

THE ALLIANCE FOR PROGRESS

Its Program and Goals

BY TEODORO MOSCOSO

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Objectives of the Alliance

Minimum economic growth rate of 2.5% per capita More equitable distribution of national wealth Maintenance of a balanced economy Agrarian reform Tax reform Elimination of illiteracy Universal primary education Increase of life expectancy by at least five years.

Countries of the Alliance

Argentina . . . Bolivia . . . Brazil . . . Chile . . . Colombia . . . Costa Rica . . . Dominican Republic . . . Ecuador . . . El Salvador . . . Guatemala . . . Haiti . . . Honduras . . . Mexico . . . Nicaragua . . . Panama . . . Paraguay . . . Peru . . . United States . . . Uruguay . . . Venezuela

History of the Alliance

1959: Creation of the Inter-American Development Bank
1960: The Act of Bogota establishes a need for a concentrated development program and US. Congress authorizes the "Fund for Progress" 1961: President Kennedy proposes an "Alliance for Progress"; Congress appropriates \$500 million for the "Fund for Progress,"; Charter of the Alliance ratified at Punta del Este.

Estimated Total Cost of the Alliance

\$100 billion to be spent over the next 20 years . . . \$80 billion generated within Latin America . . . \$20 billion from outside sources, mostly the United States in the form of long-term development loans.

DURING ITS SHORT existence the Alliance for Progress has stimulated many questions, but the question which most people ask is: "Will it succeed?" It is a legitimate question. It is also obviously the crucial question about this enormous cooperative effort. It is a question asked in every country in Latin America, sometimes in hope, sometimes in disbelief. It is properly asked by people in the United States whose tax money will provide such an important stimulus for the *Alianza*. It is asked in Moscow, where the Soviets realize quite as much as we that the future of democracy in the Western Hemisphere is riding on the success of the *Alianza*.

There is only one possible answer. I can promise you that the *Alianza* will succeed. It will succeed in part because it *must* succeed. It must succeed as D-Day in Normandy had to succeed, and as the Marshall Plan had to succeed—because failure would mean disaster. But it must also succeed as the American Revolution had to succeed—because powerful historical forces propel it.

You will hear me use the word revolution a great deal today. It is the only appropriate word, and certainly not a word of which any American need be afraid. Today Latin America is clearly in the midst of a far-reaching revolution. It is not a Communist revolution or even Communist-inspired, though the Communists are exerting every effort to ride it for their own purposes. It is a revolution against poverty, illiteracy, social injustice, and human despair. It is also, in many places, a telescoping into a few years of many revolutions which North America and Western Europe have absorbed over a period of nearly two centuries.

To varying degrees, you can find strong elements of the French Revolution, with its land-hungry peasantry,

and of the American Revolution, with its rejection of aristocracy in favor of a democratic middle class. The Industrial Revolution is also taking hold in many parts of Latin America, often spawning urban slums where poverty is accompanied by rootless despair. And on top of these upheavals, which the United States assimilated over many decades, Latin America is feeling the tremendous force of a growing social revolution, not unlike that which the United States has been absorbing gradually since the early days of the New Deal. This social revolution is welling up in tremendous force, because restless millions no longer accept ignorance, poverty and disease as an inevitable way of life.

The Communists can only seize and pervert these revolutionary forces if we in the United States, and the real democrats in Latin America, abdicate our responsibilities and our traditions. There is nothing in the aspirations of the great masses in Latin America to which we in the United States cannot subscribe. They are aspirations which commend themselves to our consciences, to our democratic instincts, and to our sense of history. Indeed, the Charter of Punta del Este, which established the Alliance for Progress, is essentially an agreement for a *peaceful* revolution on a Hemisphere scale.

For the United States, there can only be one possible course: to assist this peaceful revolution whole-heartedly with our resources and skills, with our political and moral backing, and then to see that it is not perverted or derailed en route.

The Alliance for Progress is already launching its programs and gathering momentum. No one in his right mind, least of all myself, would pretend that the task will be easy. Even if the situation were not so volatile, the sheer scale of the economic job is staggering.





