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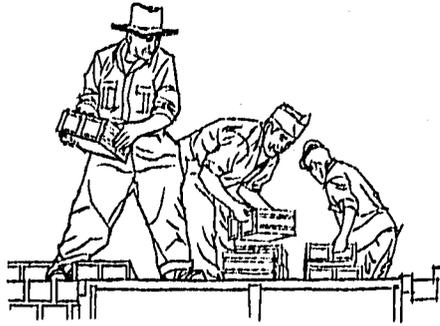
**THE ALLIANCE PARTNERS**

**the**

***ALLIANCE FOR PROGRESS . . .***

**an American Partnership**

**Agency for International Development  
Department of State  
Washington, D.C.**



## THE SETTING

Beyond the Rio Grande River, stretching southward 7,000 miles to Cape Horn, lies the oldest part of the New World—Latin America.

More than 230 million people dwell in this eight-million square mile area, composed of the continent of South America, Central America, Mexico, and the Caribbean Islands.

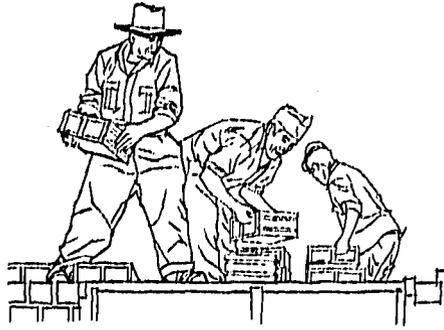
Some live in the shadows of mountains that are among the loftiest in the world; some in jungles that are nature's largest. Many inhabit regions where the rain never or seldom falls; others, where it rarely stops. Millions jam burgeoning cities, but there are thousands of square miles where men have never set foot.

The 19 republics of Latin America range from Brazil, the world's fifth largest nation, to El Salvador, one of the smallest. Ethnically, the region is one of the world's most diverse, with Indians most numerous in some countries and people of African or European stock making up the majority in others. Spanish is the most common language, but in Haiti French is spoken; in Brazil, Portuguese. In a great many areas only Indian languages and dialects are heard. Quechua, Aymara, Guarani, and the Mayan tongues are among the most common.

Like North America, Latin America is rich in resources.

Since the days of the Conquistadors, the world has sought and bought Latin America's minerals, fruit, coffee, sugar, cotton, beef, lumber, fish, grain, rubber, and cocoa. Natural wealth ranges from tons of anchovies netted in the Pacific Ocean to ounces of precious metals scratched out of dusty hills; from petroleum for the world market to chinchillas for the luxury markets; from bananas and bauxite to tin and copper. Unlike the United States and Canada, however, much of the southern hemisphere's wealth remains undeveloped.

In short, Latin America is a region of great diversity—in its people, its resources, and its geographic features.



## THE BACKGROUND

Historically, the United States and the Latin American nations have maintained closer cultural and ideological ties with Europe than with each other. But over the past century, the realities of politics and economics have resulted in a greater recognition of the interdependence of North and South. In 1890 the American republics joined together to form the Commercial Bureau of the American Republics, later renamed the Pan American Union. Inter-American conferences were held periodically to settle differences and lay the groundwork for mutual security and progress.

The "Good Neighbor" policy of the 1930's expressed the growing concern of the United States with the fortunes of our southern neighbors.

With the establishment of the Institute of Inter-American Affairs in 1942 came the first organized effort by the United States to help Latin Americans attack problems which—as World War II made clear—could affect the entire hemisphere. The Institute's program of technical assistance laid the groundwork for future programs. Under this and later programs North Americans with special skills went to many Latin American areas to help improve agriculture, education, and health. While these efforts were modest ones, they demonstrated what could be done and, in many countries, paved the way for the first effective public health programs, educational systems, and agricultural extension services.

In 1948, the Organization of American States was created and gave an organizational structure to the principles and policies of inter-American cooperation that had developed over the years.

In the 1950's United States assistance to Latin America increased steadily. Within these 10 years, the United States committed more than \$900 million in technical assistance and Food for Peace grants to the people of Latin America. During the same period some \$2.5 billion in credit was provided for purchases of United States products.

Although production of goods increased during the 50's, trade fell off sharply because of overdependence in almost every country on one or two agricultural or mineral products such as coffee, bananas, wool, wheat, sugar, tin, oil, or copper. When world prices for these major Latin American exports dropped, there was not enough foreign currency to buy machinery and other imports needed for more rapid industrialization and modernization of agriculture. The decline in commodity export prices not only retarded economic development but also created severe problems such as widespread unemployment.

It soon became apparent that Latin America in the 60's would suffer from massive economic and social problems that could not be met by the previous "pilot" type of assistance. Inequitable and antiquated tax systems prevented the mobilization of adequate investment capital. Inflation was a problem in many of the countries. Agrarian life was

The torch of the Alliance has become a beacon of opportunity in the struggle for a better life.



untouched by the sweeping changes getting under way in the urban areas. Inadequate housing, lack of medical personnel and facilities, and illiteracy in the face of a swelling population were some of the barriers to social modernization.

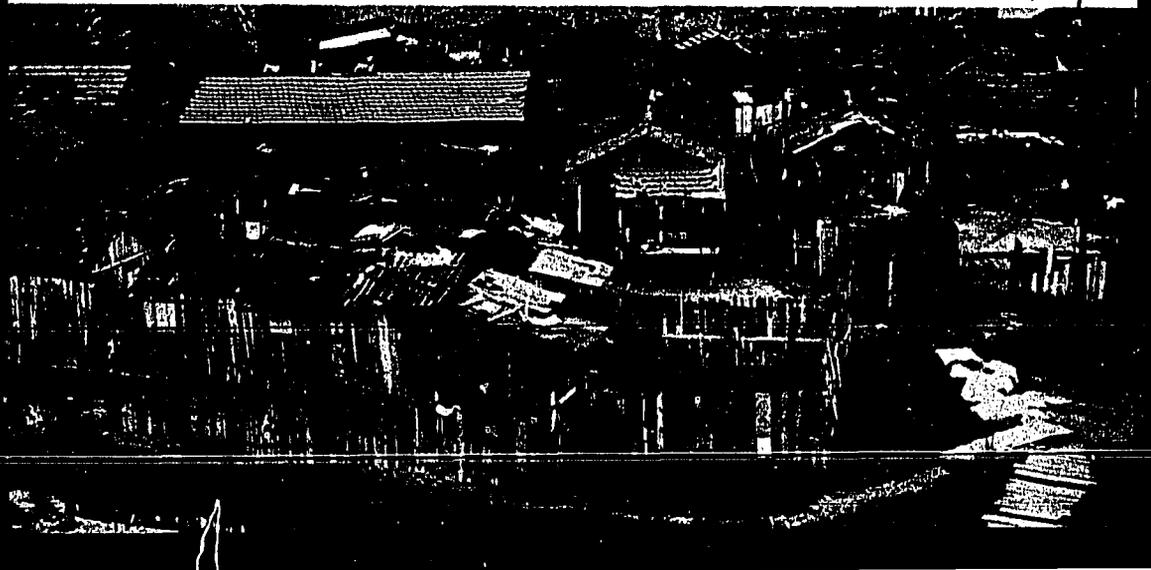
Meanwhile, the aspirations of the great majority of Latin Americans for social justice and economic progress were creating explosive pressures. Latin Americans were becoming more and more aware of the gap separating their region from the modern world.

