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THE STORY OF INTER-AMERICAN COOPERATION

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# Our Southern Partners

U. S. DEPARTMENT OF STATE

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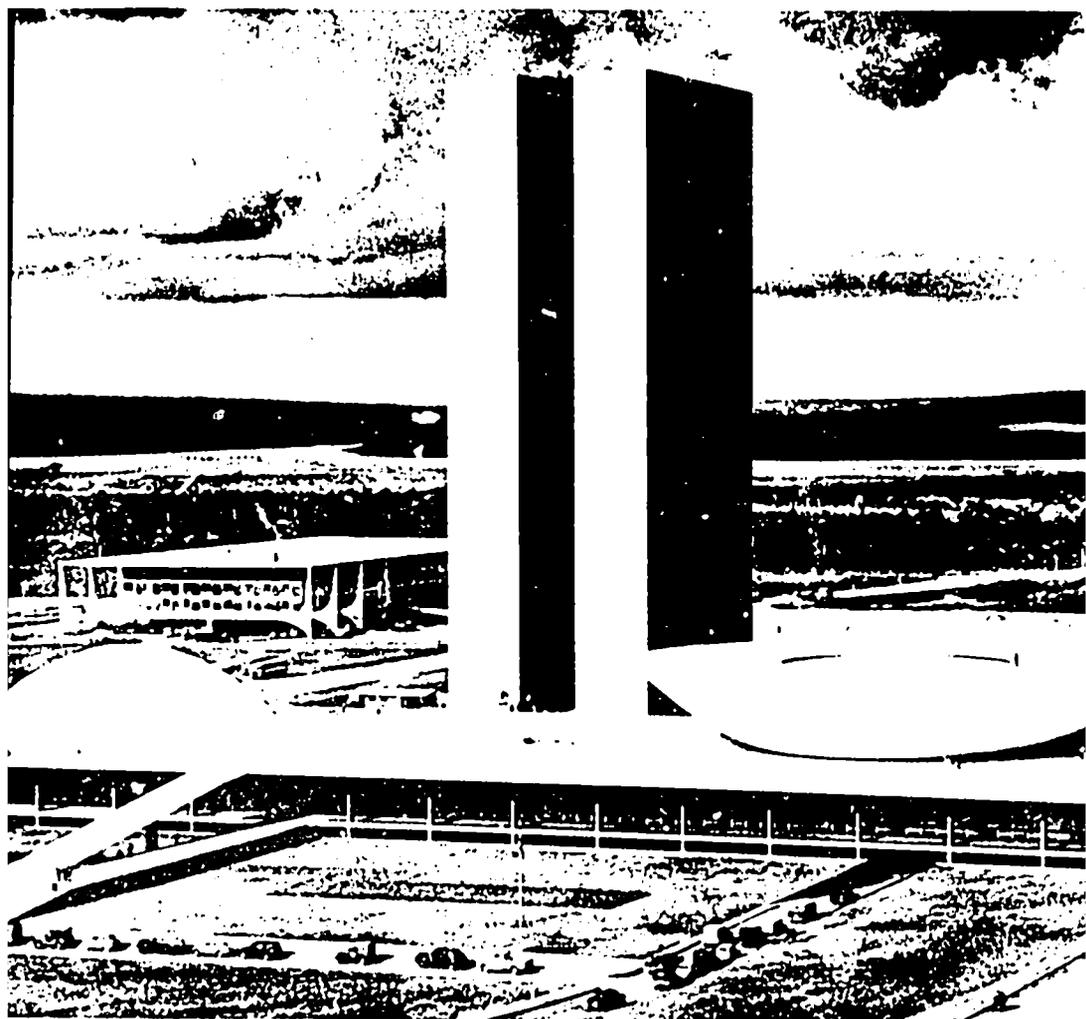
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*Carved out of the wilderness, Brasilia, Brazil's new capital, is the symbol of a nation looking to the future. The domed building in the foreground houses the Senate. The Chamber of Deputies is housed in the bowl-shaped building. The Supreme Court building is a low, columned structure. The twin, 28-story towers house the administrative offices.*

# OUR SOUTHERN PARTNERS

## The Story of Inter-American Cooperation

### INTRODUCTION

*Let us once again transform the American Continent into a vast crucible of revolutionary ideas and efforts, a tribute to the power of the creative energies of free men and women, an example to all the world that liberty and progress walk hand in hand.*

PRESIDENT JOHN F. KENNEDY

March 13, 1961

President Kennedy's words have given expression to the convictions of our people of the need for increased cooperation with our neighbors to the south in order that we may help one another to achieve a better life—a life of well-being, progress, and peace. The people of the United States believe that the realization of such a goal is vitally important to our own future, to the future of Americans south of the border, and indeed to the future of the entire free world.

The colonizers of the Latin American countries and those who settled the United States came from different parts of Europe, spoke different languages, found widely diverse indigenous civilizations, and developed significant differences in their political and social institutions. However, in the New World they shared certain experiences which gave them a sense of common destiny. The people of the English-speaking and Spanish and Portuguese-speaking countries sought in the New World a better way of life than had existed in Europe—a way of life offering wider human freedom and a greater measure of opportunity. To achieve this objective they found it necessary to win their independence through revolution. This common experience was the genesis of the spirit of a unified America dedicated to the defense of its freedom and independence and the development of a better life.

## Unity and Interdependence

The unity which binds us is not primarily geographic. It is a unity of the spirit, of our beliefs in the same fundamental ideals—national and individual liberty, equality of opportunity, the dignity of the individual, and social justice. These ideals derive from the legacies of such men as Bolívar, Washington, Artigas, Jefferson, Martí, Juárez, and San Martín.

As the world has grown smaller, we have grown increasingly conscious of how broad and concrete the term "American civilization" really is. It flourishes on the Mississippi, the Rio de la Plata, and on the mighty Amazon. Yet, it would be a serious mistake to ignore the striking racial, ethnic, political, and economic diversity existing among the nations of the hemisphere. The hemisphere is far from being a monolithic whole. And this is as it should be, as variety is the essence of freedom and democracy. Indeed, each of the American nations is highly individual. Each has its own unique problems and ideas regarding future development.

These facts were reflected in remarks made in an address on May 4, 1962, by Assistant Secretary of State Edwin M. Martin. He described today's concept of hemispheric neighborliness as "being the kind of neighbors among whom it is pleasant to live in a time when technology has made distances shrink in travel terms and disappear in terms of communications. Like other neighborhoods this will, of course, be one in which different kinds of peoples live in different kinds of houses, doing different kinds of things in different ways, and often engaging in more or less friendly arguments about individual situations that may arise. But this in no way militates against its being a real neighborhood whose people enjoy life together in close relationship."

Bolívar's greatest dream was of a mutually defensive union of American Republics against the incursions of foreign philosophies. And, in President Kennedy's words, the substance of Bolívar's dream inspires the determination of today's statesmen of the Americas "to protect their heritage of freedom from alien encroachment, to realize to the fullest the spiritual and material greatness of their nations, to extend to all Americans the benefits of freedom and social justice, to make common war against poverty and sickness and human inhumanity to man."

Today, more than ever before, it is recognized that the progress and welfare of each American state is directly related to the progress and welfare of all the others. No one American people can afford to be indifferent to the problems and the suffering of any other.



*Bronze statue of Simón Bolívar in Plaza Bolívar, near the White House in Washington, D.C*

3'

Abiding cooperation between our country and our partners to the south is a basic goal of the United States. No other aspect of our foreign policy enjoys such wholehearted bipartisan support. No other aspect is more solidly upheld by the people of our country. We are keenly mindful of the needs and aspirations of our southern neighbors.

### **"Revolution of Rising Expectations"**

Not unlike the peoples of other continents, the 200 million people of Latin America are now engaged in a gigantic revolution—the "revolution of rising expectations." In large part, it is a peaceful revolt against injustice, poverty, malnutrition, disease, illiteracy, and appalling housing conditions. In many countries more than half the people are undernourished, more than half are illiterate, and millions of children are denied an education because of the lack of schools and teachers.

While there has been considerable progress in Latin America in certain fields of industry, mining, and plantation agriculture for export, many millions of people have not shared in the benefits of this development. The imbalance has resulted to some extent from the structure of certain social institutions—especially systems of land tenure, taxation, and education—which are not in keeping with the needs or the realities of the 20th century. But, in some measure, the imbalance has also been a result of the claims made upon increased production by an even more rapidly increasing population.

There are, of course, other reasons for these endemic conditions, but the people demand the better life that they know is now possible. They demand the material and social benefits available to the peoples of other nations in the 20th century, and they are impatient for change. Their urge for social betterment is strong, but equally strong is their devotion to the concept of political and economic sovereignty. At the same time the people instinctively realize that political sovereignty, as President Kennedy put it, "is but a mockery without the means of meeting poverty and illiteracy and disease."

### **The Communist Threat**

Capitalizing on these circumstances is the ever-present Communist threat—ready to exploit discontent and frustration resulting from the slowness of economic growth and social reform.

Atheistic communism is not attractive to the bulk of the devout and freedom-loving Latin Americans. It is, nevertheless, as Amba-

sador Adlai E. Stevenson, U.S. Representative to the United Nations, has said, "a magnet that attracts and will continue to draw unhappy people as long as the spokesmen of other political philosophies seem capable only of talk, and can point to no action to right wrongs."

The Communists have been bending every effort to capture control of the "revolutions of rising expectations" around the world and to channel them into paths of slavery.

International communism has always sought to establish a beachhead in the Western Hemisphere and thence to infiltrate the rest of the continent and destroy the inter-American system. Above all, it "seeks to destroy the framework of freedom which we are laboriously constructing," as Secretary of State Dean Rusk put it.

The Communist-captured Cuban revolution, for instance, represents the pattern of revolution which the Communists would like to see spread throughout the underdeveloped world to destroy national political and economic freedom and establish the system of Communist slavery. It is a matter of record that the Communist-perverted Cuban revolutionary movement seeks to foment unrest and guerrilla warfare in other Latin American countries and to create chaotic conditions from which only international communism can profit.

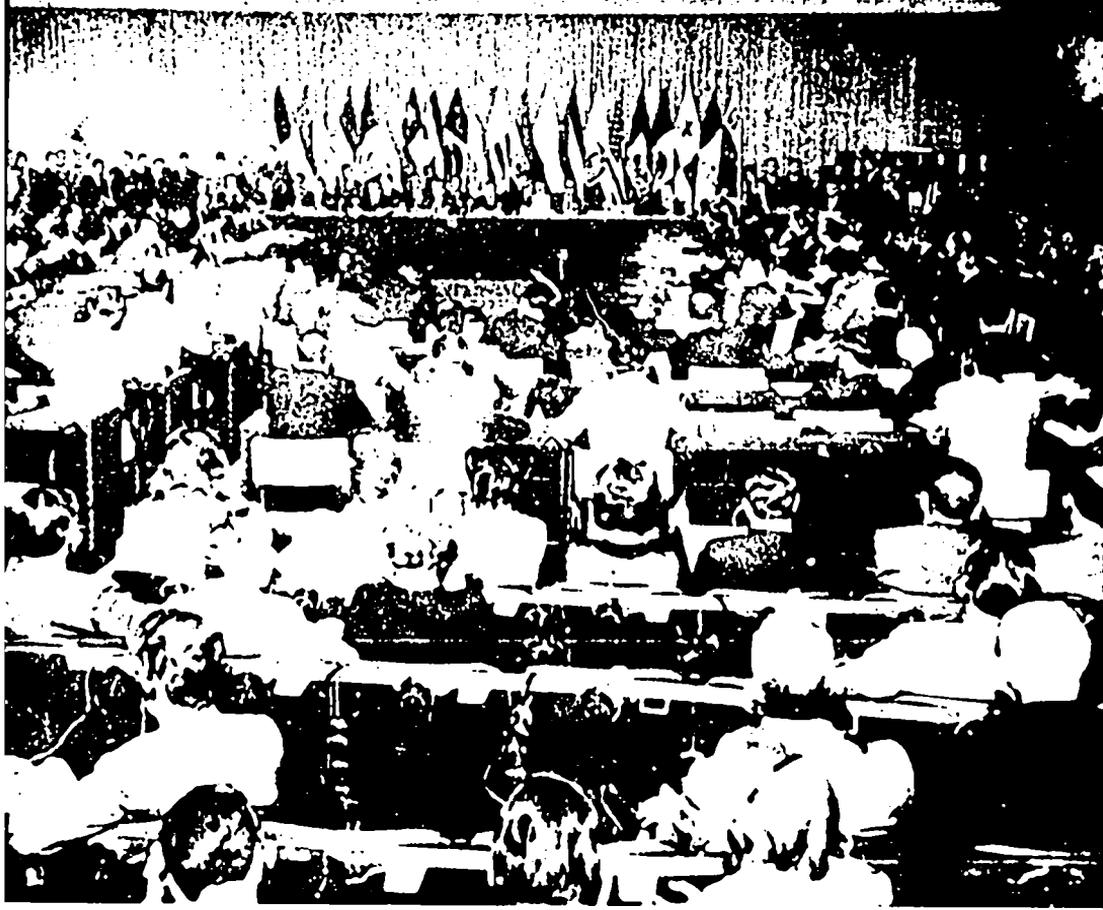
Standing in the way of Communist designs against the Western Hemisphere are the principles, the legal commitments, and the moral and military strength of the inter-American system—a system based on traditions of liberty which are the direct antithesis of the Communist ideas of slavery.

A principal target of international communism, therefore, is the Organization of American States (OAS) and the legal foundations upon which this regional organization rests.

But threats and attacks will not deter the OAS from discharging its responsibilities for preserving the peace, freedom, and integrity of the hemisphere.