Latin America's rate of population growth is probably the greatest in the world. Today there are nearly 200 million people in Latin America. By the end of the century—in only 38 years—there will be 600 million, twice as many as in the United States at that time. Which means that Latin America will have to run very fast just to stand still, even in terms of today's living standards which are so desperately low.

Per capita income statistics smack of the cold detachment of the economist, but they are worth projecting in human terms. The average per capita income in the U.S. is \$2,300; in Latin America it is \$270. In other words, the average Latin income per person is about one-eighth as much as that in the United States. But even this figure does not render the true extent of poverty. For in many parts of Latin America, so much of the income is concentrated in the hands of a few rich, and so little in the hands of the many poor, that most people don't

even come close to earning the average per capita income. In a country with a per capita income of \$200, for example, this may mean that millions are living with an income of \$100 a year or less: in fact, within a few hours flying time from Florida, tens of millions of Latin families are living for a year on a sum which a middle class U.S. family might easily spend in a few days of a winter vacation.

Against the background of tremendous population growth and desperate poverty, the scale of the task ahead is admittedly awesome. In a story in *The New York Times* recently, Tad Szulc stated:

"Little as it is still known to most Americans, the Alliance for Progress exceeds in scope and imagination the postwar Marshall Plan for Europe. As a cooperative enterprise involving United States capital and know-how and Latin American effort, courage, sacrifice and sinew, it has no parallel. For the years of the 'Decade of Prog-

ress' its financial cost is estimated at \$20 billion. The investment in human talent, imagination, devotion, enthusiasm—and frustration—is obviously beyond calculation."

I do not believe that the *Times* exaggerated the facts. Certainly the stakes are enormous. The difficulties are formidable. And the time is short. Jose Figueres, the former President of Costa Rica, put it succinctly when he said, "It is one minute to midnight in Latin America." There is no time for dialectical exercises or philosophical musings. The U.S. and its Latin American allies must commit their material and spiritual resources with all deliberate speed. Like generals sending regiments into a decisive battle, we may not have the luxury of leisurely deployment of our troops, or of perfect textbook planning of how the battle should be fought. This means that in all probability we will make errors. But the one error we *cannot* afford to make is that of waiting, of letting the initiative slip out of our grasp. We must attack, massively, the enemies of poverty, injustice and hopelessness which still characterize the lot of so many people in our hemisphere.

Let me recall the principal objectives of the *Alianza para el Progreso*, as laid down in the Charter of Punta del Este. The first is to increase per capita income; the second is to achieve a more equitable distribution of national income; and the third is to diversify the national economies of Latin American countries.

These are the cardinal points which will be the focus of our efforts.

Each Latin American country will draw up and present its own long-term development plan. This will in turn be reviewed by the panel of experts or "nine wise men" of the OAS, who will counsel and assist each country in evolving a plan which will best accomplish the objectives under the Charter of Punta del Este.

More progress has been made in this direction than is commonly real-

ized. The long-term development plans of two countries, Colombia and Bolivia, have already been presented. Those of at least three other countries are expected momentarily.

I mentioned earlier that we have the job of seeing that the peaceful revolution set forth in the Punta del Este Charter not be perverted by the Communists. There is little danger of this if we all pursue the objectives of the Alliance sincerely and vigorously. But we also have the job of making sure that it is not derailed by extreme right-wing elements who oppose social reforms—reforms which they fear would mean the end of their privileges and riches. This is a point on which I feel that there should be utmost frankness and clarity.

As you know, all the Latin American countries signing the Charter of the Alliance obligated themselves to undertake necessary reforms including land reform and more equitable tax structures. The Declaration added that "these profound economic, social, and cultural changes can come about only through the self-help efforts of each country."

Moreover, when the U.S. Congress passed its economic aid legislation last September, it specified that the President, in making loans and grants to developing nations, shall "take into account the extent to which the recipient country shows a responsiveness to the vital economic, political and social concerns of its people and demonstrates a clear determination to take effective self-help measures."