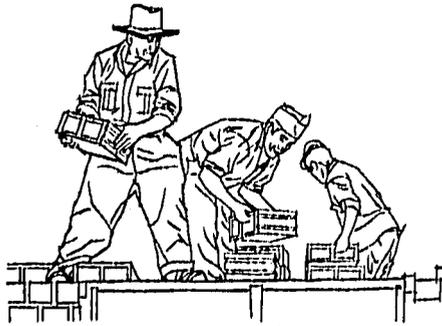
In response to these pressures and problems, President Juscelino Kubitschek of Brazil proposed in 1958 an "Operation Pan America"—a broadscale attack on social and economic difficulties.

On September 5, 1960, the Act of Bogotá was signed by the United States and Latin American nations. Social progress, the creation of a special fund for development and economic growth, and multilateral cooperation were its objectives.

Bogotá was not just another agreement. The United States had introduced ideas which extended the assistance concept to include broad programs of social development. Latin America became a major topic of discussion in the United States during the months following Bogota. It was becoming clearly evident even before the rise of communism in Cuba—that without a broad and bold effort to deal with social and economic ills by democratic means there would be an opening for harsh solutions at the price of freedom. A long-range, large-scale, multi-nation answer to the challenge of the Americas was taking shape.

**For millions of families living in squalor, the Alliance means hope for a decent dwelling.**



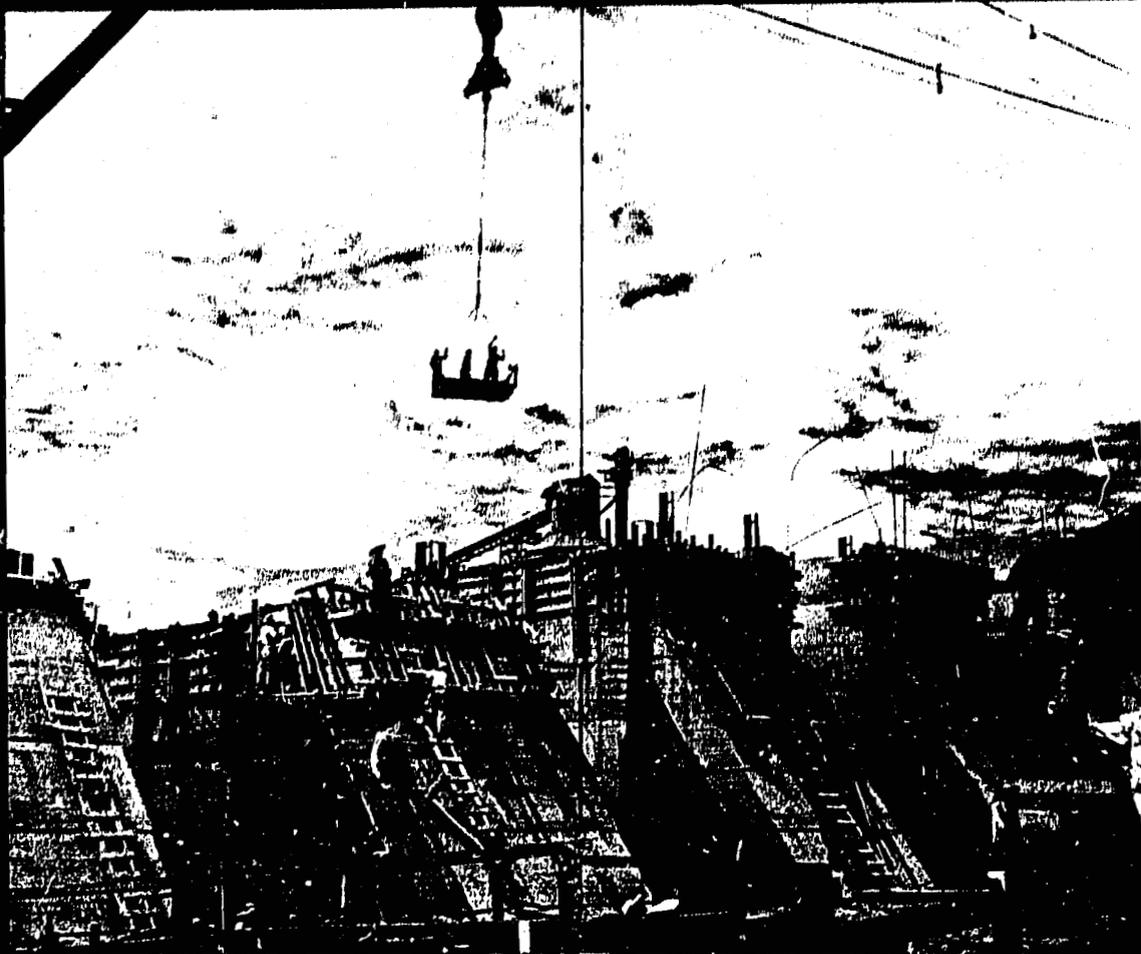


## THE CHALLENGE

On March 13, 1961, at a White House reception for Latin American diplomats, President Kennedy proclaimed an Alliance for Progress—"a vast cooperative effort, unparalleled in magnitude and nobility of purpose, to satisfy the basic needs of the American people for homes, work and land, health and schools." The following day, the President asked Congress for funds to finance the U.S. role in the Alliance.