One of the first tasks to which President Kennedy turned his attention when he assumed office was to strengthen our relations with Latin America. He asked Congress for an immediate appropriation of the \$500 million for the Bogotá program for social progress which had been recommended by President Eisenhower and \$100 million for Chilean earthquake relief. Congress acted promptly on both requests.

Then, on March 13, 1961, President Kennedy launched one of the major efforts of his administration. He proposed to the people of the hemisphere an "Alliance for Progress," a vast cooperative effort to satisfy the basic needs of the peoples of the area for homes, work and land, health and schools.



*The Punta del Este Conference, held in August 1961, when the foundations of the "Alliance for Progress" were laid. President Kennedy described the conference as a "test of the values of democracy, a proving ground for the vitality of freedom in the affairs of man."*

In August 1961, at a Ministerial Meeting of the Inter-American Economic and Social Council at Punta del Este, near Montevideo, Uruguay, delegates from all the American Republics except Cuba agreed to enter into an Alliance for Progress, and so laid the foundation for a great mutual effort of massive economic and social development in the hemisphere. The Alliance for Progress represents an acceptance by all nations of the hemisphere of our common responsibility to create an American civilization where no man is forced to live out his life in hunger or hopeless poverty, where every man has the right to hope for a better life for himself and his children.

It is imperative that the decade of the sixties should become a decade of democratic progress—a decade in which all our nations will greatly advance the health, well-being, and prosperity of their peoples, a decade that will bring meaning and dignity into the lives of all the peoples of Latin America and will demonstrate to the world that freedom and progress work hand in hand.

# *THE WORLD OF LATIN AMERICA*

## **The Land**

Latin America comprises 20 nations and several European dependencies stretching from the Rio Grande to Cape Horn—a territory larger than that of the United States and Canada combined. Vast as the territory is, its arable areas are not very extensive, and these are often isolated by jungles and mountains. Its great rivers have been of little help in exploration or settlement of the land. Unlike the principal rivers of North America which flow through rich, accessible lands, South America's main river system drains through jungle, still largely uninhabited and unexplored. The Andes Range—the world's longest continuous mountain barrier running 4,000 miles down the continent—has kept two vast areas of South America commercially and politically separated.

Latin America's huge landmass encompasses endless impassable rain forests as well as unexpected expanses of both desert and superlatively fertile fields. Argentine pampas beef cattle fatten on some of the richest grazing land in the world and millions of acres in Brazil are covered with green coffee plants.

Almost every type of climate is found in Latin America and almost all of the world's agricultural products can be raised there. It has a great variety of natural resources, and some of the nations are endowed with abundant supplies of basic raw materials necessary for the development of a modern industrial complex. In addition to the gold, silver, and precious stones which first attracted the Spanish conquistadores many minerals vital to today's economy, including petroleum, iron, manganese, copper, vanadium, chrome, and nitrates, are found in abundance.

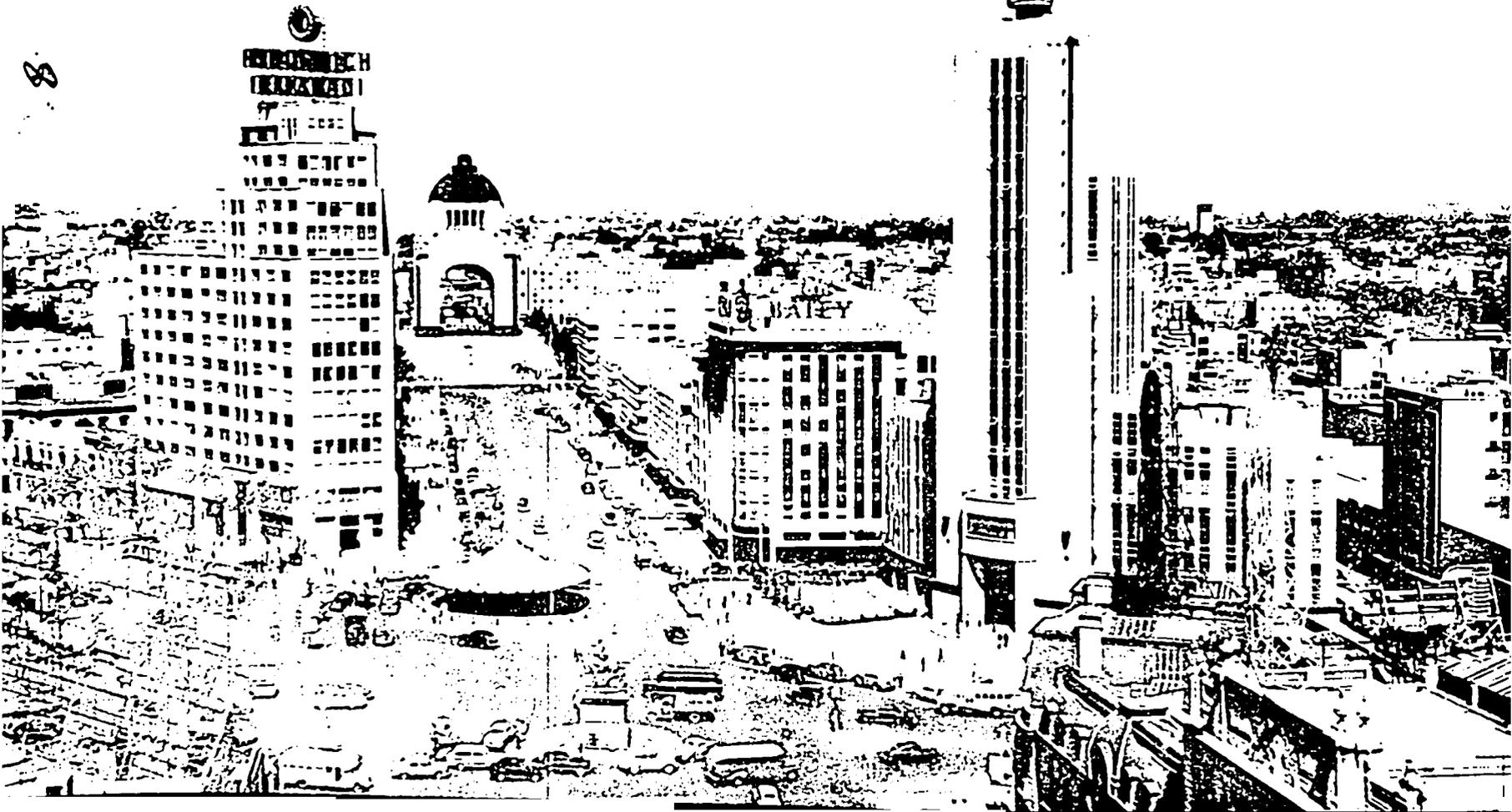
Ten of the 20 Latin American States lie in South America—Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela. Three of them are island states—Cuba, the Dominican Republic, and Haiti.<sup>1</sup> Apart from Mexico which abuts our southern border, the remainder are on the slender strip of land connecting Mexico and South America. These are Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama.

The estimated population of Latin America is almost 200 million—over 6½ percent of the population of the world. The population has

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<sup>1</sup> On Aug. 6, 1962, the former British colony of Jamaica, an island in the Caribbean, became an independent nation.

*MEXICO CITY. Latin America is one of the most heavily urbanized areas in the world, with more than a fourth of the population crowded into cities.*



doubled in the past 40 years—it is growing faster than the population of any other major world area—and it is estimated that in some 50 years it may reach 500 million. Population density varies greatly from an average of over 300 persons per square mile in Haiti to 8 per square mile in Bolivia. Fifteen of the nations have population densities which are less than the U.S. average of 55 persons per square mile.

Latin America is today one of the most heavily urbanized areas in the world, surpassed only by the United States and Western Europe. More than a fourth of the population is crowded into cities where the slum situation has now reached disturbing proportions.<sup>1</sup>

Whereas a generation ago there were only 2 cities of one million inhabitants in Latin America, today there are 10. In 1961 in a major step to draw population from thickly to sparsely populated regions, Brazil completed a new capital, Brasilia, in an area 600 miles from the sea.

## The People

The people who inhabit Latin America may be grouped roughly into four main categories. There are the *mestizos*, those of mixed white and Indian inheritance, who make up the largest group. The native Indians, who have contributed richly to the region's culture, form the second largest group.

Descendants of Negroes who were brought to America as slaves are found in most countries and are most numerous in Brazil and the Caribbean area, where folk customs and music often strongly reflect an African heritage. Racial lines tend to be indistinct, and there is considerable mingling of Negro, white, and Indian blood. The remaining major group is composed of the white descendants of the early Spanish and Portuguese settlers. In addition, several million other Europeans and Asians form substantial minorities.

Latin America has managed to achieve a generally harmonious mixture of its races and takes pride in its unparalleled history of integration among the varied Asian elements of its population.

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<sup>1</sup> The 1960 annual report of the *Population Council*, a nonprofit organization headed by John D. Rockefeller 3d, advised the Latin American Governments that programs for economic and social development would have "little practical meaning" unless the rapid growth of their city populations was checked.

The Council report said Latin America seemed to be less concerned by the "mounting rates of population growth than Asia, in spite of the fact that South America has the most rapidly growing population of any continent in the world."

## **Common Bonds**

In the midst of remarkable variety the Latin American nations have many things in common. One of the bonds that tie these countries together is their common Latin heritage. Haiti was colonized by the French and Brazil by the Portuguese. The other 18 countries were settled by Spain. In addition to a colonial tradition and the independence movements that sprang from it, they share a common Christian heritage and—except for Cuba—republican forms of government. Devotion to the ideals of personal freedom, the dignity of the individual, and national independence is a strong characteristic of the people, for whom the principles and ideals of Simon Bolívar, San Martín, and other heroes of wars for independence are guiding beacons.

Above all, the people of Latin America are of one mind in insisting on social and economic betterment. They generally agree that together—

- They can press forward with industrialization to help modernize their economies and provide employment for the rapidly growing urban populations.
- They can clear away city slums and wipe out disease by making full use of the wonders of modern medicine.
- They can eliminate the poverty which burdens the farmers and make it possible for every man to own the land he works.
- They can do away with social and economic injustices which undermine free political institutions.

## ***POLITICAL DEVELOPMENT***

One of the serious challenges to hemispheric solidarity has been the relative unevenness of the level of political progress in the various Latin American countries and the recurrence of revolutions and dictatorships.

Some of the area's political difficulties stem from a carryover into the present day of clashes of interest that were, in most cases, common to all colonial empires through the 18th century. The state in Europe was paternalistic, tried to isolate its colonies from other countries, and to keep the reins of government in the hands of its own agents. It felt justified in doing these things because it also provided its colonies with

security and many urban and communal benefits such as city planning and schooling. The age of many universities in Latin America shows how extensively Spain, for example, provided benefits of this type. The Universities of Santo Domingo, of San Marcos in Lima, and of Mexico, were all founded by 1540, 67 years before the settling of Jamestown.

On the other hand, European colonists in Latin America were no less attached to rights and privileges they had enjoyed in the mother countries than were the British colonists who came to what is now the United States; and they defended them just as jealously. The Spanish, for example, brought with them a tradition of fiercely independent municipal government which became the cradle of the independence movement and which also goes far to explain disruptive rivalries between cities and regions in Latin American nations today.

In all colonial areas there was a tendency for good intentions on the part of the government in the mother country to be offset by selfishness or shortsightedness in individual officials and colonists. In Latin American countries where native populations were large and organized in communities, greedy officials and colonists too often put their private fortunes ahead of every other consideration and sacrificed to their own interests the rights of native and mestizo populations. As a result of these conflicts of interests, little cohesion developed either among the various colonies or among the social and racial groups in them. This lack of cohesion persisted after the wars for independence that the American and French revolutions inspired and that were fought largely in defense of the traditions and rights of the European-descended colonists.

## Independence

The first Latin American Republic to declare its independence was Haiti, which took advantage of the struggles in Europe in 1804 to cut its ties with France. During the first half of the 19th century all other Latin American countries, except Cuba, gained their freedom.

Independence did not bring a clear break with the social and political patterns of the colonial regimes. The mother countries, Spain and Portugal, had never undergone the political, social, and economic revolutions that had swept France and England. Consequently the colonies were initially influenced by the same patterns that had prevailed in the days of absolute monarchies.

Throughout the 19th and early 20th centuries much of Latin America was in constant turmoil. Just as the region was reaching

a degree of stability in 1930, the great depression touched off a new wave of revolutions geared to economic nationalism.

Despite the problems inherent in their colonial experience and their subsequent history of political instability, the Latin American nations have been making steady progress toward democracy through such developments as increased participation of the people in government. Political parties are better organized and have clearly pointed out the issues for the voters. The observance of civil rights is becoming more widespread. Democratically elected presidents have replaced dictatorial leaders. Thus most of the Republics of the hemisphere, each according to its own genius and aspirations, have developed free governments.

The United States, of course, rejoices in and encourages this progress toward democracy by our sister Republics. Yet the cornerstone of our policy remains strict nonintervention in their internal affairs, in keeping with the ideals of pan-Americanism and hemispheric solidarity and in accordance with inter-American agreements.

## ***SOCIAL DEVELOPMENT***

### **Labor**

In some Latin American countries where the mass of the population is politically inarticulate, organized labor is one of the chief spokesmen for the rights and well-being of the people. Although the labor movement has been handicapped in some countries by stiff government opposition for many years, it has made important gains of late and has been generally successful in achieving improved social welfare conditions in many countries. The growth of organized labor as a political and economic force in Latin America is due largely to the rapid increase in the size of the urban working class.

The Inter-American Regional Organization of Workers (ORIT) and its parent body, the International Confederation of Free Trade Unions (ICFTU), were formed to provide the workers with democratically based organizations through which to further their interests.

