



U.S. DEPARTMENT of STATE

ARCHIVE

Information released online from January 20, 2001 to January 20, 2009

NOTE: Content in this archive site is **NOT UPDATED**, and links may not function. External links to other Internet sites should not be construed as an endorsement of the views contained therein.

**GO TO CURRENT
STATE.GOV WEBSITE**

KEYWORD SEARCH

Home Issues & Press Travel & Business Countries Youth & Education Careers About State

You are in: [Under Secretary for Public Diplomacy and Public Affairs](#) > [Bureau of Public Affairs](#) > [Bureau of Public Affairs: Office of the Historian](#) > [Foreign Relations of the United States](#) > [Kennedy Administration](#) > [Volume XII](#)

Foreign Relations, 1961-1963, Volume XII, American Republics

Released by the Office of the Historian
Documents 1-24

Alliance for Progress

1. Editorial Note

Senator John F. Kennedy made his first address on Latin American affairs at a Democratic Party dinner in San Juan, Puerto Rico on December 15, 1958. In that speech he expressed solidarity with the Latin American peoples in their efforts to oppose Communist subversion in the region, endorsed the creation of an Inter-American Development Bank, the establishment of commodity agreements, land reform in Latin America, and expanded cultural and educational ties between the Latin American nations and the United States. For text of this speech, see the Kennedy Library, Pre-Presidential Papers, Speech File.

In September 1960, Presidential candidate Kennedy sought to establish a Latin American policy that distanced him from the Eisenhower-Nixon administration's regional diplomacy while stating affirmatively his intentions for the hemisphere. On a campaign trip through Texas in September 1960, Kennedy aide Richard N. Goodwin was struck by the title of the magazine *Alianza*, a Spanish language periodical published in the United States, as the possible basis for a phrase to describe Kennedy's views on a new U.S. policy toward Latin America. Further consideration and refinement led Goodwin to coin the phrase *Alianza para el Progreso* (later *Alianza para el Progreso* or Alliance for Progress in English). Kennedy used the phrase for the first time in public during a campaign speech in Tampa, Florida, on October 18. (For a more complete discussion of the origins of the term Alliance for Progress, see Richard N. Goodwin, *Remembering America: A Voice From the Sixties*, Little Brown, 1988.) The text of Kennedy's Tampa speech is in the Kennedy Library, Pre-Presidential Papers, Tampa, Florida.

Following Kennedy's election in November, Goodwin coordinated Kennedy's establishment of a Task Force on Immediate Latin American Problems. It was chaired by former Assistant Secretary of State Adolf Berle and composed of Goodwin, Arturo Morales-Carrion and Teodoro Moscoso of the Puerto Rican Government, economist and Latin Americanist Lincoln Gordon of Harvard, political scientist Robert Alexander, and historian Arthur P. Whittaker. The Task Force was charged with evaluating U.S.-Latin American relations and prioritizing the tasks of the new administration in the region. It submitted its report to the President on January 4, 1961 (see Document 2).

Kennedy repeated his calls for an alliance for progress between the United States and its Latin American neighbors in his inaugural address of January 20. For text of the address, see *Public Papers of the Presidents of the United States: John F. Kennedy, 1961*, pages 1-3. In his first State of the Union address on January 30, President Kennedy reemphasized his commitment to the Alliance for Progress. He urged the Congress to appropriate the \$500 million pledged by the September 13, 1960, Act of Bogota, and expressed his intention to appoint an interdepartmental task force on Latin America, strengthen the authority of the Organization of American States, abolish illiteracy in the hemisphere, and send a Food for Peace mission to Latin America (*ibid.*, pages 19-28). For text of the Act of Bogota, see Department of State *Bulletin*, October 3, 1960, pages 537-540.

The new Task Force on Latin America, again chaired by Berle, convened its first meeting on February 2; see Document 4.

2. Report From the Task Force on Immediate Latin American Problems to President-elect Kennedy/1/

Washington, January 4, 1961.

[/1/Source: Kennedy Library, Pre-Presidential Papers, Transition Series, Task Force Reports 1960, Latin America. No classification marking.](#)

The Task Force on Immediate Problems of Latin America reports as follows:

I. Position of the new Administration: Basic Assumptions

Your campaign aroused high hopes in Latin America, based on your statements, on the cooperation achieved under President Roosevelt, and on prospects that the conflicts in the area (possibly approaching climax—an "historical moment") may find new solutions. Exaggerated visions have also been raised by the Communist press, perhaps to produce chaos-making disillusionment later. This offers opportunity for dramatic moves for the better.