At Punta del Este, Uruguay, on August 17, 1961, the President's words and Latin American aspirations were translated into a formal charter. Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, United States, Uruguay and Venezuela signed the agreement. Cuba was the only member of the Organization of American States that did not sign. The twenty republics pledged:

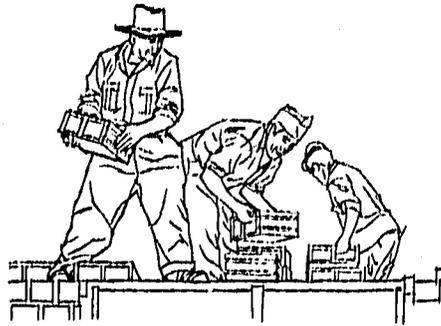
- *To improve and strengthen democratic institutions.*
- *To accelerate economic and social development.*
- *To build homes.*
- *To correct unjust and uneconomic systems of land ownership and use.*
- *To assure fair wages and satisfactory working conditions.*
- *To wipe out illiteracy.*
- *To improve health and sanitation.*
- *To reform tax laws.*
- *To protect purchasing power.*
- *To stimulate private enterprise.*
- *To stabilize prices of basic exports.*
- *To speed the economic integration of Latin America.*



The jobs to be done range from the very small to massive, long-range undertakings like this hydro-electric project.

It was estimated that significant advancement toward these goals would require \$100 billion in diverse resources over a 10-year period. Latin America would provide some 80 per cent. More than half of the remaining \$20 billion of external assistance was expected from U.S. public and private sources, and the remainder from other industrialized nations, international organizations, and private enterprise.

The money, the plans, and the broad objectives dwarfed anything of its kind that had been attempted previously. The Marshall Plan, to which the Alliance has been compared, was a program to *reconstruct* countries ravaged by war. The Alliance, on the other hand, is a sweeping revolution of peaceful reform, designed to *build* foundations for modern social and economic systems in a region largely bypassed by twentieth century progress.



## **THE UNITED STATES AS PARTNER—AID'S ROLE**

Those who drew up the Charter of Punta del Este assigned the major responsibility and financing to the Latin American countries. But it was evident that the seeds of growth would have to be nourished by the strongest and most developed of the partners—the United States.

The task of implementing the United States participation in the Alliance has been delegated primarily to the Agency for International Development of the Department of State. An Assistant Secretary of State directs AID's Latin American Bureau and is the U.S. Coordinator of the Alliance, a special title conferred on him by the President.

AID's contribution under the Alliance consists largely of U.S. goods and services made available by long-term, low-interest loans, technical assistance, and investment surveys and guaranties. Much of the technical assistance is administered by contracts with U.S. universities, business firms, and other private technical and professional consultants.

The main center of U.S. participation in this effort is the U.S. AID Mission in each country. The Mission consults with the host country's national planning council and other agencies and departments to determine how and where U.S. resources can be used most effectively. The resulting proposal is sent to Washington for further study. As of mid-1965, AID and other U.S. public agencies had contributed loans, grants, food, equipment, materials, and technical assistance valued at some \$4.4 billion.

In discharging its Alliance responsibilities, AID cooperates with several other institutions, such as the U.S. Export-Import Bank, the Inter-American Development Bank, the World Bank, the Organization of American States (OAS), the United Nations Economic Commission

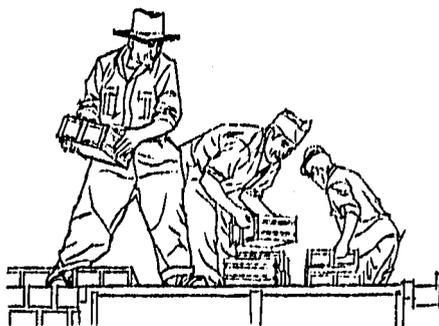
for Latin America, and the Inter-American Committee on the Alliance for Progress (CIAP, from its initials in Spanish) which coordinates all Alliance activities.

In addition to programs and funds for the separate countries, there are regional programs. One of these, the Regional Office of Central America and Panama Affairs (ROCAP), handles multi-national projects affecting the five Central American nations and Panama. The Central American Regional Textbook Development program and the Central America Industrial Investment and Trade Promotion program are two such projects. Funds are also earmarked for hemisphere-wide regional programs, including a natural resources inventory, labor and agricultural training institutes, and a malaria eradication program.

The OAS maintains a Special Development Assistance Fund, to which the United States contributes, to carry out similar multi-national projects.

A father and son working together to build a new home typify the spirit of self-help fostered by the Alliance.





## **LATIN AMERICA'S ROLE—SELF-HELP**

The Charter of Punta del Este made it clear that external resources committed to the Alliance must serve only as an accompaniment or supplement to needed social, economic, and political reforms, for only if these reforms are undertaken can aid bear fruit.

As President Johnson has declared, "Progress in each country depends upon the willingness of that country to mobilize its own resources, to inspire its own people, to create the conditions in which growth can flourish; for although help can come from without, success must come only from within."

These words, emphasizing the fundamental thrust of the Alliance, are being graphically illustrated by the self-help and reform measures under way in most Latin American nations. Important progress has been made in many fields, including tax systems, agriculture, education, health, and housing.

### **Tax Reform**

Fourteen countries have made major tax reforms. Argentina, for example, has changed its entire system to simplify it and effect a fairer distribution of the burden. New revenue measures and improved enforcement are expected to add \$200 million to the country's revenues.

Brazil has enacted new tax laws and tightened collection methods intended to increase revenues by approximately \$200 million.

### **Land Reform**

Agricultural reform programs are strengthening the economies and helping create more equitable social systems in fourteen Latin American nations. These measures, for the most part, have taken the form of land redistribution; the creation of more secure conditions of land tenure for squatters and other occupants; and programs to strengthen the economic position of small farmers, such as providing them with

agricultural credit. An important development in this field has been the completion of a series of land-tenure studies by the Inter-American Committee on Agricultural Development.

### **Progress in Education**

Progress has been made in providing elementary education by greatly increased new-teacher and in-service training programs, summer schools, and seminars; by developing and distributing educational materials; and by construction of thousands of new schools.

Higher education in Latin America has also taken long strides. At present, most of the Latin American countries have on-going programs intended to improve and upgrade all aspects of their universities: physical plant, curriculum, full-time faculties, cross departmental basic instruction, and research. Attempts are under way to decentralize the universities, locating new ones outside capital cities, and to establish a relationship between the curriculum and the practical needs of the regions. There is now a greater orientation of youth toward technological, administrative and scientific careers, thus radically altering the traditional bias toward medical and legal training.