The ORIT has been urging the adoption of various measures designed to improve the conditions of workers in Latin America. In 1951 the executive committee of ORIT divided Latin America and the West Indies into five zones, each of which is the direct responsibility of one or more full-time ORIT organizers.

The Fifth Continental Congress of ORIT, held in Rio de Janeiro, Brazil, in August 1961, appealed to the Governments of Latin America for "rapid and efficient action in favor of agrarian reforms" and urged the administrative and financial bodies entrusted with carrying out the provisions of the Punta del Este Charter "to assist adequately in financing the agrarian reform and bettering agriculture." It further urged them to carry out programs of "education, health, social security, education, housing, respect for civic rights, and general improvement of living and working conditions of the people." The Congress called on all the organizations affiliated with ORIT to "use pressure for all this to be carried out."

Considering the fight against the Communist menace as one of its most vital objectives, ORIT has repeatedly warned the people and Governments of Latin America against Communist tactics of infiltrating and perverting labor organizations into tools of Soviet Russian policies.

Labor in Cuba—in sharp contrast to the situation of free labor elsewhere in Latin America—has been converted into a servile instrument of Government power. The Cuban labor movement is now under the authority of the Minister of Labor. Collective bargaining has been abolished, wage improvements are discouraged, and the labor movement has been oriented toward relationships with Sino-Soviet organizations.

## Education

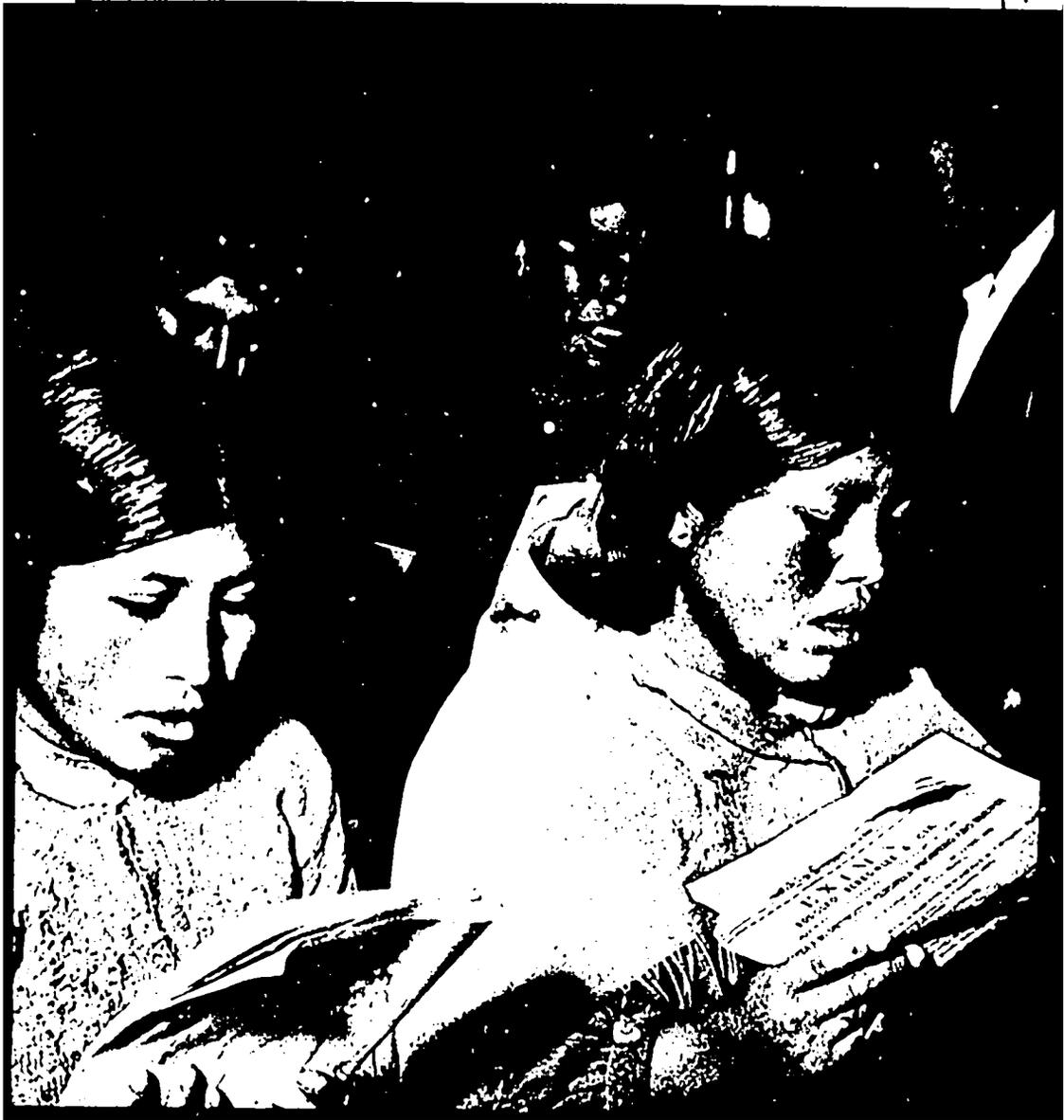
Literacy rates in the Latin American countries vary widely, ranging from some 11 percent in Haiti to about 87 percent in Argentina and 88 percent in Costa Rica. Progress in education has been rapid in the postwar period, and 11 countries now have literacy rates of 50 percent or more. An important indication that educational facilities are improving in Latin America is the fact that enrollment in secondary schools and universities has been growing at a rate exceeding the rate of population increase. One of the most pressing needs lies in the field of technological education. Engineering and technical schools now enroll some 50,000 students, but the need is for many times that number.

Another serious need is for an additional 400,000 teachers to assure an elementary education for the present school-age population. The U.N. Educational, Scientific and Cultural Organization (UNESCO) in recent years has stepped up its long-term project, begun in 1957, for

the extension and improvement of primary education in Latin America. The program aims at providing educational facilities for all school-age children within the next 10 years.

The OAS also continues its efforts to eradicate illiteracy and to bring about free and universal education everywhere in the Western Hemisphere. A Latin American Bureau for the Production of Fundamental Education Materials is functioning at the Pan American Union, producing teaching materials and conducting continuous research in this field. Under OAS auspices the Inter-American Rural Normal School has been established in Venezuela, where teachers are trained

*A rural school class in Bolivia. Literacy rates in the Latin American countries vary widely, ranging from about 11 percent in Haiti to about 87 percent in Argentina.*





*The University of Mexico.*

to organize and supervise rural normal schools in their respective countries. Assistance is extended to students in selecting schools of higher learning and universities in the American Republics, and an OAS Fellowship Program enables advanced students to carry out their studies in countries other than their own.

A number of the higher educational institutions in Latin America are known for their excellence, and a large number of outstanding scholars have come from these institutions. However, facilities for higher education in some branches, especially the sciences, are in general seriously inadequate throughout most of the area.

## Health

It is difficult to generalize about health conditions in Latin America because they vary widely among the 20 Republics. On the average, however, the available medical and hospital facilities are still grossly inadequate to meet the area's needs. In many parts of Latin America life expectancy at birth is less than 50 years and it reaches 64 only in some cities. Infant mortality in some cases runs as high as 127 per 1,000 live births per year. Malnutrition and disease are still far too prevalent.

Malaria deserves special mention because of the burden it imposes on the economy. In the Americas, malaria occurs mostly in the area that extends 15 degrees on either side of the Equator, where some 86 million people live.

The Pan American Health Organization (PAHO), which is an inter-American specialized agency and regional unit of the World Health Organization (WHO), has been waging an intensive campaign against malaria. In 1960 PAHO stepped up epidemiological investigations and increased assistance to governments in training more malaria workers. By the end of 1961 malaria had been eradicated in areas totaling 582,000 square miles with a population of 13 million. This meant an increase in the malaria free areas of 15 percent over the previous year. The antimalarial campaign has been especially successful in Mexico. In the years before the campaign began, some 25,000 Mexicans died each year from malaria, whereas in 1960 not a single Mexican died of that disease.

Antipolio campaigns, assisted by PAHO, accounted for 1,850,000 immunizations in 1960—again an appreciable increase over the previous year.

The campaign against smallpox and tuberculosis also continues with PAHO conducting survey programs and helping to set up laboratories for vaccine production.

Through the technical cooperation program, the United States has undertaken bilateral as well as multilateral cooperation with 19 of the other American Republics in broad programs of public health and public health administration. The once high incidence of yaws has already been greatly reduced in states such as Haiti and Ecuador. There is an active program to develop and apply techniques for the control of yellow fever.

Another important contribution to the raising of health standards in Latin America has been made through U.S.-supported and PAHO

projects which provide assistance in the design and construction of pure-water systems for towns and small cities. Without safe and adequate supplies of drinking water neither health nor living standards nor the tempo of economic development can be raised substantially. Still, 100 million Latin Americans are without such supplies.

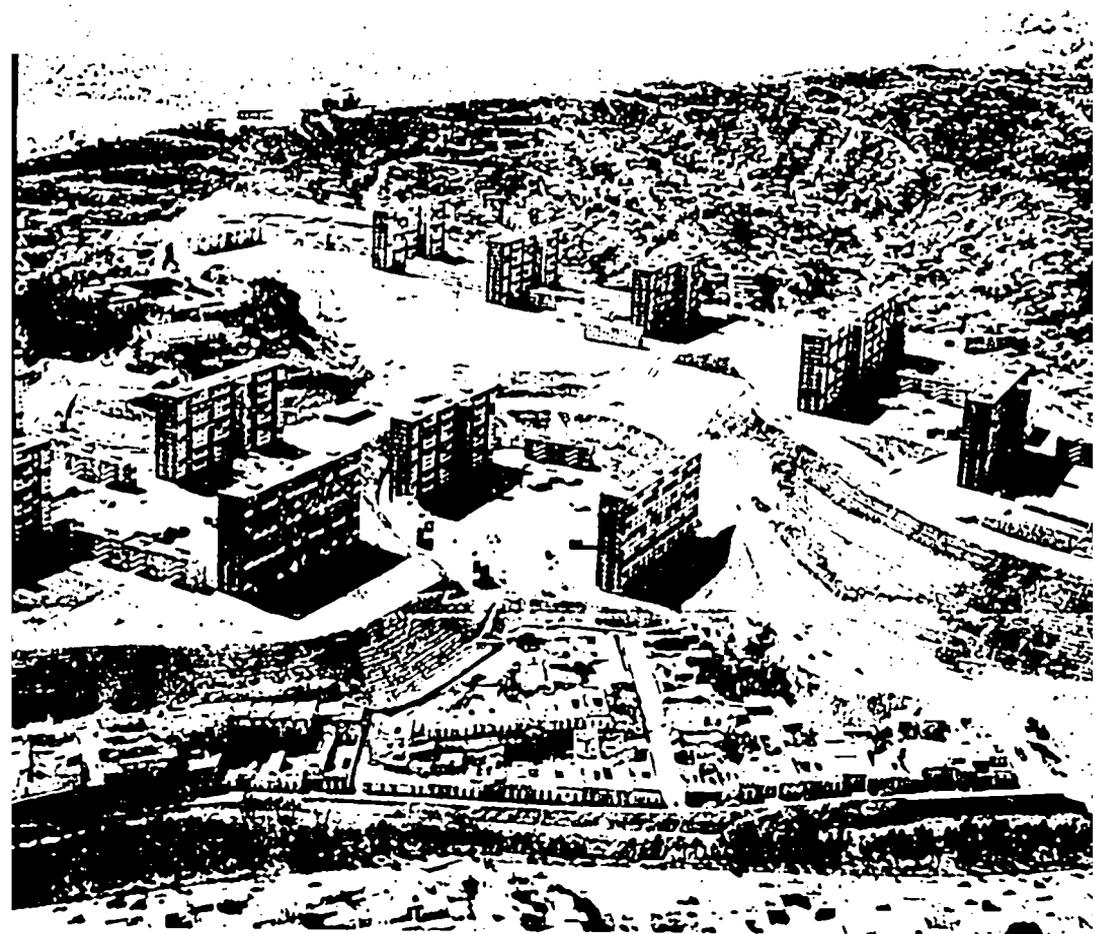
## Housing

Many of the leaders in Latin America feel that the lack of adequate housing constitutes their most serious single social problem. Several factors contribute to the housing shortage. The wage level of workers is generally so low that they must devote most of their income to basic necessities at the cost of adequate housing. Inflationary conditions in a number of countries have made domestic lenders reluctant to put their money into long-term mortgages. The rapid increase in urban populations has compounded the problem.

*Oral vaccine being given by a Government nurse in Costa Rica.*



17'



*A housing project in Caracas, Venezuela*

Public lending funds from abroad have heretofore been limited. They therefore had to be channeled into important productive fields such as transportation, power, irrigation, or manufacturing. However, if the nations of Latin America pursue vigorously the path of economic development and inflation control in order to enlarge the national product and available savings, they will be able to widen the margin that can be devoted to the improvement of housing.

Meanwhile, the Inter-American Development Bank and the Agency for International Development are helping to finance low-cost housing projects in Panama, Venezuela, Chile, Costa Rica, Colombia, Ecuador, the Dominican Republic, Peru, and El Salvador.

## ***THE ECONOMY AND ITS PROBLEMS***

Today the vast majority of Latin America's people live a life of poverty. Average annual per capita income (\$285) varies from some \$58 in Haiti to about \$588 in Venezuela. The total gross national product of the 20 Republics is about one-eighth that of the United States, the per capita income being in about the same proportion.