The legal and moral framework in which we must work is amply clear on these points. The United States is committed to giving maximum support to those countries which inaugurate necessary social reforms and make energetic self-help efforts.

I want to give our Latin American friends as much explanation of this point as possible. I am well aware of the tremendous adjustments which many countries must make to live up to

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their obligations, and of the power of those groups which may try to frustrate reforms in a number of countries. However, the objective of the *Alianza* is not to redistribute the shares of an existing pie. It is to redistribute the shares of a rapidly growing pie. The rich need not get poorer as the pie grows, but the poor most certainly must become richer. The members of the traditional ruling class who support the *Alianza* and its objectives have nothing to fear; indeed, I would hope that they would increasingly take the lead in modernizing their countries. But those who try to frustrate the *Alianza* have a great deal to fear—not from the United States but from their own people.

The *Alianza* clearly deserves the support of the poor because its great objective is the end of poverty, illiteracy, disease, and social injustice. But it also deserves the support of the privileged by its appeal to their conscience, their sense of patriotism, and also their sense of self-preservation. They have the choice between supporting the goals of the *Alianza* or risking a Castro-type destructive revolution. President Kennedy stated in Bogota, referring to the leaders, industrialists and landowners of Latin America:

“Unless all of us are willing to contribute resources to national development, unless all of us are prepared not merely to accept, but to initiate, basic reforms, unless all of us take the lead in improving the welfare of our people, then that leadership will be taken from us and the heritage of centuries of Western civilization will be consumed in a few months of violence.”

President Betancourt of Venezuela put it in a slightly different way when he remarked with wry humor: “*Hay que ayudar a los pobres para salvar a los ricos*”—“We must help the poor in order to save the rich.”

You can hardly expect U.S. taxpayers, already heavily burdened, to help underwrite development programs

in countries where a few privileged people, far richer than the average U.S. taxpayer, are virtually free from taxation. Nor is it reasonable to expect North Americans, brought up in the tradition of the Homestead Act which offered 160 acres to every family able and willing to work them, to perpetuate agrarian systems where a handful of wealthy families own as much as 90 percent of desirable land, while the great bulk of the farm workers own almost no land at all.

Taxes were once described by Justice Oliver Wendell Holmes as being the price of civilization. Today taxes are also part of the price of rapid social and economic development so much needed in Latin America. Such development is not free. It entails short-run sacrifice for long-term gains.

Nor is land reform, complex though it is in many Latin countries, necessarily a forerunner of decline of production. A pertinent case in point is the recent experience of Japan. Only one-third of Japan's farmers owned their own land before World War II. As a result of a land-reform program after the war, 92 percent own their own farms today, producing more food and fibre per acre than anywhere in the world. At the same time, these newly prosperous farmers have become excellent customers for the factories of the cities, and have been key contributors to Japan's brilliant economic upsurge.

I am aware of the fact that there are many well-meaning people, particularly in business circles in Latin America and in the United States, who feel that the economic development phase of the *Alianza* must come first and that, in good time, social reforms, education and health will follow. In my opinion, this is not only politically untenable in a time of social ferment, but is also economically fallacious.

One fundamental fact emerges from any profound study of economic development programs. Their success depends, in the final analysis, on hu-

man resources. If the people of a country are healthy, educated and purposeful, development programs usually work well, even where natural resources are severely limited. But where the people are diseased, illiterate and inert, a development program has little hope for success unless these human resources are developed *along with* the economic resources. In other words, improving the education and health of the great bulk of the people is not just the fruit of development but is also an essential *means* of development. *People* must be developed, if industries and agriculture are to be developed.

The big job in Latin America, one calling for all the talents of the democratic leaders, will be to advance economic development and social justice in tandem, without allowing either to get far ahead of the other. Without social justice, which will win the support of the masses, economic development cannot go far, and without economic development, social justice can only mean sharing poverty. The two must be closely allied and interdependent.

I am sure that this audience knows that the role of the United States in the *Alianza*, important though it will be, must of necessity be far less than the role of the Latin American countries themselves. This is not only a fact, but a healthy fact. There are very sharp limitations to what any foreign country can do for others. Not only economic factors but psychological and political ones place the burden for success primarily on the Latin American countries themselves.