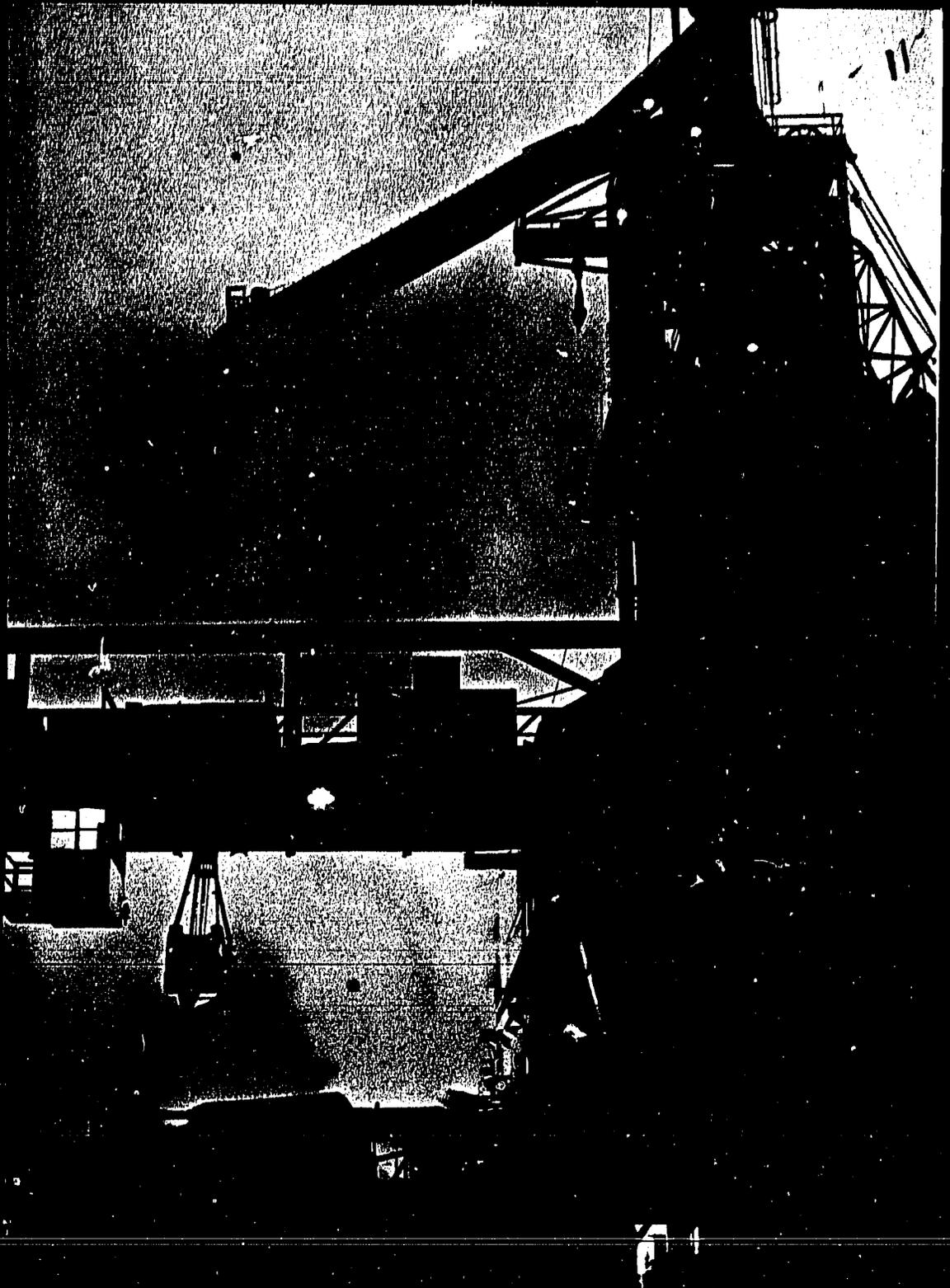
The most important advance through self-help in higher education has been the creation of many new universities. In 1961, Latin America had 160 universities with a total enrollment of 520,000 students. At the end of 1964, there were 196 universities with 680,000 students.

### **Better Health**

Planning units have been established in Ministries of Health in 15 Alliance countries. Five countries already have comprehensive health plans.

Mobile health units are now serving hundreds of communities never before given proper or regular attention. In most cases the people themselves contribute materials, voluntary labor, or small sums of money to help maintain the mobile programs. In Central America, for example, 60 mobile units are in operation in six countries, visiting over 400 communities, and serving over 2,000,000 people, who provide some \$14,000 per month in voluntary contributions and who build and maintain local medical facilities to complement the mobile units.

As for sanitation, construction of water supply and sewerage systems has increased greatly. Argentina, Chile, El Salvador, Mexico, Peru, and Venezuela are now providing water supply and adequate sanitation services in most rural areas. Another improvement has been the



Industrial development and greater capital investment are prime needs in almost every Latin American nation.

establishment of agencies for the administration of water supply and sewerage systems and for the training of technical and administrative staffs. So far nine countries have set up new agencies in the field of environmental sanitation.

### **More Homes**

Many Latin American national housing agencies have made major innovations in their programs including self-help and mutual-aid schemes, and modern building plans. Employers, labor unions, and other thrift and mortgage institutions are increasingly providing much-needed, low-cost housing. New savings and loan associations now exist in nine Latin American countries, with deposits totaling more than \$100 million.

### **Grass Roots Self-Help**

Self-help involves reform measures by governments, but it also has a direct, grass roots form—volunteer work by the Latin Americans who will benefit immediately.

A few examples will illustrate the nature and significance of this kind of activity:

Some time ago, an Indian farmer in the Andes came down out of the mountains to work on a highway that U.S. assistance was helping to build. For the first time in his life, he saw heavy power equipment. He thought about the way he plowed his ground at home with a pointed stick, and realized that power could increase greatly the capacity of a single man. He knew that an ox would help him plow, but an ox cost the equivalent of \$35. When he returned home he went to a bank in his village and asked for a loan under an agricultural credit program that had been started with United States assistance. He got the loan, he bought the ox, and his corn harvest was soon tripled. Now his wife has a sewing machine and does work for their neighbors.

In Bolivia there is a small village a mile or so from a river. For decades the women of the village have trudged to the river for their water, day in and day out. A little over a year ago, the idea of a village water system was broached by the village priest. He found that the Bolivian army, under a civic action program, would provide technical assistance, and that the United States, through its AID program, would provide the pipe and the equipment if the villagers themselves would dig the pipelines. The people pitched in, from the school children on up, and soon the faucets were turned on.