A substantial amount of Latin America's own capital, instead of being invested in enterprises which would raise the region's living standards, is invested abroad to "keep it safe." It is believed that such capital may amount to billions of dollars. One of the bad effects of this flight of capital is high commercial interest rates. By U.S. standards, interest rates are amazingly high, ranging from about 12 percent to an illegal but commonplace 35 percent.

Finally, many of our sister Republics are plagued by excessive inflation. Ways are being sought to solve this difficult problem so that continued economic growth will not be frustrated. Success in this endeavor would restore confidence in the currency and thus encourage savings, channel investment of domestic capital into productive local enterprise rather than into the sterile haven of real estate, reduce the flow of money to foreign bank accounts and foreign securities, and bolster real wages consistent with a rising standard of living.

The enormous pressures of population growth call urgently for an intensified production effort to satisfy the ever-growing number of consumers who require more food and other necessities and a larger number of jobs.

But Latin America's developmental potential is enormous. In all the basic industries—agriculture, steel, minerals, chemicals, electrical energy, and transportation—a high order of development not only is feasible but is already underway. Gross product has the prospect of increasing more than twice as fast as population. As for food, it is estimated that production can be multiplied fivefold if modern methods are employed. If responsible leadership provides the needed stimulus, there are no material problems in Latin America which constitute impenetrable barriers to normal and orderly progress.

To accelerate development substantial help in the form of external capital and technical assistance is needed. Such assistance, coupled with economically sound efforts which must be made by the Latin American Governments themselves, can satisfy the peoples' legitimate aspirations. The national programs of economic and social development now being developed under the framework of the Alliance for Progress are designed to help provide these much needed elements of progress.

## Agriculture

Agriculture is by far the most important economic activity in Latin America—in 1960 it accounted for over 25 percent of the gross national product and absorbed over half of the labor force. In the case of several countries production is concentrated in one or a few products such as coffee, sugar, or fibers, destined almost entirely for export. Other important agricultural products include grains, fruits, rubber, cotton, cocoa beans, and tobacco. Many other products could be raised in quantity through diversified agricultural methods.

The principal livestock region of South America lies in the temperate plains of southern Brazil, Uruguay, and Argentina. Argentina is perhaps the best known of these livestock-producing countries because of her sizable export business, but Brazil is the largest cattle producer.

Some parts of Latin America are blessed with almost ideal conditions for farming. At the present time, however, its agricultural potential is still far from fully developed. The climate and heavy rains make farming difficult in some areas, and the soil is subject to rapid erosion. The lack of good transportation and communications facilities has also delayed agricultural development. Improved health conditions to increase the productivity of labor, greater capital investment, better irrigation, extensive land clearing, and better land utilization must be achieved before standards can be raised.

Although 60 percent of all Latin Americans are engaged in agriculture, the bulk of the cultivable soil—almost 80 percent of it—is owned by only 6 percent of the farmers. The land is thus divided between the *latifundios* or giant holdings—and the *minifundios* or dwarf holdings. Both are uneconomical.

Most large estates have tenant farmers. In some countries the tenant must pay at least 50 percent of his crop to the owner, or three out of four calves born to his herd. He tries to get as much as possible out of the land but, with the future so uncertain, usually makes little effort to maintain its fertility or make capital investments.

The land use pattern varies greatly from country to country. In some countries most of the farmers are owner-cultivators. In others (notably Argentina and Uruguay, which have massive numbers of immigrant laborers) ownership, tenancy, and sharecropping are more or less equally distributed. In a third group—which includes Panama and Paraguay—the majority of the cultivators are squatters. In the whole area the plight of the farmworker classes is obvious even to the casual visitor.

Former Deputy Assistant Secretary of State for Inter-American Affairs Lester D. Mallory pointed out on October 16, 1960, that land reforms can be undertaken in Latin America "that will arm its millions of subsistence farmers, tenants, and squatters against the blandishments of communism by giving them pride of possession and the kind of incentive that every human being has a right to have."



*Guatemalan farmers receiving titles of landownership.*

On the other hand, in the densely populated mountain districts of Guatemala, where Indians cultivate handkerchief-sized plots, with the population increasing by leaps and bounds, every inch of land must be used. Much of it is now exhausted and is producing very little.

### **Mineral Resources**

Latin America has a great variety of mineral resources. In addition to the gold, silver, and precious stones which first attracted the Spanish conquistadores, Latin America is an important source of

many other minerals. Brazil has a quarter of the world's iron; Chile, the largest copper deposits anywhere. Bolivia sells 15 percent of the world's tin; Venezuela is the world's largest exporter of oil. Through an ironic geological quirk, however, Latin America has hardly any coal—a mineral frequently considered essential to industrial growth. Because of natural barriers and lack of capital, many of Latin America's mineral resources have never been adequately exploited.

## **Industry**

In 1960 manufacturing in Latin America accounted for about 20 percent of the value of total production and employed only some 15 percent of the labor force. Though progress is being made in developing some heavy industry, manufacturing is still primarily concentrated in light industry such as textile manufacture and food processing. A majority of these countries manufacture little that is not consumed directly by their people.

Rapid industrialization is the great goal throughout the 20 Republics, but there are many factors holding back industrial development in this area. There are shortages of industrial equipment and machinery, coal, and investment capital. Inadequate transportation and communications facilities hold back both the production and the distribution of goods. Manpower problems include a lack of skilled technicians and in many cases a comparatively low level of health and literacy.

## **Transportation**

The inadequacy of transportation facilities has been one of the most important factors retarding Latin America's development. There is a shortage of good roads and the cost of building new roads is very high. Today the Inter-American Highway is the only road linking most countries in Latin America. The completion, with U.S. assistance, of the Inter-American Highway will eventually provide all-weather automotive travel between Laredo, Tex., and the Panama Canal Zone, and provide an important link between the North American Continent and South America.

The whole of Latin America has only 400,000 miles of highway. Billions of dollars in roads are needed to open up the interior of many Latin American countries and promote trade between them.

In large measure the enormity of the transportation problem is due to the physical features of the area. The Andes Mountains are

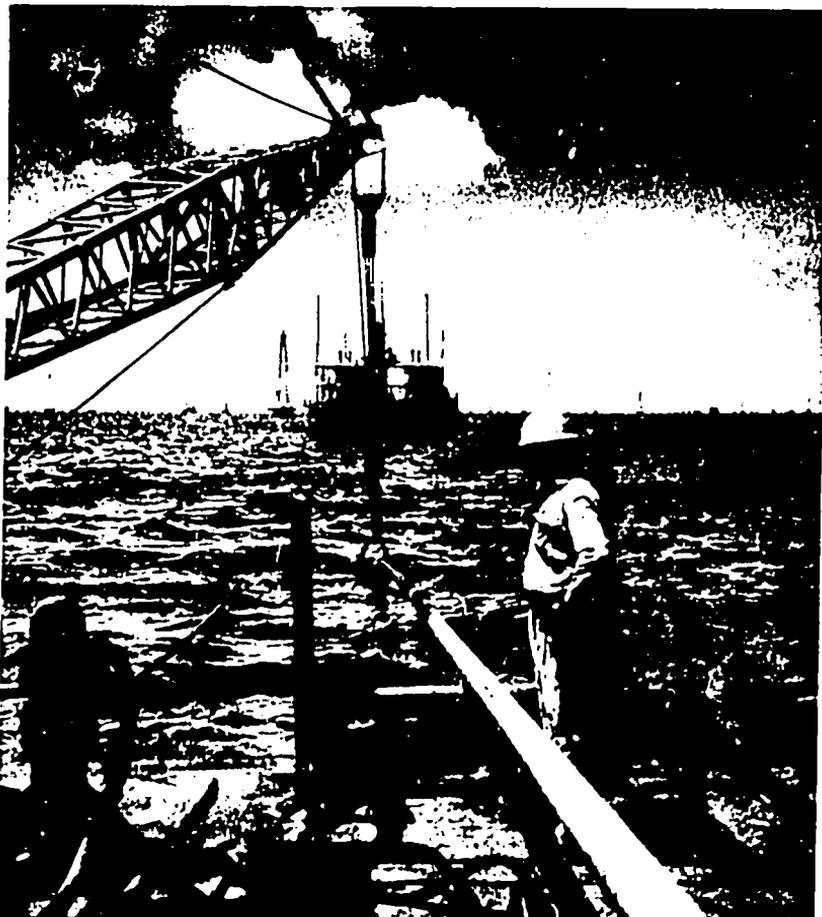
a tremendous barrier to transportation. The jungles with their overnight growth of tropical foliage, torrential rains, and excessive heat and humidity are an even more formidable obstacle.

Some progress has been made. There are now transcontinental railroad lines in both Central and South America and the rapidly growing southeastern part of South America has considerable railway service, even though its condition leaves much to be desired.

Air transportation, a most effective way to conquer the mountains and jungles, has expanded rapidly since 1940. Modern aircraft is being introduced and airport facilities are being extended. Passenger and cargo services thus provided are contributing to the economic development of hitherto inaccessible areas. Several Latin American nations have instituted international air services linking Central and South America and areas outside the hemisphere, such as Europe, Japan, and the Middle East.

At present some principal aviation objectives of Latin American States include the establishment and improvement of air navigation and

*Oil derricks in Lake Maracaibo, Venezuela. Venezuela is the world's largest exporter of oil.*





*Oil refinery at Barrancabermeja, Colombia. Oil refining is a major industry in some Latin American countries.*

communications facilities, the substitution of outmoded aircraft with up-to-date equipment, the expansion of air cargo services, and the development of maintenance and repair facilities.

The four river systems of South America provide a network of inland waterways which is navigable for considerable distances, and oceangoing transportation, chiefly in freighters and tankers, has been increasing during the last decade.

Despite these developments the building of adequate transportation systems throughout Latin America poses a tremendous task for the future.

## **Trade**

Fluctuations in commodity prices remain a major problem in the economic life of the American Republics. Dependent as they are for foreign exchange upon export of foodstuffs and raw materials to the world markets, and principally to the United States, the Latin American countries are highly sensitive to the changing marketing conditions. Some 13 exports today account for about 70 percent of the area's total export earnings. Coffee exports in 1959, for instance, constituted 77 percent of Colombia's total exports 73 percent of Guatemala's, 72 percent of El Salvador's, and 58 percent of Brazil's. Petroleum exports constituted 92 percent of Venezuela's total exports; copper, 64 percent of

Chile's exports; tin, 62 percent of Bolivia's exports; and wool, 54 percent of Uruguay's exports.

This undiversified export pattern places Latin American nations at the mercy of world market prices. National incomes fluctuate widely, following the movements of world prices over which these countries have almost no control. In recent years this problem has become particularly acute. A number of important exports such as coffee, cotton, wheat, wool, and nonferrous metals have been in over-supply throughout the world, which has resulted in both lower prices and, in some cases, a reduced volume of sales.

At the same time that export earnings have been declining, the need for foreign exchange for imports has been increasing sharply. The drive for rapid industrialization has resulted in heavy expenditures for capital equipment, and despite the rising popular demand for more consumer goods, such imports are restricted in many countries of the hemisphere.

## Trade With the United States

An annual trade of some \$7.8 billion makes the United States Latin America's most important trading partner. Our trade with Latin America is exceeded only by our trade with Western Europe. About 23 percent of our total exports go to our southern neighbors, and we buy about 45 percent of all the goods they export. In 1960 our exports to Latin America were about \$3.55 billion, and despite serious declines in the world price of such important Latin American exports as coffee and nonferrous metals, the value of Latin American exports to the United States amounted to \$3.5 billion.

U.S. sales to Latin America encompass the entire range of our national production and affect the well-being of every sector of our economy. Latin America is our most important market for machinery and vehicles including such items as electrical apparatus; autos, parts, and accessories; railroad equipment; engines and turbines; and construction and mining equipment. It is our most important market for textile manufactures, for wood and paper, for iron and steel mill products, and for medicinal and pharmaceutical products.

Coffee ranks first in importance—over \$1 billion worth in 1960—among our imports from Latin America. Also important are crude oil, sugar, and a number of minerals which are of strategic importance such as copper, fluorspar, tungsten, zinc, antimony, lead, manganese ore, mica, nickel, beryllium, and tantalum.

Since reciprocal trade is a basic tool of economic progress, we shall continue to do everything in our power to open our markets wider to the products of the other Americas. Through the General Agreement on Tariffs and Trade (GATT), we are constantly seeking to break down barriers which could limit the benefits of wider trade between ourselves and our American neighbors. It is hoped that President Kennedy's expanded trade program will provide an important stimulus to trade between the United States and Latin America. The tariff reducing provisions of the bill, in general, and the special provisions for tropical products, in particular, hold great promise both for the broader development of the Latin American economy and the strengthening of U.S. political relations in the area.

### Regional Trade Arrangements

In seeking ways to lessen the effects of sharp fluctuations in the prices of their basic commodities, our friends in the Americas have turned to multilateral consultation and agreement. In 1958, for example, the coffee-producing nations concluded the Inter-American Coffee Agreement. The United States, as the principal coffee con-

*Loading coffee at Santos, Brazil. Coffee ranks first in importance among our imports from Latin America.*



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sumer, joined in this pact which was later expanded to include African producers in an International Coffee Agreement. The agreement has helped bring about relative stability in the coffee market to the great benefit of the 15 exporting countries of Latin America. Similar efforts have been going forward on other commodities. Courageous programs, however, will be needed to deal effectively with overproduction.

The recent launching of two regional trading arrangements points toward the economic integration of Latin America. Five countries of Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) have agreed upon a full customs union with internal free trade for substantially all their production. It is believed that this will have beneficial effects in diversifying production and trade. If it can be expanded to include the rest of Central America, it will become an even stronger influence for development.

The ratification of the Montevideo Treaty establishing the Latin American Free Trade Association<sup>1</sup> is another significant milestone along the road to a Latin American common market. It is to be hoped that its members will find it possible to expand rapidly the list of products which are to be traded freely so that the full benefits of integration can be realized.