While 20 billion dollars of public and private funds from the United States and other foreign sources will be a powerful stimulant and catalyst for economic development over the next decade, the Latin countries must contribute at least five times as much to their own development if the *Alianza* is to obtain its full potential. And it is the Latin American political

and intellectual leaders who must strike the spark of hope and unleash the creative energies of their people in an effort which promises to be one of the great epics of our Hemisphere. The United States can help and counsel, but the real battle will be engaged by the Latins themselves.

One of the special character traits of Latins will be to their advantage in this great cooperative effort. Latins are a very proud people. Proud and sensitive. For those few people in the United States who view the *Alianza* as a gigantic boondoggle whereby the Latin American countries will live indolently on a kind of U. S. dole, I can only say to them that they do not know their Latins. The last thing they want is to be indebted to us or anyone else; the last thing they seek is permanent dependence on the United States.

One of the most moving examples of Latin pride at work has been seen in Miami in recent months. As you know, thousands of Cuban refugees arrived there without a dime, with no source of income, no immediate way of earning a living. A considerable number found, to their great anguish, that they had no choice but to go on public relief so that their families could have food and shelter. But then an astonishing thing began to happen, completely unique in the annals of the relief system. As these Cubans finally got jobs, usually very poor jobs, and even when they and their families were still living in extreme difficulty, they sent a substantial part of their modest pay checks back to the relief agencies which had helped them. In December alone, 874 Cuban refugees voluntarily returned \$19,000 to relief agencies, despite the fact that most of them were still living in very difficult circumstances. Neither law nor U.S. custom in any way obliged them to do this, but their deep-seated Latin pride did. No one can read of these episodes without feeling deep respect and compassion for such people.

This same pride will be one of the

important motor forces in the success of the *Alianza*. The Latins will accept U.S. aid and technical assistance but only in order to be able to stand on their own feet as soon as possible. Indeed, there is already important evidence of joint efforts by the Latins to work out their own economic salvation with little or no help from the United States.

Almost unnoticed in the U.S. press a few months ago, seven Latin American countries laid the solid groundwork for a Latin common market. Meeting in Uruguay, the representatives of Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay last December cut their tariffs by an average of 27 percent on 2,500 trade items, ranging from lemons to razor blades.

To a layman, this might seem like a technical matter of little import and less drama. But in fact, I see this as one of the great turning points in Hemisphere history.

There is even a very poignant footnote to this development. It was back in 1826 that Bolivar urged the newly

independent South American countries to subordinate their local interests in favor of a common market and eventually a United States of South America. Bolivar lost, and the die was cast for over a century, during which the Latin Americans went their separate ways while to the North, a common market allowed the United States of America to grow in power and prosperity.

Technically, what was initiated in Uruguay in December is called the Latin American Free Trade Association, but what was really created was an entirely new and possibly history-making epoch in Latin American affairs.

Few North Americans realize that 90 percent of trade in individual Latin countries is with distant markets in the United States or Europe, and only 10 percent with each other. This is rather as though the great bulk of New York State's trade were with Europe, but virtually none with New England or the middle west. Part of this trade pattern in Latin America is the fault of poor overland communications—



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which can and need to be improved—and part results from geographical and historical factors. In any case, there is no doubt that trade between Latin American countries themselves can eventually be multiplied many times, and that this fact itself will be an enormous stimulant to economic development in all countries.

The dynamics of a common market have been amply demonstrated in Europe in the last few years. Khrushchev is properly worried when he sees the burgeoning economy of Western Europe contrasting ever more sharply with the sorry state of Eastern Europe. No one dared hope, even five years ago, that Western Europe would have come so far so fast under the impulse of a common market. No one could have foreseen that its magnetic draw would have been so great that even Great Britain would have to reject hundreds of years of economic policy in order to participate. And no one could have guessed that this common market would gradually create a new political power of the first magnitude.

I predict that these same forces will operate in Latin America, and perhaps even more powerfully. I am convinced that a growing common market will unleash dynamic new forces of unity as it has done in Europe.