Nowhere is self-help more evident than in school construction. In



Traveling medical teams go from village to village, bringing better health to millions of people who have never before seen a doctor.

Manizales, the coffee capital of Colombia, Ernesto Restropo, who makes \$35 per month, can now expect to send all seven of his children to school. Until the Alliance brought a new school to the Barrio Chipre, a working class district where he lives, the prospects were that only one or two of his children would receive five years of formal education at the most because of the lack of facilities. Now his children are among the 400 in the barrio who attend a bright, new 10-room school. With AID and Columbian funds, and the efforts of Ernesto and his neighbors, it was built in 10 weeks—about half the time such construction normally takes.

In the remote mountain hamlet of Toabre, Panama, the townspeople dedicated their first school in June of 1963, financed by AID and the Panamanian Government. Volunteers pressed 12,000 dirt and cement blocks with hand tools for the 12-room structure. The formerly inaccessible area was opened by the construction of roads;

illustrating once again the self-help reforms being made by the ordinary citizens of Latin America to improve their living standards and modernize their countries.

### **Regional Cooperation**

A major self-help step came in November 1963 with the creation of the Inter-American Committee on the Alliance for Progress (CIAP). The CIAP committee, headed by an eight-man executive group composed mainly of Latin Americans, reviews national development programs and recommends the allocation of external financing.

With the help of CIAP, Latin Americans have improved their economies by adopting comprehensive planning. By the end of 1963, shortly after CIAP's creation, all the Alliance nations had established national planning agencies. By January 1965 ten countries had submitted development plans to CIAP for review.

**For some, the Alliance means learning and literacy . . . . . for others,**



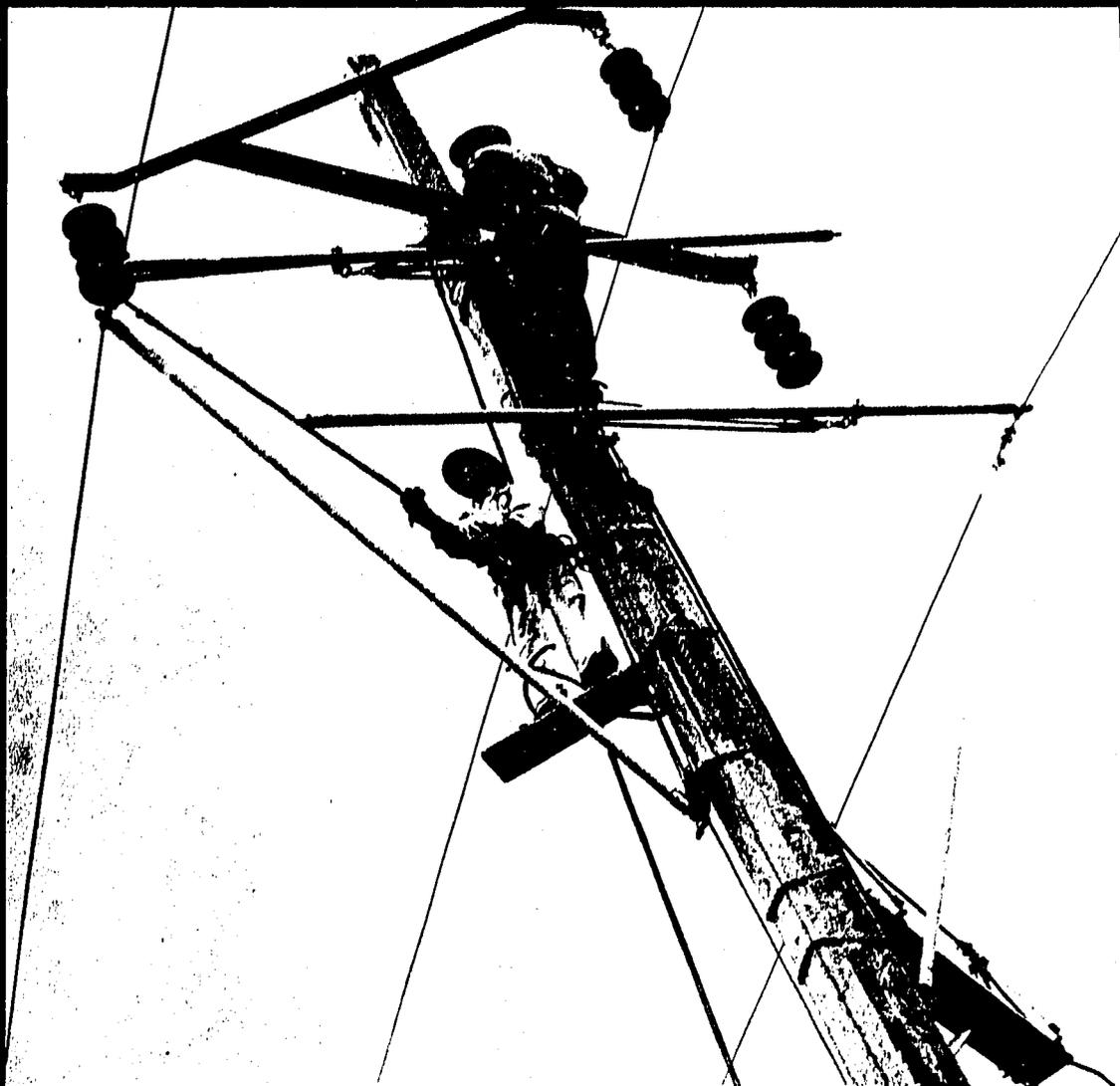
Another important development is the growth of regional integration. The Central American Common Market (CACM)—consisting of El Salvador, Guatemala, Honduras, Nicaragua, and Costa Rica—aims at complete free trade of all its products by 1969, and hopes to establish a common outer tariff on nearly all products imported from third countries.

In 1964 all its members had estimates of real GNP growth ranging from 6% to 9%. In the area as a whole there was substantial investor interest, mounting foreign trade, as well as expanding intra-market trade, which has tripled in the past five years. While the area's export trade still depends on traditional agricultural crops, internal trade is about 40% in manufactured goods and 30% in food products.

Nine other nations created the Latin American Free Trade Association (LAFTA) in 1960. LAFTA represents a giant step toward regional integration. To fulfill the overall objective of expanding and

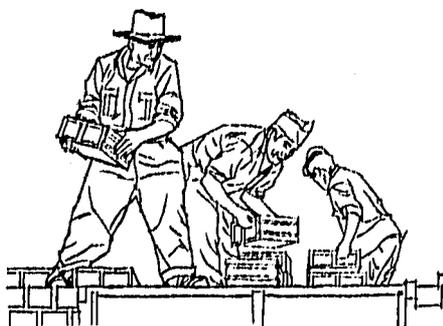
ld-feeding program, the difference between malnutrition and good health.