At the same time many Latin American countries are seriously concerned over the future of their export markets in the European Economic Community, even though that Community has committed itself to a liberal commercial policy. Secretary Dillon assured the Punta del Este Conference that the United States will continue to urge upon the Community the importance of fair treatment for exports of special interest to Latin America and other developing areas.

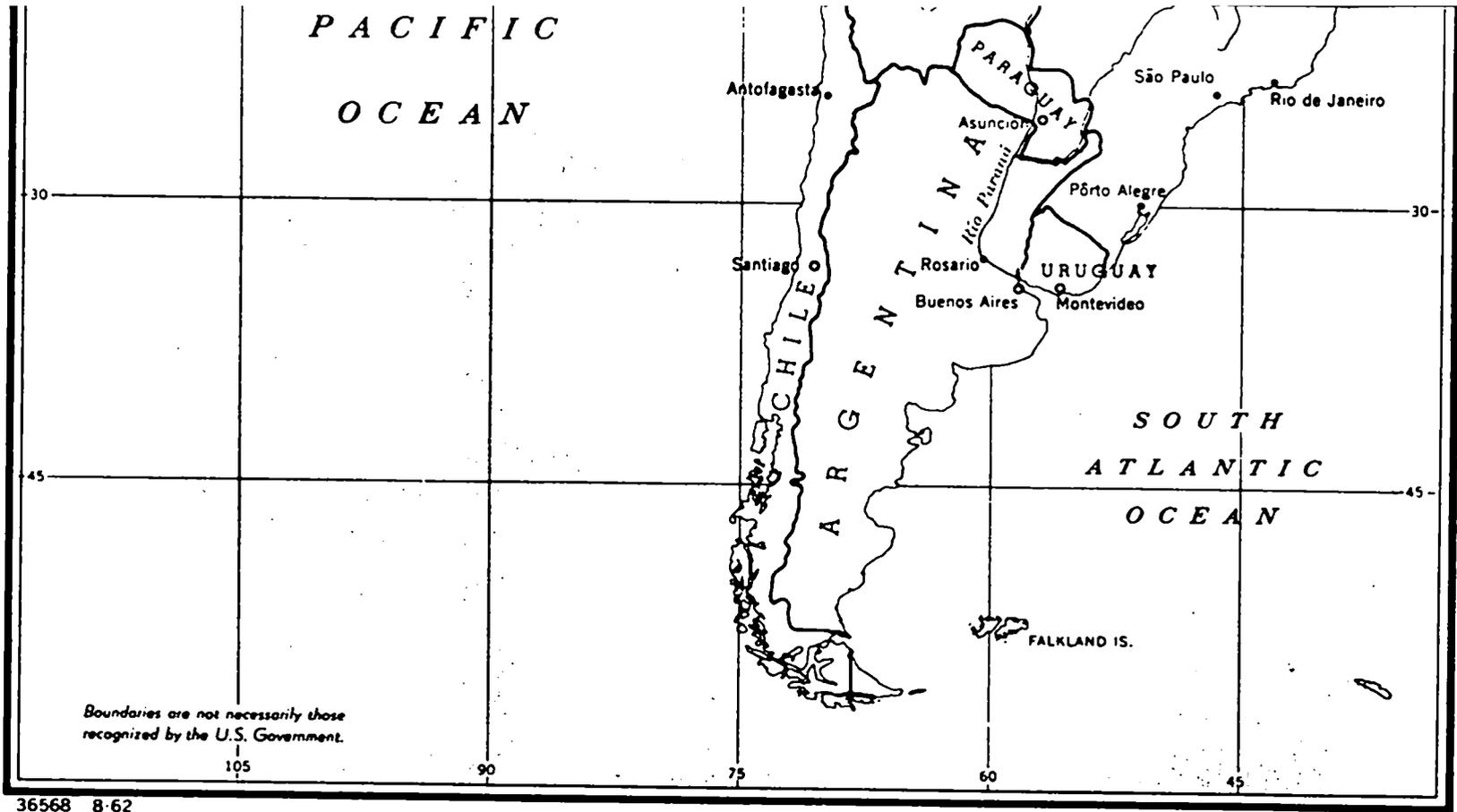
## *INTER-AMERICAN ORGANIZATION*

Pan-Americanism is a concept that goes back to the time of the Great Liberator, Simón Bolívar, who was the first to call a meeting of leaders of the American States—the Congress of Panama—in 1826. Bolívar's aim was to form a confederation to protect the hemisphere from external attack and to settle inter-American disputes.

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<sup>1</sup> LAFTA countries: Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay.





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The first formal International Conference of American States, called by U.S. Secretary of State James G. Blaine, was held at Washington in 1889-90. The Commercial Bureau established at this meeting developed into the Pan American Union in 1910. A score of international conferences of American States have since been held in various parts of Latin America.

The first inter-American conferences were concerned primarily with closer commercial relations among the countries. As the American States began gradually to realize the need for closer political relations, they established machinery to settle inter-American disputes and to guarantee the security of the hemisphere. Questions of international law, finance, and commerce were studied by the conferences. Other fields were added—agriculture, transportation, communications, health, sanitation, education, and cultural activities—until finally the Americas were united by common interests in most fields of human endeavor.

### **The Rio Treaty**

The advent of World War II impressed upon the United States and its neighbors in Latin America that the responsibility for protecting the security of the Western Hemisphere had to be shared by agreement and cooperative action among all the independent republics.

Following the outbreak of the war in Europe, three Meetings of Consultation of Foreign Ministers were convened—at Panamá, Habana, and Rio de Janeiro—to consider measures for hemispheric defense. During the war Brazil sent a division of troops and Mexico an air squadron into combat against the Axis.

A special Inter-American Conference on Problems of War and Peace met at Mexico City in February 1945. This conference wrote the Act of Chapultepec, which states that an act of aggression against any American Republic by any power would be considered an act of aggression against all. This idea was finally incorporated in the Treaty of Rio de Janeiro signed in 1947.

The treaty provides "that an armed attack by any State against an American State shall be considered as an attack against all the American States and, consequently, each one of the said Contracting Parties undertakes to assist in meeting the attack."

Either an armed attack or any other act or threat of aggression that menaces the political independence or territorial integrity of an American State can justify consultation among the member states to

agree upon the collective measures that should be taken. The Rio Treaty provided a firm foundation for the solidarity of the American Republics in the defense of the continent. In that respect, it has served as the prototype for NATO and other mutual defense arrangements.

Since the beginning of World War II, Latin American countries have sought to reorient their armed forces toward collective hemispheric defense. They have manifested this interest by requesting U.S. military training missions, which are now assigned to 18 countries; by requesting the training of their military personnel in U.S. military schools; by procuring standard U.S. equipment; and by agreeing to utilize certain of their military units for the performance of collective defense missions in accordance with bilateral agreements which we have concluded with 12 countries. A recent development in Latin American countries has been the initiation of "civic action" programs by the armed forces in such matters as roadbuilding, sanitation works, and technical training of recruits in civilian skills. The United States provides support for such programs.

Our military programs are carried out within the context of the Rio Treaty and the planning of the Inter-American Defense Board. They are responsive to the desire of Latin American countries to share responsibility for hemispheric defense. The programs complement and give force to the Rio Treaty and our other security arrangements.

Since the Rio Treaty came into force in 1949, there have been several occasions on which it has been applied in order to deal with threats or acts of aggression involving American States. In each instance the American Governments demonstrated their readiness to do what was necessary to maintain the peace. In so acting the Governments were supported by public opinion, which was aroused throughout the continent, and in each case peace has been maintained or restored.

## **The Organization of American States (OAS)**

A high point of the long and gradual development of international relations within the Americas came with the Ninth International Conference of American States. On April 30, 1948, at Bogotá, representatives of 21 American nations signed the charter of the Organization of American States, a treaty which gave structure and authority to the principles and policies that had been in the making for over a

century. This charter is, in effect, the constitution of the Organization of American States.

The purposes of the OAS are:

- “(a) To strengthen the peace and security of the continent;
- “(b) To prevent possible causes of difficulties and to ensure the pacific settlement of disputes that may arise among the Member States;
- “(c) To provide for common action on the part of those States in the event of aggression;
- “(d) To seek the solution of political, juridical, and economic problems that may arise among them; and
- “(e) To promote, by cooperative action, their economic, social, and cultural development.”

Basing its action on such principles and purposes, OAS has provided our American family of nations with a valuable mechanism for consultation and has made possible the evolution of political and juridical doctrines in international relations which are accepted by our sister Republics.

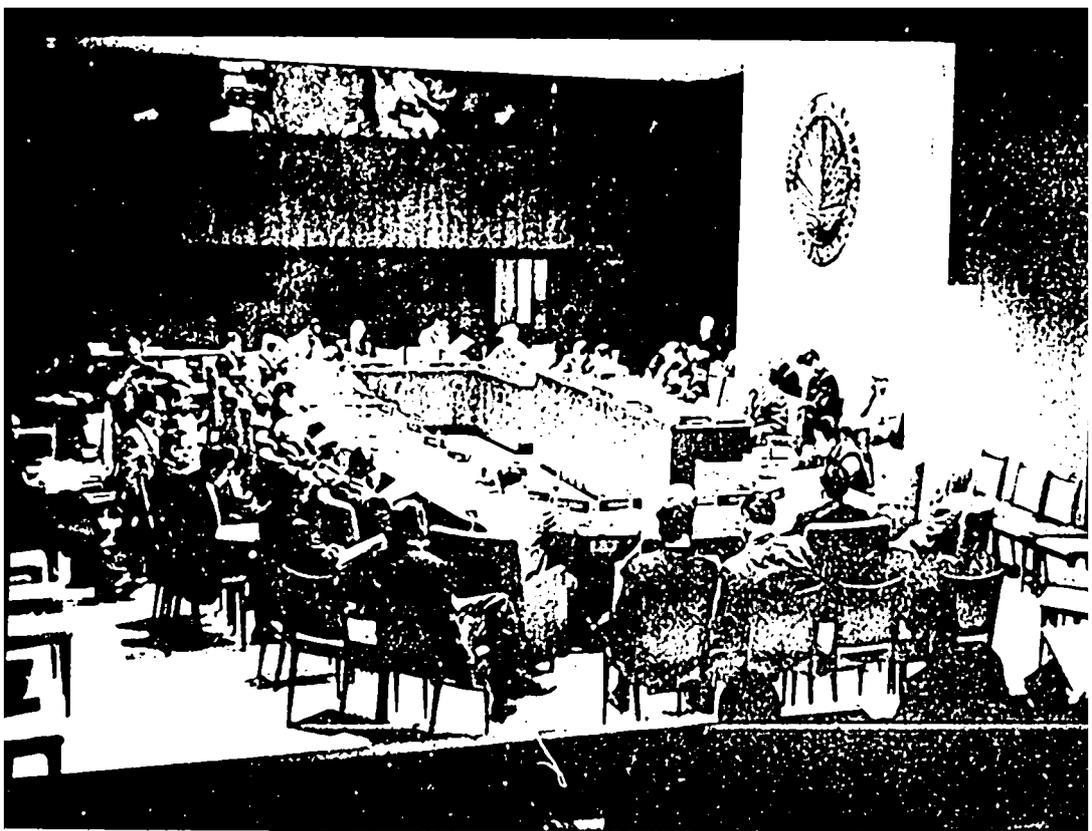
The three major representative bodies of OAS are:

(1) *The Inter-American Conference*, the supreme body of OAS, which decides the general action and policy of the Organization, determines the structure and functions of its organs, and has the authority to consider any matter relating to relations among the American States.

(2) *The Meeting of Consultation of Ministers of Foreign Affairs*, held to consider problems of an urgent nature and of common interest to the American states. It may be called at the request of any member state of OAS upon decision of the Council of OAS. It also serves as the organ of consultation provided for under the Rio Treaty.

(3) *The Council*, the permanent executive body of OAS. Its headquarters are in the Pan American Union building in Washington, D.C.

The Pan American Union is the central, permanent organ of OAS and its general secretariat. The Council itself has three dependent organs—the Inter-American Economic and Social Council, whose chief purpose is “the promotion of the economic and social welfare of the American nations;” the Inter-American Council of Jurists, which serves as an advisory body on matters of international law; and the Inter-American Cultural Council, whose purpose is to promote educational, scientific, and cultural exchange. There are also six inter-American specialized organizations which are integral parts of OAS, an Inter-American Peace Committee, consisting of ambassadors from five OAS member



*The Council of the Organization of American States in session. The Council is the prominent executive body of the OAS, with headquarters in the Pan American Union building in Washington, D.C.*

countries, an Advisory Defense Committee, an Inter-American Human Rights Commission, and an Inter-American Nuclear Energy Commission.

### **Maintaining Peace**

An American Republic involved in a controversy with a neighbor ordinarily has three courses of action within OAS:

1. The dispute may be referred to the Inter-American Peace Committee, which is attached to the Council of OAS and resides permanently in Washington. A complaint is handled promptly and confidentially and, through the good offices of the Committee, an attempt is made to bring about a satisfactory understanding.

2. The American Treaty on Pacific Settlement (signed at the same time as the charter of OAS) contains a comprehensive codification of formal methods for resolving differences—mediation, investigation and conciliation, arbitration, and appeal to the International Court of Justice. Its procedures, while infrequently used, are available to achieve the pacific solution of all types of disagreements among states.

3. In extreme cases a nation under attack or believing itself menaced by invasion can call on the entire hemisphere to come to its defense under the Rio Treaty. If the Council of OAS, acting as provisional organ of consultation, believes the situation warrants such steps, it can seek to restore peace by calling for a suspension of hostilities, the recall of chiefs of diplomatic missions, the interruption of economic relations, or the use of armed force.