In achieving unity, the Latin Americans have a much easier road than the Europeans. They have very little of Europe's bitter legacy of suspicion and hatred resulting from centuries of wars and hundreds of millions of dead. Nor do the Latins have to contend with the linguistic, religious, and cultural dissimilarities which make European unity so complex. In this, Latin America is most fortunate. This vast area—far greater in size than the United States and Europe combined—is peopled largely by men of Iberian stock, with identical or similar languages, with a common religion and similar cultures.

The first step, a Free Trade Area, is well under way. In August of this year, Colombia and Ecuador will join the other seven countries for another round of negotiations. By then, the





nine member countries will embrace 80 percent of Latin America's people. In addition, four Central American countries have not only started a regional common market of their own, but a common development program with its own regional development bank.

To those skeptics who once doubted the willingness and the ability of Latin Americans to work together, these are forceful refutations. There has also been some question as to the part which private enterprise will play in the *Alianza*. This is a decision which rests, in the final analysis, with each country. Each will have to decide in which areas public funds are essential and where private investment can better do the job. India, for example, has already made a decision in this respect and so has the United States for that matter.

The point I would like to stress is that private initiative has a vital role to play in a developing economy and that, given the opportunity under proper ground rules, it can greatly accelerate the process of growth.

It will not be enough, however, if the United States conceives of its role as a supplier of machines, a purveyor of engineers and economists, and as a counsel, whether through government or private effort. It must also play an active role on the human level. If the *Alianza* is left entirely to the economists, the technicians, and the governments officials, it cannot fully succeed. For we are dealing with human emotions and aspirations not just economic charts, bricks and machinery.

The *Alianza* has seized the imagination and fired the hopes of millions of men from the Rio Grande to Patagonia. Those hopes must be sustained and amplified in the years to come, and hope itself must help unleash the creative energies of millions of men who can visualize a better future for themselves and their children.

There is one element of great good fortune for the *Alianza* which deserves special mention. At a decisive moment

of history, Latin America has brought forth an impressive number of highly able and dedicated democratic leaders. I shudder to think where we would be today if, in place of men like Presidents Lleras Camargo, Frondizi, and Betancourt, we had Rojas Pinilla, Peron, and Perez Jimenez. There are many other impressive democratic leaders and promising young men coming up through the ranks. On these men will fall most of the burden of making the *Alianza* a success, and on them will also rightfully fall the admiration and gratitude of the entire Hemisphere.

As they and the *Alianza* gain momentum, more and more of the people of Latin America will see Castro for the false prophet he is, as the perverter of legitimate aspirations of the masses for progress and not as an instrument of progress. Already, the *Alianza* is the waxing hope for these people, while Castro is the waning hope. In a few years, I am confident that Castro's revolution will look to Latin Americans like a shabby mockery alongside the really great revolution which the *Alianza* represents.

Economic progress, social justice, education—these are the things which 200 million Latin Americans need and yearn for. These are the things which the *Alianza* is rapidly mobilizing to bring them, with their own self-help. This is a great and noble task, a task to stir men from Buenos Aires to Seattle. It is also a final meshing of the dreams of Washington and Jefferson, on one hand, and Bolivar, on the other. Just as North American patriots aided and encouraged South Americans in their fight for liberation from Spanish imperial tyranny, so today the descendants of Washington will fight side-by-side with the descendants of Bolivar against the tyranny of poverty and injustice.

And many years hence, people will say that this was the time when all Americans, North and South, joined together to forge their finest destiny.



TEODORO MOSCOSO, Coordinator of the Alliance for Progress, first caught international attention with Operation Bootstrap. For more than a decade, he imaginatively and energetically directed this highly successful program of economic expansion and social reform. He previously had graduated from the University of Michigan, worked in a drug company, and served on public boards for a housing authority, an industrial development bank, and the American Society for Public Administration. Mr. Moscoso subsequently was appointed U.S. Ambassador to Venezuela. Late in 1961, President Kennedy appointed him Assistant Administrator for Latin America in the new Agency for International Development.