**Electric power for homes and industry is part of the formula for economic and social progress.**

diversifying trade among the Latin American member nations, LAFTA plans to negotiate the gradual elimination of import duties, charges, and other restrictions on trade at regular intervals during a 12-year period ending in 1973. In promoting the expansion of local industry and in striving for the complete economic integration of the region, the LAFTA countries seek to harmonize their import and export policies, industrial and agricultural practices, and treatment accorded to capital, goods, and services from third countries. Intra-zonal trade has doubled in the past five years.



## **THE PRIVATE SECTOR**

While government funds and self-help measures are essential to development, long-term progress in Latin America depends largely on private investment, particularly by Latin Americans themselves. Under the Alliance private business, both in North and Latin America, is offered a host of incentives to invest in productive enterprises. Private institutions—such as universities, foundations, and cooperatives—are also offered assistance to help create and expand private development activities.

### **Assistance to Private Enterprise**

Loans from AID provide both services and seed capital to help establish and guide local financial institutions such as development banks and industrial development centers. These serve as a stimulant to local enterprise to expand or create new productive facilities. For example, a \$4 million loan was made to COPEG *Credito e Financiamento*, a new development bank in the Brazilian state of Guanabara. The money is reloaned to small and medium businesses. Similar relendings have been made through the Central American Bank for Economic Integration, to which AID has contributed \$35 million. Such development banks, or intermediate credit institutions, have been established in 13 Alliance countries.

In conjunction with the U.S. Department of Commerce, private U.S. and foreign firms are provided with information on investment opportunities in Latin America. Complete studies on specific investment opportunities, feasibility studies, and market surveys are available in English, Spanish, and Portuguese from all AID Missions in Latin America, AID Washington, the Department of Commerce, and all its field offices throughout the United States.

AID encourages investment surveys in Latin America by offering to share half the cost. If a project proves feasible, then the private firm pays the full cost of the survey.

Investment guaranties, insuring a United States firm against specific risks (i.e. non-convertibility of local currencies and loss due to expropriation or war, revolution, and insurrection) as well as extended risks (including unexpected shifts in economic climate) also are available in most Latin American countries.

In fiscal year 1965, over 300 specific risk guaranties were issued to U.S. investors in Latin America with a combined value of nearly 1/2 billion dollars. These guaranties covered such varied private industry projects as the production of petrochemicals, manufacture of cement, fertilizers, pharmaceuticals, and grain storage equipment.

Special protection covers housing developers. One example is in Peru, where housing investment guaranties have been issued for three separate projects. A similar guaranty to the AFL-CIO resulted in the construction of the John F. Kennedy Memorial Housing Project which was dedicated November 17, 1964, in Mexico City.

## **Universities**

Another form of teamwork is found in the participation of United States educational institutions. Grants from AID are enabling 40 universities to contribute to educational development in 15 Alliance countries. South America's first graduate school of business has been established in Lima, Peru, through an agreement signed by AID with Stanford University. The Massachusetts Institute of Technology is attacking civil engineering problems through another AID agreement. The University of Pittsburgh has 16 professors in Ecuador helping to strengthen the faculty of the Central University.

Under AID contracts, American universities are helping Latin Americans to develop better techniques in business management. In one case, the Harvard Graduate School of Business Administration, in conjunction with the Central American Institute of Business Administration, provides regular seminars on management problems, and opportunities for training. One hundred and twenty acres of land have been acquired near Managua, Nicaragua, for the establishment of a permanent business administration school which will be financed locally.

AID also brings qualified Latin Americans to the United States to study advanced development activities by state and local community organizations, power and gas companies, and railroads.

### **'Partners of the Alliance'**

Since early 1964, AID has been acting as a catalyst in establishing wider private involvement in the Alliance for Progress through its "Partners of the Alliance"—a program whereby civic clubs, unions, business and professional groups, schools, and even private individuals in the United States may work directly with the people of an Andean village, a jungle colony, a slum improvement association, or other groups of Latin Americans striving to raise living standards. Teams from the United States travel to Latin America to develop with local counterpart groups a program of mutual interest based on identified needs and available resources. So far twenty-five active partnerships have developed with groups from twelve countries participating, and eleven more were being organized in mid-1965.

The faces of these Mexican children in a temporary classroom mirror the promise of new educational opportunities opened through the Alliance for Progress.

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## **Building Cooperative Institutions**

The growth of cooperatives and savings and loan institutions has been a fundamental part of private sector activity under the Alliance.

In the first three years of the Alliance, 798 credit unions in 11 countries and over 100 cooperatives in 15 countries have been established.

Among the Andes Indians, the "minga" (tribal) spirit of cooperative enterprise that enabled them to build a highly organized and planned society is being adapted to 20th century uses through credit unions, savings and loan associations, labor unions, education programs, and marketing cooperatives.

This type of institution-building, springing from a spirit of self-help and cooperation, is essential to self-generating, long-term progress. The mutual undertaking of responsibility frees the individual from the indignities and resentments that arise from usury, hand-outs, and exploitation. It offers him the opportunity to use his ability to improve his life and that of his family, and to strengthen his community.

For this purpose, AID calls on the experience and knowledge gained by United States cooperatives, labor unions, savings and loan institutions, credit unions, and educational institutions. Their experts, technicians and advisors go to Latin America and help set up cooperative organizations.

On a remote hacienda in Ecuador, for example, 1,500 Indians live an archaic existence—not much different from their ancestors of 400 years ago. Now, however, a family seeking to buy a sewing machine can borrow the money from an AID-assisted credit union by putting up for collateral "Maria the cow," or the family can roof a house with tile by pledging "ten good sheep."

An AID program which involves Peace Corps personnel and seven United States specialists is helping to create 1,000 credit unions in Central America alone, paving the way for a network of self-sustaining cooperative businesses in five years. And a training center for cooperatives has been established in Lima, Peru, by the Credit Union National Association through an agreement with AID. The National Rural Electric Cooperative Association, under a contract with AID, is locating a large part of its world-wide assistance and consulting facilities in Latin America. Electric power cooperatives have been formed in



"Campesinos" drill for potable water for themselves and their neighbors.