### **Promoting Economic, Social, and Cultural Development**

In addition to its peacekeeping efforts, OAS has been carrying out important activities in the economic and social field. The technical cooperation program of OAS, planned and carried out under the supervision of the Inter-American Economic and Social Council, is a modest but significant effort contributing to the training of badly needed technical personnel throughout the American Republics.

The Inter-American Economic and Social Council and the Department of Economic and Social Affairs of the Pan American Union, which provides the technical secretariat, have produced important analyses of inter-American economic problems.

Through the specialized organizations of OAS, teachers, engineers, agronomists, nurses, and doctors from all the American countries are pooling their knowledge and experience to provide their peoples with more and better schools, better health, better crops, better housing, and better transportation.

In the field of agriculture, through its Inter-American Institute of Agricultural Sciences at Turrialba, Costa Rica, OAS aids the member

*The main building of the Inter-American Institute of Agricultural Sciences, Turrialba, Costa Rica. Through such institutions the Organization of American States aids its member countries with research and teaching in the fields of soil conservation, animal husbandry, and forestry.*

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countries with research and teaching in the sectors of soil conservation, animal husbandry, fisheries, forestry, the control of plant and animal diseases, and livestock raising. OAS also conducts specialized research in the production of coffee, cacao, vegetable fats and oils, and other tropical crops. Regional OAS centers in various Latin American areas provide technical education for the improvement of agricultural and rural life.

In the field of health and welfare, OAS has been sending doctors, nurses, drugs, insecticides, water-purifying chemicals, et cetera to areas stricken by disasters such as earthquakes or floods. Under the auspices of OAS, member states cooperate in preventive measures to control disease and epidemics and in on-the-spot campaigns to wipe out a broad range of diseases.

Additional information on the economic and social development is contained in a subsequent chapter on Alliance for Progress.

## OAS and the United Nations

It was the inter-American system, antedating the United Nations by over half a century, that furnished the U.N. Charter the vital concept of regional organizations. Because of the insistence of American States at San Francisco, the articles of the U.N. Charter dealing with regional arrangements were clarified and an article was inserted recognizing the inherent right of individual and collective self-defense on the part of nations. According to the Charter of OAS, "Within the United Nations, the Organization of American States is a regional agency." The Charter also directs the OAS Council to promote collaboration between the Organization of American States and the United Nations and its specialized agencies. All 21 American states are charter members of the United Nations.

Delegates of Latin America formed the Latin American Caucus, the first informal regional caucus at the United Nations, which became the model and inspiration for all the other regional caucuses which have come into existence at the United Nations.

It would be hard to exaggerate the value of the services which Latin America has rendered to the United Nations in leadership and in ideas. Four of its statesmen have served as presidents of the U.N. General Assembly. Many of its representatives have headed important U.N. committees. Many of them have performed distinguished services in the U.N. Secretariat.

Latin American delegates are admired for their soundness of thought, for their devotion to the rule of law in international affairs,

for their parliamentary skill, and for their inexhaustible faith in the future of the United Nations.

## Communist Attempts To Undermine the OAS

Communist or pro-Communist leaders in Latin America have consistently pursued policies designed to undermine and destroy the OAS and disrupt hemispheric solidarity. One of the first such attempts was that of the Guatemalan Communists in the spring of 1954. When the anti-Communist war of liberation started, the pro-Communist Arbenz government appealed to the U.N. Security Council, claiming that it was the victim of armed aggression. Arbenz' action was in contravention of article 20 of the charter of OAS, which binds members of the regional group to try to settle their disputes within the hemispheric family before appealing to the United Nations. By bringing the Guatemalan question before the Security Council, where the Communists enjoyed the full support of Soviet Russia, Arbenz aimed at disrupting the inter-American system.<sup>1</sup>

Similarly, the present Cuban Government has been waging a virulent and constant campaign against OAS. As far back as February 19, 1959, in a televised speech, Fidel Castro stated: "I honestly have no faith in the OAS. . . . It decides nothing, the whole thing is a lie, it is all fiction; it fundamentally does not fill any role. . . . It really has not rendered any service to the people, to the countries of America."

Again, on March 28, 1960, Castro deprecated the Rio Treaty, giving ample warning that his country would not consider itself bound by inter-American commitments. Matching words with actions, Castro's regime has refused to cooperate with OAS in any way. It is, for example, the only country of the hemisphere which did not join the newly founded Inter-American Bank. The Bank, long an aspiration of the Latin American countries, came into existence on December 31, 1959.

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<sup>1</sup> The U.N. Security Council decided to leave the Guatemalan matter to the American states themselves. This came about as a result of a proposal made by Brazil and Colombia that the dispute be referred to OAS. In so doing, these two Latin American countries invoked chapter VIII (Regional Arrangements), article 52, of the U.N. Charter and especially the following paragraph:

"The Members of the United Nations entering into such arrangements or constituting such agencies shall make every effort to achieve pacific settlement of local disputes through such regional arrangements or by such regional agencies before referring them to the Security Council."

A clearer indication of Cuba's repudiation of OAS came when Castro's regime, on July 11, 1960, bypassed the inter-American organization and went directly to the U.N. Security Council to accuse the United States of "economic aggression" in connection with the curtailment of U.S. purchases of sugar. The Security Council referred the matter to OAS.

Not discouraged by such reverses, Cuba has repeatedly attempted to bypass OAS and bring its charges and allegations before the United Nations—but always without success. The Soviet Union and its satellites, seeing in these actions the possibility of achieving one of their fondest ambitions, i.e., the breakup of the inter-American system, have given all possible support to the Cuban position. Moscow has echoed Cuban attacks on OAS on many occasions.

This, of course, is perfectly understandable. As the embodiment of Simón Bolívar's vision, of "an American pact . . . forming all our republics into a single body politic," the charter of OAS today stands as a bulwark against Communist subversion, infiltration, or armed aggression in the Western Hemisphere.

## **The Inter-American System**

Alarmed by the trend of events in Cuba and especially by Soviet offers of political and military support for Cuba, certain Latin American countries began by mid-1960 to take concrete steps in dealing with the situation. On July 14, 1960, the Argentine Government, in reaction to the Soviet threat, addressed a note to the Cuban Government requesting the latter to express disapproval of extracontinental intervention in American affairs. Other Latin American Governments subsequently publicly expressed their agreement with the Argentine request.

Meanwhile, on July 13 Peru had requested the Council of OAS to convoke a Meeting of Consultation of Foreign Ministers "to consider the exigencies of continental solidarity and defense of the regional system, and of American democratic principles in the face of the threat that might affect them." On July 18 the Council voted to convoke the meeting on August 16 at San José, Costa Rica.

On August 2 the United States submitted to the OAS Inter-American Peace Committee a document that warned the other American nations that Fidel Castro's Cuba was rapidly becoming a dictatorial state ruled by Communists. The charges were made in a 78-page memorandum entitled "Responsibility of the Cuban Government for Increased International Tensions in the Hemisphere."

At the San José conference the head of the U.S. delegation, Christian Herter, then Secretary of State, on August 24 delivered a detailed indictment of what he called the Bolshevik pattern of Cuban policy. The history of the last 43 years, he said, teaches us that "a Communist government is in effect the agency of a foreign power. It owes its primary allegiance not to the people of the country in which it operates but to a foreign power or powers."

On August 28, 1960, the OAS Foreign Ministers signed a document now known as the Declaration of San José, which stated that the inter-American system is "incompatible with any form of totalitarianism" and agreed that "the acceptance of a threat of extra-continental intervention by any American state jeopardizes American solidarity and security."

In mid-March 1961 anti-Castro groups outside Cuba organized a "Provisional Cuban Revolutionary Council." The group aimed at restoration of constitutional government in Cuba, free elections, retention of the land reforms, and nationalization of public services, with fair compensation to former owners and realignment of Cuba with the sister Republics of the hemisphere.

On April 19 an exile force landed in Cuba but was soon defeated by Castro troops using Communist-supplied artillery, tanks, and planes. A communique of the Cuban Revolutionary Council said later: "We did not expect to topple Castro immediately or without setbacks. . . . The struggle for freedom of 6 million Cubans continues."

At a May Day rally in Habana, Fidel Castro proclaimed a "socialist regime," and rejected again the idea of elections. Then, on December 2, 1961, in Habana he proclaimed: "I am a Marxist-Leninist and I shall be a Marxist-Leninist until the last day of my life," signaling new measures to make Cuba a Communist state.

### **Punta del Este Meeting**

On January 22, 1962, a Foreign Ministers meeting was convened at Punta del Este to consider threats to the peace and the political independence of American States that could emerge from an intervention by extracontinental powers. Addressing the conference on January 25, Secretary Rusk said that the people of the Western Hemisphere will never accept the use of Cuba as the means through which extracontinental powers seek to break up the inter-American system. The Castro regime, he said, "has supplied communism with a bridgehead in the Americas."

Secretary Rusk foresaw a bright future for the people of the hemisphere, a future in which "every Republic on the continent will cooperate to improve lagging standards, to elevate culture, and to raise man to his full dignity in freedom." Our task today is "not to let a petty tyrant who has appeared among us divert us from these great tasks but to put him in his place while we proceed with the great adventures upon which we are embarked together."

One of the resolutions passed by the conference provided for the exclusion of the Cuban Government from participation in the inter-American system, as the Marxist-Leninist regime is incompatible with democratic principles. The resolution instructed OAS and all other organs of the hemisphere body to take, "without delay," the necessary steps to bring about this exclusion.<sup>1</sup>

## *U.S.—LATIN AMERICAN RELATIONS*

The United States has long recognized that our ties and common interests with the other American Republics are of unique importance to us as a nation and as a people. Close cooperation for the purpose of attaining sound, stable, expanding economies within the framework of free societies is the principle upon which our relations with Latin America are firmly based. It is the guideline for our relationships within the American community, and we are determined to maintain and further develop it in the future and to encourage its extension to other areas of the world.

We do not covet an acre of land from another country in the hemisphere or anywhere else in the world. We do not wish to prosper at the expense of another's poverty. We and the other American states are committed to representative democracy. We hope that the nations of the hemisphere will—each according to its own genius and aspirations—develop and sustain free government.

We treasure the special qualities of friendship and solidarity which characterize inter-American relations. Yet we recognize that misunderstandings at times occur which call for sober examination and analysis. Misconceptions regarding our aims and methods are often assiduously fanned into hatred and suspicion by those who seek to create frictions and thus serve their own ends.

One such misunderstanding arose from the feeling, sometimes

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<sup>1</sup> This pamphlet was at press before the introduction into Cuba of Soviet offensive weapons, and the subsequent steps taken to assure their removal.

voiced in Latin American countries in past years, that we have been so preoccupied with our responsibilities in other parts of the world that we have tended to forget our southern neighbors or to take them for granted. Nothing could be further from our intentions, desires, or even actions. The truth is that our not inconsiderable contributions to the growth of the hemisphere have been channeled into so many fields and over so long a period of time that their total impact and the overall purpose which inspires them have been obscured. Today, our policies are clearly focused and throughout our country there is a deep and growing interest in the problems of hemisphere development.

In brief, U.S. policy toward Latin America aims at the strengthening of our traditional ties of friendship through cooperative efforts to achieve our individual and joint aspirations and the solution of our mutual problems.

## Our Cultural Ties

The relationship of the nations of the hemisphere is one of mutual understanding and cooperation in common endeavors. We are bound together by the ties of our origins in political revolution from Old World empires, our heritage of European civilization and values, and our interdependence. We chose republican governments, and our constitutions are similar in many ways. We share a common location in the New World, from which so many vigorous ideas have sprung. We are devoted to the same principles of liberty, the dignity of the individual, brotherhood, and equality of opportunity. We appreciate and enjoy the products of arts and sciences of all our countries. North American tunes are hummed everywhere south of the border and people in the United States dance to the tunes of Latin America's composers. The serious music of Latin America's many and prolific composers is heard regularly in U.S. concert halls.

There are, of course, differences among us in culture, language, and customs. We have different legal systems, reflecting the varied backgrounds of our European forebears. But these aspects of diversity have also resulted in mutual enrichment through cultural contacts.

Until recently the culture of the Latin American countries was oriented primarily toward Europe, but during the last 25 years this has been changing. Today some three-fourths of the Latin American students who go abroad for study come to the United States, and in the 1959-60 academic year there were about 9,000 such students in

U.S. institutions. Latin American schools teach English and offer courses in U.S. history and literature, and U.S. privately supported schools in Latin America enroll about 70,000 students each year. Latin American tourist travel is predominantly toward the United States.

By the same token the people of the United States are becoming increasingly conscious of the impact of Latin American culture on our own. More and more U.S. citizens are traveling and studying in the other American Republics. Spanish is now a standard second language even in the elementary schools of the southwestern part of the United States. There are scores of pan-American societies in this country, civic organizations formed by ordinary citizens to study and increase their understanding of Latin America. Former Assistant Secretary of State for Latin American Affairs Roy R. Rubottom once described our citizens as ". . . literally hungry for knowledge and personal contact with their neighbors."

### **Hemispheric Defense—A Multilateral Responsibility**

The first tangible recognition of the interdependence of the Americas came with the first major statement of U.S. foreign policy for this area. This statement was contained in President Monroe's annual message to Congress on December 2, 1823. The significant passage declared: ". . . we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety. . . ."

The Monroe Doctrine has a history of many scores of years, but it is not something which belongs in the past. It is a living principle and continues to be of vast influence in the destiny of the Americas. But, like all living things, it has grown and altered. Through the years of evolution in U.S.-Latin American relations it has become a concept which is accepted equally by all the nations of the hemisphere; and the defense of the hemisphere has become a multilateral—instead of unilateral—responsibility.

