstances. Mixed economies relied on the imagined dichotomy between public and private while systematically conjoining the two, producing manifold articulations of state and capital and multiple accounts of the relationship between public and private interest.

When capitalist economies came to crisis in the 1970s and 1980s, North Americans and Latin Americans did not merely reach for new ideas; they re-ordered their political-economic systems using the tools already at hand. They sorted out the mixed economy, selectively redeploying its practices of decentralization, private delegation, and austere social welfare provision, setting each in a new political-economic order that altered its meaning and purpose. Policies born together at midcentury came to appear in hindsight as expressions of two opposing impulses. Some became remembered as iconic features of Keynesianism and developmentalism, while others became known as hallmarks of neoliberal capitalism. Comprehending midcentury political economy requires recognizing that our own moment has changed the meanings of words and practices in ways that make our world legible while obscuring the past.

All this is to say that if we want to understand the cataclysm of the late twentieth century, we should study it as we do the Age of Revolutions, the era of slave emancipation, the crisis of the Great Depression, and the postwar process of decolonization. All of those upheavals remade societies not by inverting their every feature but by extinguishing a few of their defining elements and breathing new life into others. All were multisited, transnational processes in which influence moved in many directions across lines of imperial, national, and social division. And all of them involved a great deal of narration in the moment and commemoration afterward that produced memories of colonialism, slavery, and economic liberalism convenient to the projects that succeeded

them. Our own world is the product of just such an epochal transformation, and we should recognize stories of total rupture and inversion as a form of memory that makes contemporary political conflict possible.

This book begins in Colombia, where Latin Americans laboring to transform their society enlisted US allies and helped to transform the advisors themselves. Part I explores the construction of a developmental state that was, in the eyes of its architects, a decentralized one that grew through regional and private delegation. The distinctive structure of the Colombian state made it possible to carry out the iconic tasks of midcentury developmentalism, from land reform to mass housing construction. Those projects in turn became environments in which Latin American landowners and capitalists learned to argue in economic terms, popularizing the modern notion of the economy and bending it to their own purposes. Part II explores the contradictions of Colombia's attempt to conjure a new generation of professional economists to serve as stewards of the state. In a country where the decentralized state and the notion of the public were so intricately bound to private action, interest, and institutions, the establishment of economics faculties in universities unexpectedly produced two rival disciplines and professions. Economists and managers emerged from the same university reform project during the 1960s, each group offering its own account of the relationship between public and private interest, and each presenting its practitioners as the rightful stewards of the state. Part III looks out from midcentury Colombia. It follows the trails of businessmen, government officials, community development workers, and architects into the War on Poverty's training, education, and housing programs. It traces the careers of Colombian economists who wound up in the Bretton Woods institutions in the era of structural adjustment. And it crosses the divides of the 1970s, 1980s, and 1990s in both Colombia and the United States, showing how Americans met the crises of those decades by reinventing the characteristic practices of the mixed economy.

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