Nicaragua, Colombia, Costa Rica, Ecuador, and Peru. In addition, assistance has been given to existing electric cooperatives in Bolivia, Brazil, and Chile.

Under other AID contracts, the Fund for International Cooperative Development, the Cooperative League of the USA, the Organization of the Cooperatives of America, and the National Farmers Union are assisting in the organization and expansion of co-ops in Argentina, Bolivia, Chile, Colombia, Ecuador, Peru, and Uruguay.

One of the brightest developments since the inception of the Alliance has been the mushrooming of savings and loan associations. In

Peru 19 associations have been established, doubling their volume of operations almost every six months. Venezuela, where 19 savings and loan associations are also operating, is the fastest growing of all Latin American nations in volume of savings. The growth in numbers of savings and loan associations has been most rapid in Chile, where 100,000 depositors have formed 22 associations which have already made over 14,000 loans to their members.

A letter from a young Ecuadorean to a friend in Nashville, Tennessee, expresses the enthusiasm of Latin American for this type of cooperative endeavor. It reads in part:

"The housing program is working with savings and loan associations founded all over the country. . . . The interest rates are quite low and the monthly payment is no more than the 25 per cent of the salary. The loans are only for poor people that don't own a house. . . . I think that is the way to help developing countries like mine . . ."

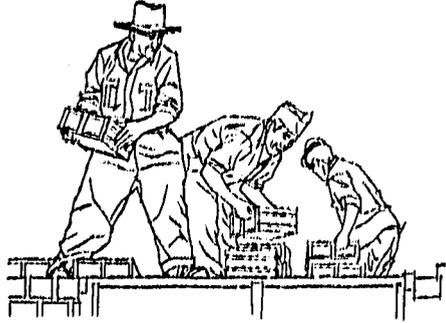
### **Trade Union Activities**

The American Institute of Free Labor Development, supported by the AFL-CIO and private firms with Latin-American connections, is working under an AID grant to conduct seminars and operate training centers for Latin American labor leaders and to carry out social projects for free trade unionists.

George Meany, President of the AFL-CIO, has called this program "one of the most exciting undertakings in the history of the labor movement." Applicants seeking training under the program are selected for their ability and their dedication to democratic principles. Each one must first devise a project he hopes to carry out. A three-month course is held in the United States, sometimes followed by nine months of additional sponsorship in the trainee's own country. Worker education institutes have been established in Peru, Venezuela, Bolivia, Chile, Uruguay, and Brazil, and in Honduras to serve all of Central America.

In Ecuador a new confederation of labor has been formed, counteracting one dominated by Communists. Several thousand workers are now covered by union contracts for the first time.

In addition, U.S. advisors recruited from the ranks of organized labor in the United States are counseling local trade union leaders. Technical assistance is also provided by the U.S. Department of Labor through an agreement with AID.



## **OTHER U. S. PROGRAMS**

In addition to development assistance, the Alliance countries can receive emergency help through AID's contingency funds and through voluntary relief agencies cooperating with AID. In cases of flood, earthquake, hurricanes, and similar major emergencies, the President may commit substantial funds and ask larger amounts from Congress.

### **Voluntary Agencies and Excess Property**

U.S. Government property declared excess can be furnished to developing countries by AID for the cost of rehabilitation and transportation. Used but serviceable machines and other equipment are at work in the Alliance countries for projects such as school construction, vocational training, medical facilities and road building. A unique use of such excess property was the employment of previously mothballed U.S. ships to furnish emergency power for cities on Colombia's coast.

United States private voluntary relief and charitable organizations (such as CARE, the Church World Service, or Catholic Relief Services) are able to ship medicine, food, tools, school supplies, and other people-to-people donations under AID's authority to pay ocean freight costs. A voluntary agency's program of importing purebred sheep in Ecuador has improved the quality of wool produced by the Indians. Another private agency supplies equipment in Colombia for a self-help health center.

### **Military Assistance**

Overall, less than five percent of worldwide U.S. military assistance is assigned to Latin America. Limited amounts of military assistance are extended to Latin American countries to strengthen internal security and provide a stabilizing force to permit orderly economic develop-

ment. Many of the military assistance projects emphasize cooperative civic action in which military personnel work with civilians on school, road, and other community projects.

### **Food for Peace**

Food for Peace antedates the Alliance but is now an integral part of the economic development programs. Surplus foods are supplied by the United States Department of Agriculture and AID administers their use overseas. A Special Assistant to the Secretary of State coordinates the program.

Since 1954, when Congress passed Public Law 480, the United States has sold or donated nearly \$1.8 billion worth of food for economic and social development in Latin America. Under the Alliance, this U.S. program has expanded and in fiscal year 1965 an estimated \$240 million in foodstuffs was committed.

Over twelve million school children in Latin America are now receiving some food through a Food for Peace program of the Alliance for Progress called "Operation Ninos" (Operation Children). Besides providing additional nutrition for malnourished youngsters, Operation Ninos has helped to increase school attendance and lift the spirit and energy of the children. In the mountainous region of Puno, Peru, for example, the lunch program induced so many children to attend and remain in school that a serious shortage of classrooms, teachers, desks, and hygienic facilities arose. This was described as "the first welcome problem" in the poverty-ridden Andes area.

Self-help is further encouraged through Food for Peace work projects, in which surplus food commodities from the United States are used as partial payment of wages. In Peru, for instance, 88 village farm-to-market roads are being built, benefiting 14,000 people, and part of the payment to laborers is in the form of such foodstuffs. Some 2,000 homes destroyed by floods in Brazil are being reconstructed on the same basis. Ecuador has a food-supported program of health, home gardens, community baking ovens, washing stations, and kitchen ovens which will help 100,000 people. And a large, self-help village improvement project involving 150,000 Mexicans is also being financed through U.S. food.

### **The Peace Corps**

Since 1961 the Peace Corps has assigned nearly 7,500 men and women to Latin America—the largest number of Peace Corps volunteers sent to any region of the world. Peace Corps personnel are helping the



**Crop research and new farming techniques help raise farm output to meet the demands of Latin America's burgeoning population.**

Alliance meet Latin America's crucial need for trained manpower.

Their specific activities range from improving the operation of a leper colony to supervising the construction of scores of small roads and bridges; from working alongside people in slum areas on construction of simple but vital sanitation facilities to teaching adults to read and write. The Peace Corps is not only promoting mutual understanding between North America and Latin America, but also is translating the cooperative spirit of the Alliance into concrete achievements. The presence of a Volunteer in a tiny rural village or in a jammed urban settlement has brought hope and determination to many Latin Americans and has inspired them to initiate projects benefiting themselves and their countrymen.