This evolution has been greatly facilitated by the new direction taken by U.S. policy toward Latin America in the late 1920's and early 1930's. The emphasis now was put on the dignity and sovereign equality of all of the American Republics. This change was dramatically announced by Franklin D. Roosevelt in 1933, when he set forth "the policy of the good neighbor" during his first inaugural address. This historic statement provided a foundation for the development

of a new concept of equality and cooperation in inter-American relations.

The new policy was given formal recognition at Montevideo in December 1933, when the United States solemnly agreed not to intervene in the internal affairs of the Latin American Republics. Secretary of State Cordell Hull's support of this principle at Montevideo was followed by President Roosevelt's statement that "the definite policy of the United States from now on is one opposed to armed intervention."

At the special Inter-American Conference for the Maintenance of Peace held at Buenos Aires in 1936, the United States accepted without reservation the legal commitment of nonintervention in a treaty endorsed unanimously by the U.S. Senate.

The Lima Conference in 1938 developed the procedure for consultation by the foreign ministers of the American Republics. The Governments issued a "Declaration of American Principles," which rejected the use of force as an international policy and reaffirmed the principles of nonintervention and the pacific settlement of disputes. They also restated their determination to defend themselves against all foreign intervention.

The outbreak of World War II led to the three Meetings of Consultation of Foreign Ministers at Panamá, Habana, and Rio de Janeiro. These meetings showed the true strength of hemispheric solidarity.

The inter-American conferences that followed and the resulting acts, treaties, and declarations, such as the Act of Chapultepec, the Rio Treaty, the Declaration of Caracas, the Declaration of San José, and the Charter of the Alliance for Progress, further developed and implemented the concept that the defense of the hemisphere has become a multilateral responsibility.

## **U.S. Information and Educational Programs**

Our Government conducts a vigorous and expanding program of information and cultural exchange with the other American Republics. The first official educational exchanges sponsored by the U.S. Government with any country were inaugurated in Latin America in 1938. Since then there has been a steady flow of students, teachers, professors, lecturers, leaders, and specialists between the United States and the Latin American nations.

During the last 22 years more than 5,000 Latin Americans have come to this country under State Department-administered educational and cultural exchange programs. During the same period some 650 U.S. specialists have gone to Latin America under these and other



*Prominent Ecuadorean women in Washington under the leader exchange program are entertained by Mrs. Katie Louchheim, Deputy Assistant Secretary for Public Affairs.*

programs. Large numbers of specialists have been exchanged under the atoms-for-peace and bilateral technical cooperation programs. Under the President's Special International Program for Cultural Presentations, many groups or individuals in the fields of music, drama, dance, and sports have made appearances in Latin America.

In the field of information, a variety of media are employed by the U.S. Information Agency (USIA) to further U. S. foreign policy objectives in our sister Republics to the south. The printed word carries our message to Latin America in forms ranging from news releases on current topics for distribution to the daily press to serious books providing background on the United States for placement in local libraries. Radio and television, too, are employed both by USIA broadcasts from Washington and more extensively by placement of a variety of programs on Latin American stations. Documentary films are used to describe everything from current foreign policy to the roots of our cultural traditions.

Of particular importance has been our support of binational cultural centers established by local U.S. residents and foreign nationals interested in improving mutual understanding of their countries. More than 50 of these centers, staffed by U.S. grantee personnel under control of binational boards of directors, are functioning in 19 of the 20 other American Republics. Their activities include the teaching of English, lectures, exhibits, and library services. In addition, our own information libraries and reading rooms are established in many Latin American capitals and other cities.

With consultative assistance being provided by the U.S. Information Agency, an extensive People-to-People program is being carried out in Latin America by private citizens and organizations.

### **The Peace Corps and Latin America**

The Peace Corps, first proposed by President Kennedy in his election campaign in 1960, is already operating in 4 countries of Latin America and by the end of 1962 will have volunteers working in 10 more.

The program was created by Presidential order on March 1, 1961, and was made a permanent agency of the U.S. Government by an act of Congress. The first Peace Corps group to go to Latin America consisted of 60 volunteers who went to Colombia to work on a community development project with the villagers of the remote farming areas. There they were asked to help increase agricultural production and to organize group efforts to build schools, water supplies, farm buildings, access roads, or whatever a community most needed to achieve its rapid economic and social advancement. So successful was the initial project in Colombia that President Lleras Camargo asked for 60 more volunteers to carry on the same work in other villages. This second group of volunteers arrived in Colombia in the spring of 1962.

Peace Corps volunteers are also working in central and south Chile to improve farming methods and education, and in Brazil, where 45 young but experienced men and women from the 4-H clubs of the United States are helping to extend 4-H activities through home economics and agricultural demonstration work with the Brazilian equivalent of 4-H, the 4-S clubs of that country.

New Peace Corps projects requested by other Latin American countries in the fields of public health, education, agricultural extension, and rural and urban community development are either already in training in the United States or will begin their tasks overseas before

the end of 1962 in Ecuador, Peru, Bolivia, Venezuela, Jamaica, the Dominican Republic, Honduras, British Honduras, El Salvador, and Costa Rica.

## U.S. Economic Assistance

The grand total of foreign assistance expenditures in Latin America from 1946 through 1961 amounted to over \$5.4 billion, including loans. Of this, over \$275 million was for technical assistance. In fiscal year 1961 economic assistance to Latin America totaled more than \$252 million.

One of the most fruitful programs this Government ever adopted—technical cooperation—got its start in Latin America in 1942. The advantage of the technical assistance approach to the problems of economically underdeveloped areas has been proved by experience gained in Latin America. Technical assistance is one of the most valuable and least expensive elements of our entire foreign aid effort. Through it we help the less developed countries acquire

*A Peace Corps volunteer, member of a community development project in rural Colombia, checks soil samples.*



skills urgently needed for social, economic, and political progress. These countries must have trained technicians—farm experts, engineers, doctors, vocational teachers—to guide their own people's efforts.

Technical assistance has an even greater significance than this. An American expert working in a rural community does more than show how livestock strains can be improved or how the dreaded disease of malaria can be eradicated. He helps demonstrate the human understanding, tolerance, good will, and friendship of the people of the United States.

Our technical assistance programs in Latin America have been increasing slowly but steadily over the past 18 years, reflecting increased requests from the Latin American nations and our growing capacity to provide assistance. During the same period the contributions made by the receiving countries to the program have been increasing and today these contributions usually exceed our own.

U.S. technical assistance is concentrated in the fields of agriculture (including forestry and fisheries), education, and health and sanitation. Important assistance is also being given in training Latin Americans in the fields of public administration, industry and mining, transportation, labor, social welfare, and housing.

Loans to Latin America from the United States come from various sources. They come from the Development Loan Fund, from the Export-Import Bank, and from U.S. funds channeled through the Inter-American Development Bank (IDB), a regional operating agency. The bulk of the \$500 million appropriated by Congress in 1961 for the Inter-American Program for Social Progress is administered under a trust agreement by IDB. One-fifth of this amount is being administered through the U.S. economic aid agency—the Agency for International Development (AID).

Some notion of the extent of our loans to Latin America can be gleaned from these figures: during the decade of the fifties alone, the Export-Import Bank loaned to Latin American countries more than \$2½ billion—or more than 40 percent of all its loans. If one adds to this amount the lending of the Development Loan Fund and the International Cooperation Administration, and loans made under our Agricultural Trade Development and Assistance Act (Public Law 480 program for the disposal of agricultural surpluses), the grand total for this past decade comes to more than \$3½ billion. Many of these public loans are for harbors, highways, power, irrigation, and other capital improvements for which adequate local capital is not available but which have to be created before sustained development can begin.

## U.S. Private Investment

Such public funds, however, substantial as they are, are by themselves inadequate for the enormous task of achieving developed economies in our neighboring Republics. The main burden of this task must be borne by private investment. And it is in this field that the record of our contribution to Latin American development is most outstanding.

Private U.S. investment in Latin America now totals more than \$9 billion, and it is increasing. It has been estimated that U.S. private capital made it possible for Latin America to develop nearly twice as fast during the fifties as it otherwise would have. The following facts and figures are significant:

- In recent years Latin American Governments have collected 15 percent of all their revenues from U.S. companies.

- Profit remittances by U.S. companies are only about half as large as their tax payments in Latin America.

- U.S. companies have consistently earned large annual amounts of foreign exchange for the Latin American countries in which they operate—up to \$1 billion annually in some recent years.

- About three-quarters of the gross revenues of U.S. companies is paid out in Latin America to cover local tax, wage, and material costs.

- During a recent typical year, U.S. companies in Latin America provided jobs for 625,000 persons. Less than 9,000 were from the United States. Of some 48,000 positions classified as supervisory, professional, or technical, only one out of six was held by a U.S. citizen.

Responsible Latin American leaders recognize the constructive role of U.S. investors in the growth of their countries. Instead of "extracting" wealth, as is sometimes erroneously charged, U.S. firms are *creating* new wealth for host countries. In fact, reinvestment of earnings by U.S. firms usually exceeds the total of dividends remitted to investors. Since local capital is inadequate to do the job of development alone and there is necessarily a limit to the government funds which the U.S. can make available, it is vital to Latin America that the rate of private U.S. investment continue.

Another major contribution of U.S. companies operating in Latin America is in the field of education and social welfare. Many companies build and maintain educational facilities and provide medical services for workers and their families. They provide training and experience in a great variety of technical and management skills.

U.S. private investment in Latin America is a prime target of the Communists, of course, because of the contribution which it is making to economic development under free enterprise, thus ameliorating the conditions on which communism prospers. It is also attacked on occasion by non-Communists on nationalistic grounds.

Attacks such as these create uncertainties which tend to discourage American businessmen from investing in the area. U.S. Government measures are now being taken to help make investment in Latin America attractive. The United States has recently concluded conventions with Latin American countries eliminating the burdens of double taxation for American businessmen. These agreements include "tax sparing" provisions which allow U.S. investors to take full advantage of any special tax incentives which the Latin American Governments may choose to give to encourage foreign investment. The United States has also been negotiating bilateral investment guaranty agreements and treaties of friendship, commerce, and navigation which can also contribute to improving the climate of investment.

In the final analysis, however, the future growth of private investment in Latin America depends upon the countries themselves. Only they can create the conditions which will attract the private funds which they require.

## ***OPERATION PAN AMERICA***

In 1958 a major step was taken toward a concentrated effort to broaden the scope of inter-American cooperation in economic fields through the Organization of American States. The initiative came from Brazil. In May of 1958 Juscelino Kubitschek, the President of Brazil, wrote to President Eisenhower concerning the desirability of reviewing the strength of our hemisphere relations and determining what measures, particularly in the economic field, would be desirable to give added vitality to the solidarity and cooperation of the American Republics.

The Brazilian President gave this effort the name of "Operation Pan America." The plan suggested seven areas of study:

- Increased private investment in Latin America's underdeveloped areas.
- The strengthening of internal economies by controlling inflation.

- Increase in loans from the United States and establishment of a regional development bank.
- Stabilization of export prices for Latin America's raw materials, coffee, tin, lead, zinc, and copper.
- Eventual establishment of a Latin American common market.
- The impact of the European Common Market on Latin America.
- Increased technical assistance.

In September 1958 the Foreign Ministers of the American Republics, meeting informally in Washington, established a special committee—the Committee of 21—under the aegis of OAS, to work out further measures of economic cooperation under Operation Pan America.

### **The Inter-American Development Bank—The Principal Disburser**

On April 8, 1959, at a ceremony held in Washington, representatives of the American Republics signed the charter of a \$1 billion inter-American bank to promote economic development in Latin America. The charter of the new bank provided for two complementary agencies—the Inter-American Development Bank, with an authorized capital stock of \$850 million, and the Special Operations Fund, with a total capitalization of \$150 million.

The Inter-American Development Bank makes most of its loans in dollars for wealth-producing projects. The loans are repayable in the currencies in which they are made, and the terms are those of regular commercial banks. Repayments to the Bank become part of the resources to be reused for similar purposes. The Fund, on the other hand, makes loans that would normally be regarded as unacceptable bank risks. Its loans have easier terms and are repayable in local currencies. The Inter-American Development Bank has the task of being the principal disburser of funds and the main coordinator of individual programs and administrative organizations.

### **The Act of Bogotá—A Program for Social Development**

Early in September 1960 the Committee of 21 held an economic conference at Bogotá, Colombia, at which the United States joined with 18 other American Republics in adopting the Act of Bogotá. Cuba dissented, and the Dominican Republic was not present at the meeting. In signing the act on September 13, the 19 nations said

they considered it advisable to "launch a program for social development, in which emphasis should be given to those measures that meet social needs and also promote increases in productivity and strengthen economic development."

## ***ALLIANCE FOR PROGRESS***

On March 13, 1961, at a White House reception for Latin American diplomats and Members of Congress, President Kennedy suggested to the people of the hemisphere a new Alliance for Progress, "a vast cooperative effort . . . to satisfy the basic needs of the American people for homes, work and land, health and schools. . . ." The President proposed a broad 10-year plan for the Americas with the goal of transforming the 1960's into a "historic decade of democratic progress." Mr. Kennedy said that now "for the first time we have the capacity to strike off the remaining bonds of poverty and ignorance." The President emphasized that our task is to demonstrate to the entire world that man's aspiration for economic progress and social justice can best be achieved by free men working within democratic institutions.

Noting that the challenge called for a bold approach "consistent with the majestic concept of Operation Pan America," the President then outlined a 10-point program which would draw the peoples of the hemisphere together in a new Alliance for Progress. He said that he would shortly request a ministerial meeting of the Inter-American Economic and Social Council to begin the planning for the alliance. Some of the points which the President stressed are:

- We must support all economic integration which is a genuine step toward larger markets and greater competitive opportunity. The fragmentation of Latin American economies is a serious barrier to industrial growth.