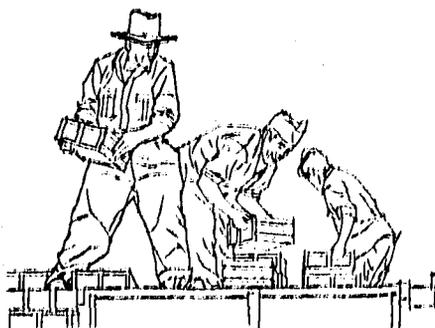
### **The Export-Import Bank**

The Export-Import Bank is the oldest United States governmental institution concerned with assistance to Latin America. Formed in 1934 and reconstituted in 1943, the Export-Import Bank's principal function is to promote sales of U.S. industrial and farm equipment through credits. A typical transaction is a credit to a steel-making firm in Mexico for the purchase of U.S. mill equipment.



Many communities have no clean water; the Alliance brings new wells, fresh water, and improved health.

Export-Import Bank loans generally are at higher interest rates and shorter terms than those of AID. And AID does not make loans which can be obtained from other sources; thus the two lending agencies purposes do not conflict—but complement each other. Occasionally, the Export-Import Bank and AID will join in financing a project.



## **INTERNATIONAL PARTICIPATION**

Another vital element in the structure of the Alliance is the participation of international institutions such as the Organization of American States, the World Bank, and the Inter-American Development Bank. This participation reinforces the concept of the Alliance as an international partnership effort.

It was in this spirit that a new organization, known as the Atlantic Community Development Group for Latin America (ADELA), was formed in July 1963. Composed of private corporations in Europe, North America and Japan, ADELA mobilizes investment funds and establishes investment partnerships with Latin American entrepreneurs to promote economic development. What makes ADELA unusual is that it is a completely private, cooperative enterprise for channeling development capital into Latin America. It operates on a business-to-business basis, although it welcomes the participation of public financing institutions once new investment projects have been launched.

## **Organization of American States**

It was under the aegis of the Organization of American States (OAS) that the 1960 Act of Bogotá was signed and the foundations laid for the Alliance. While the Act of Bogotá was an important step toward tackling Latin America's complex problems of economic and social development, the giant step was taken when the OAS adopted the Alliance Charter a year later at Punta del Este, Uruguay.

The OAS plays a key role in the Alliance by conducting basic economic and social studies, by supplying technical assistance to the developing countries, and by carrying out programs in education and health. The Inter-American Economic and Social Council, an organ of the OAS which surveys regional development and trade programs, was the convening authority for the Punta del Este conference which adopted the Alliance Charter. The Council holds annual meetings to appraise the progress of the Alliance.

## **The Inter-American Development Bank**

The Inter-American Development Bank (IDB) is a regional hemispheric institution created by the member states of the OAS in 1960. The Bank extends loans to member governments from its ordinary capital resources and the Fund for Special Operations for projects or such areas of transportation, industry, and agriculture.

The IDB also administers the Social Progress Trust Fund, which is financed by the United States. This Fund began operation in May 1961, when the U.S. Congress appropriated \$394 million for social development and loans for projects such as land settlement and improvement, low-cost housing, water supply and sanitation facilities, and higher education.

## **The World Bank**

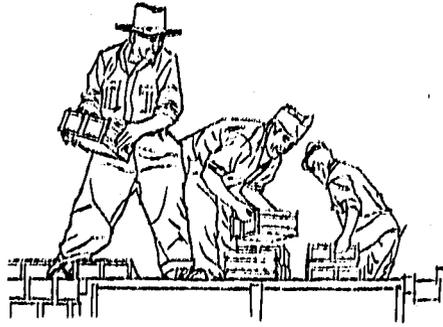
The International Bank for Reconstruction and Development (World Bank) and its affiliates—the International Finance Corporation (IFC) and International Development Association (IDA)—are deeply involved in Latin American development and are major instruments for attracting capital from the industrialized countries to Latin America.

Since its founding in 1944, the World Bank has made more than two billion dollars of loans in Latin America, mostly in the urgently needed fields of electric power and transportation.

The IDA, organized by the World Bank in 1960 to meet special financial needs of developing nations, has extended credits of almost \$100 million to ten Latin American countries. The IFC, formed in 1956 for the purpose of promoting industrial development through private enterprise, has committed about two-thirds of its investment to Latin America.

## **The Economic Commission for Latin America**

The United Nations Economic Commission for Latin America (ECLA), was created in 1948 to help strengthen relations between the participating countries and to coordinate Latin American needs with other UN agencies. It engages in fact-finding studies. (A number of these were instrumental in the formation of the Central American Common Market and the Latin American Free Trade Association.) In addition to the Latin American countries and the United States, ECLA's membership includes France, the Netherlands, and the United Kingdom.



## AFTER FOUR YEARS

We are now almost halfway into the decade of the Alliance. Signs of progress and indications of vast structural changes are visible on many fronts. In the difficult areas of tax reform, rural development, transportation, education, health, and housing, many barriers have been cleared on the road to peaceful progress and the goal of modernization.

But much remains to be done.

Commemorating the fourth anniversary of the Alliance, President Johnson declared:

" . . . Whatever we have accomplished, we all know that the road ahead is longer and it is more steep than the way behind. If many have been helped, then there are many more that are still untouched. If some are newly free, there are millions that are still shackled by poverty and disease and ignorance and malnutrition. If we have made more progress than before, as we have, we have made far less than we should, and we must. . . . Development is not just a matter of resources, or trade, or production, or even crops. Rather, in some mysterious way, a people—because they have great leaders and because they have great hopes and because they are themselves great—an entire people begin to stir, and to sacrifice and to work. And when they move, a nation begins to move. And today . . . throughout this continent, this is really beginning to happen."

In a message to the Second Special Inter-American Conference in Rio de Janeiro in November 1965, President Johnson reaffirmed the United States' determination to realize the objectives of the Alliance:

"Recognizing that fulfillment of our goals will require the continuation of the joint effort beyond 1971, I wish to inform the Conference—and through you, your respective governments—that the United States will be prepared to extend mutual commitment beyond the time period foreseen in the Charter of Punta del Este. In determining the scope of the United States effort, we will want to examine carefully with you at that time the requirements of the hemisphere, in the light of the progress made through self-help measures and the contributions which by then some of your countries will be able to make to one another to further the common effort."