- Frequent violent changes in commodity prices seriously injure the economies of many Latin American countries, draining their resources and stultifying their growth. Together we must find practical methods of bringing an end to this pattern.

- We will immediately step up our food-for-peace emergency program, for hungry men and women cannot wait for economic discussions or diplomatic meetings. Their need is urgent, and their hunger rests heavily on the conscience of their fellow men.



*Courtesy of Food For Peace*

*Food For Peace milk helps to safeguard the health of children in many Latin American countries.*

● All the people of the hemisphere must be allowed to share in the expanding wonders of science which have given man the tools for rapid progress.

The completion of our task, President Kennedy said, will require the efforts of all the governments of our hemisphere. But the efforts of governments alone will not be enough, he said. In the last analysis the people must choose, and the people must help themselves. He then addressed the following words directly to the peoples south of the border:

"And so I say to the men and women of the Americas—to the *campesino* in the fields, to the *obrero* in the cities, to the *estudiante* in the schools—prepare your mind and heart for the task ahead, call forth your strength, and let each devote his energies to the betterment of all so that your children and our children in this hemisphere can find an ever richer and a freer life."

In this great effort we are in a real sense the junior partners—junior because the effort we are committing will be considerably less than the efforts which will be committed by all the others. Eighty percent of the capital needed in the next decade is to be contributed by the Latin American countries themselves. And of the remaining 20 percent, which will come from external sources, somewhat more than half is to come from U.S. Government sources.

## **The Punta del Este Conference**

On May 8, 1961, the United States proposed to the Council of the OAS the holding of an economic meeting at the ministerial level, to approve a general blueprint for cooperative action. The proposal was accepted and, on August 5, 1961, a special meeting of the Inter-American Economic and Social Council was convened at the Uruguayan resort town of Punta del Este. There economic experts from the 21 American Republics met for the first inter-American "Alliance for Progress" conference. The United States emphasized the importance of the conference by sending Secretary of the Treasury Douglas Dillon as head of a 40-member delegation. Bidding the delegation farewell on August 2, 1961, President Kennedy said, "the hopes of millions of people throughout the Americas rest, to a very large extent, on the success of your efforts."

In a message read at the opening of the conference, President Kennedy described the meeting as "a test of the values of our own society, a proving ground for the vitality of freedom in the affairs of man." The President added that this "heroic effort" for progress and self-fulfillment is not for governments alone. Its success, he said, "demands the participation of all our people—of workers and farmers, businessmen and intellectuals, and, above all, of the young people of the Americas. For to them and to their children belongs the new world we are resolved to create." President Kennedy's message thus clearly outlined the central theme of the conference.

## **A Program for Progress**

On August 7, 1961, Secretary of the Treasury Dillon told the conference that future U.S. development loans to Latin America would be on a long-term basis, running, where appropriate, up to 50 years. The bulk of those loans he said, would be made "at very low or zero rates of interest." Mr. Dillon predicted that, if Latin America takes the necessary internal measures toward economic development, it can reasonably expect its own efforts to be matched by an inflow of capital during the next decade amounting to at least \$20 billion. He stated that this capital will come "from international institutions, from Europe and Japan as well as from North America, from new private investment as well as from public funds."

Mr. Dillon recommended the immediate establishment of task forces on education and land reform and said that the United States was prepared to finance such inter-American task forces in these fields

“to elaborate the specific and concerted actions which countries need to consider in drawing up their programs.”

Other finance ministers who came from all over the hemisphere were generally sympathetic to the views expressed by the U.S. delegation. Delegate after delegate rose in plenary and committee sessions and spoke about the need for American states themselves to undertake programs of social reform and to accept the sacrifice necessary for their rapid economic development.

The only discordant note at the conference was struck by Cuba's representative, Ernesto Guevara, chief architect of Cuba's "socialism," who incessantly attempted to lodge protests and objections. Invariably, however, the other delegations were alert to counter and neutralize Mr. Guevara's obstructionist tactics, to exclude the politics of Castroism and limit discussions to concrete proposals for working out the machinery for a united hemispheric attack on poverty and social inequity.

## The Declaration to the Peoples of America

After 11 days of constructive deliberation, the delegates from the American Republics—with the exception of Cuba—on August 17, 1961, approved the Alliance for Progress with a Declaration to the Peoples of America. The countries signing the Declaration agreed to work toward the following goals:

- To improve and strengthen democratic institutions.
- To accelerate economic and social development.
- To carry out urban and rural housing programs.
- To encourage programs of agrarian reform.
- To wipe out illiteracy.
- To press forward with programs of health and sanitation.
- To assure fair wages and satisfactory working conditions for all workers.
- To reform tax laws.
- To maintain monetary and fiscal policies which will protect the purchasing power of the many.
- To stimulate private enterprise.
- To find a solution to the grave problem created by excessive price fluctuations in the basic exports of Latin American countries.
- To accelerate the economic integration of Latin America.

The Declaration expressed the conviction of the nations of Latin America that these economic, social, and cultural changes can come

about only if accompanied by self-help efforts of each country. The United States, for its part, pledged its efforts to supply financial and technical cooperation in order to achieve the aims of the Alliance for Progress. To this end, the United States undertook to provide a major part of the minimum of \$20 billion which Latin America will require over the next 10 years from all external sources in order to supplement its own efforts. It is anticipated that Western Europe and Japan will participate in providing this capital investment.

The countries of Latin America, for their part, agreed to devote an increasing share of their own resources to economic and social development, and to make the reforms necessary to assure that all share fully in the fruits of the Alliance for Progress.

In carrying forward the Alliance for Progress, the Declaration said, "each of the countries of Latin America will formulate . . . national programs for the development of their own economies. Independent and highly qualified experts will be made available to Latin American countries in order to assist in formulating and examining national development plans."

### **From Promise to Reality**

The Declaration was in effect a summary of the Charter of the Alliance for Progress. The Charter spells out in detail the great purposes of the Alliance for Progress and the proposed measures for insuring that its shining promise will become a reality for the millions in Latin America. These objectives and the measures proposed for achieving them have been mentioned briefly in the preceding pages. The organization and the procedures through which these plans and programs are formulated are described below.

The Charter provides for the appointment of a panel of nine high-level experts in the various aspects of economic and social development. This panel is appointed for a 3-year term by the Inter-American Economic and Social Council on a nomination made jointly by the Secretary General of the Organization of American States, the President of the Inter-American Development Bank, and the Executive Secretary of the U.N. Economic Commission for Latin America. These nine experts are attached to the Inter-American Economic and Social Council but nevertheless enjoy complete autonomy in the performance of their duties.

Each government, if it so wishes, may present its development program for consideration by an *ad hoc* Committee appointed by OAS and composed of one or more (but no more than three) members drawn

from the panel of experts, together with an equal number of experts not on the panel.

The Committee studies the development program, exchanges opinions with the interested government, and reports its conclusions to the Inter-American Development Bank and to other governments and institutions that are prepared to extend external financial and technical assistance in connection with the execution of the program. OAS then provides the personnel needed by the nine experts.

A program recommended by the *ad hoc* Committee and requiring external financing may be submitted to the Inter-American Development Bank so that the latter may undertake the negotiations for obtaining financing. However, the government will have full freedom to turn to other sources of financing. The *ad hoc* Committee shall not interfere with the right of each government to formulate its own goals, priorities, and reforms in its national development programs.

So, the blueprints have been laid and the organizational framework of the alliance is rapidly being erected. The alliance is already on the move. In the middle of October 1961, some 60 tax experts from all of the participating nations met in Buenos Aires to study ways of strengthening tax systems. This was a first major step by the Alliance for Progress. Tax reforms have been approved in Venezuela, Colombia, Uruguay, Panama, El Salvador, and Costa Rica.

Land reforms are being instituted in Mexico, Bolivia, Guatemala, Venezuela, and Colombia. There are land-reform bills before the legislative bodies of Brazil, Peru, and Ecuador. In the Dominican Republic, where much of the land is now owned by the Government, a redistribution program is now under study.

The United States in the program's first year committed a total of \$1.03 billion in loans and grants. The net inflow of new private capital, which President Kennedy regards as a vital supplement to official loans, was about \$200 million in 1961.

Comprehensive long-range development plans have been submitted by Colombia, Bolivia, and Chile. Other countries are completing their plans and creating and strengthening their mechanisms for development.

The initial impact of the Alliance for Progress may well be measured by the intensity of Communist attacks upon it. Communist propaganda has been portraying the alliance as a Yankee scheme to perpetuate "imperialism." At the same time, in many Latin American countries the moneyed classes see in the Alliance for Progress a threat to their present privileged position and oppose any substantial change.

Latin American Government officials and publicists, however, have been doing much toward enlightening the people concerning the aims of the alliance. The Panamanian delegation to the Punta del Este Conference, for example, later became a national committee for the alliance and has been traveling across the country and spreading the program's gospel, while in El Salvador and other countries citizens' committees for the alliance are working along the same lines.

All reports from Latin America indicate that the alliance is alive and constantly at work to realize its magnificent promise of real and meaningful democracy and to bring increasingly more abundant and more meaningful lives to the people of Latin America within the framework of free institutions.

The magnitude of this program has been dramatically stated by Teodoro Moscoso, U.S. Coordinator of the Alliance for Progress:

"The biggest problem, of course, is the staggering task we have set ourselves. We have a short 10 years—and by that I mean we 380 million people of the American Republics—to revolutionize the social and economic life of a continent. We are aiming at a two and a half percent annual rate of growth for each of the next 10 years. We want to distribute this growing economic pie fairly among all the people. We want to diversify the economies of the Latin American countries so these nations don't have to rely on the export of a few commodities for the bulk of their national income. We want to speed up the process of industrialization without unbalancing the economies or neglecting agriculture. We want to modernize agriculture by changing the structure of landholding and applying modern techniques and equipment in production and marketing. We want each child in Latin America to have access to school, and we want to put an end to the disease-ridden slums that dot the landscape of the continent. These are some of the major goals."

## CONCLUSION

One of the most encouraging developments in the direction of increasing free-world strength and unity is the concerted effort of the peoples of the Americas to perfect a community of fraternal trust, common purpose, equality, and widespread economic and social opportunity.

The Organization of American States continues to contribute to the integrity of this hemisphere, to the peace and security of its members, and to the vitality of our American system. With the exception of Castro's Cuba, Latin America is independent of alien influence; and it is growing in strength and self-confidence. The relationship among the other nations of the hemisphere is one of mutual understanding and cooperation in common endeavors. The return of a free Cuba to the inter-American system, and of its government to the Councils of the OAS, is a goal of all the free peoples of the hemisphere.

Relations between the United States and Latin America are close. They are close not only because of the happenstance of geography but because of common ideals and aspirations for a fuller life—ideals which have long inspired the peoples of this hemisphere. We have in recent years joined together in efforts to defeat common enemies and establish our mutual security against future contingencies. There has been increasingly closer economic cooperation between the United States and Latin America to meet those pressing needs of the present and future which have been impressed upon the public imagination through the phrase "economic and social development."

A firm and fruitful partnership indeed requires strength in the social and economic foundations of all its members. In much of Latin America today, despite the vast human and material resources of the region, those foundations are not sufficiently strong. And, if political democracy is to prevail, it must provide a better life for the common man.

The United States has long shown sympathy for Latin American aspirations for economic and social betterment; our foreign aid and technical cooperation programs in Latin America have given tangible evidence of that sympathy.

But the need is of staggering proportions. Although technical assistance and capital investment have made significant contributions to development, it is now realized that these contributions alone can-

not bring about improvement in the living conditions of the mass of the people as rapidly as the times demand. It has become increasingly clear that the benefits of such capital investments have not been adequately diffused to major sectors of the Latin American societies, especially to the mass of agricultural workers and small farmers, and that a more direct attack on these lagging social sectors is indispensable to progress on a broad front. And it is these lagging sectors that are the foci of social unrest, infiltration, subversion, and political vulnerability.

Consequently, a greatly expanded effort is required to strengthen those Latin American institutions which will make possible decent and secure living from the land, adequate health and housing, and widespread educational opportunity.

The Alliance for Progress is now providing a sustained cooperative effort, jointly planned through OAS and comprising sound national programs for long-term economic and social development.

Thus for the next 10 years all participants in this common effort will endeavor to demonstrate, in the words of the Charter, that "the creative powers of free men hold the key to their progress and to the progress of future generations." And the desired progress will be achieved through peaceful and creative evolution—an evolution more rapid, and more comprehensive, and touching the lives of more people, than any that our history has ever known.

It is a big program. Over a period of 10 years Latin America will have to invest in its own progress, not counting outside help, the equivalent of more than \$80 billion. In addition to this, it will require at least \$20 billion from outside sources, including countries of Western Europe, which successfully completed the Marshall plan nearly a decade ago and are now in a position to furnish a significant part of the \$20 billion for the Alliance for Progress.

It is encouraging to know that our southern partners clearly realize that the success or failure of the Alliance for Progress depends upon self-help by every Latin American nation. Indeed, without self-help, no amount of money in outside aid would do much good. Basic reform and self-help are the key to the solution of our common hemispheric social and economic problems.

As we are now moving ahead toward new landmarks in hemispheric cooperation for the common good, the people and Government of the United States are ready to do their part in strengthening the hemisphere and opening the door to real freedom and a better life for the millions of our neighbors in Latin America. Our cooperation

with the countries of Latin America will not, of course, be carried out with an intent to make them over in our own image but to assist each of them, in its own national effort, to build for its people the best possible society on the basis of its own culture and traditions.