In Moscow and Peiping revolutionary seizure of parts of Latin America appears to have been agreed on as an early target in the "Cold War" now active in the Caribbean littoral.

Substantial Latin American apprehension exists that the incoming Administration, while justifiably upgrading Asia and Africa, may continue to leave Latin America a step-child.

We think the incoming Administration promptly on inauguration should

- (a) emphasize its vivid interest in Latin America,
- (b) outline forcefully a line of approach,
- (c) provide, administratively, top-level direction for Latin American problems.

Doctrine and Principle

We are agreed that the greatest single task of American diplomacy in Latin America is to divorce the inevitable and necessary Latin American social transformation from connection with and prevent its capture by overseas Communist Power politics. The specific offensive plan of the Soviet Union and China, measurably successful to date, has been to convert the Latin American social revolution into a Marxist attack on the United States itself. On its side, the United States has stated no clear philosophy of its own, and has no effective machinery to disseminate such a philosophy.

We recommend that the policy of the United States be erected on four basic propositions (the "philosophical principle" so sought by Latin Americans). These are:

- (a) The imperative principle of human freedom. From this proceeds the obligation to maintain decent human rights, standards of conduct in dealing with individuals.
- (b) Recognition that genuine freedom necessitates advancing social and economic well-being for everyone. Men are not free when enslaved by disease, ignorance, poverty, and inhuman conditions, or where their creative energies are thwarted by hopelessness.
- (c) The principle that governments take their legitimacy from the free assent of their peoples and therefore can from time to time be changed without force. This carries with it the general conclusion that the only legitimate governments are freely elected governments.
- (d) The principle that American governments shall not become either prisoners or tools of extra-American Power politics. The Western Hemisphere must remain master in its own house.

While transformations almost invariably involve economic problems affecting the United States, these can be resolved among men of good-will. Our experience with the Mexican and Bolivian revolutions proves this.

Basic Assumptions

1. That Latin America is and will continue to be an area of primary concern to the United States.
2. That the new Administration will undertake a new approach in dealing with the serious problems that already confront the United States in the Latin American field, and others that may arise.

3. That such an approach ought to be sought with confidence in the new Administration's success in improving substantially on the approach followed by its predecessor, but also with recognition of the fact that the United States is neither omnipotent nor omniscient; that it cannot solve, but can only help the Latin Americans try to solve, most of the problems of their highly diversified region in their own way, and that its freedom of choice in this matter is subject to the limitations indicated below.
4. That it is and will continue to be the policy of the United States to maintain and develop the O.A.S. within the framework of the United Nations and to respect its obligations as a member of both organizations.
5. That the present ferment in Latin America, which facilitates Communist penetration, is the outward sign of a tide of social and political change the United States cannot and should not check. The United States can help well-disposed Americans (of whom there are many) to direct the transformation into channels that are, or ought to be, acceptable to it as well as beneficial to the people involved.
6. That from the United States point of view, the present Communist challenge in Latin America resembles, but is more dangerous than, the Nazi-Fascist threat of the Franklin Roosevelt period and demands an even bolder and more imaginative response.

[Here follow Sections II, "Latin America in the Cold War," III, "Personnel Changes," IV, "Emergency Situations Requiring Immediate Action," V, "Approach to Economic and Social Policy," and VI, "American Orientation."]

3. Editorial Note

In late January 1961 President Kennedy identified the need for a major Presidential address on Latin America and the Alliance for Progress. Assistant Special Counsel to the President Richard Goodwin was charged with drafting the speech, which was to be a distillation of the recommendations being made by the Task Force on Latin America. Following a series of informal meetings in the White House "fish room" (so-called because Franklin Roosevelt had kept his aquariums there) with members of the Task Force and representatives of other agencies associated with the administration's Latin America policy, and after numerous suggestions, both substantive and stylistic, by other members of the White House staff and Secretary of State Dean Rusk, Goodwin drafted the speech at his Washington home between March 7 and 10. Editorial revisions were made by the President on March 11. (See Goodwin, *Remembering America*, pages 146-159, and Arthur M. Schlesinger, Jr., *A Thousand Days: John F. Kennedy in the White House*, Boston, 1965, pages 202-205.)

4. Memorandum of Meeting/1/

LATF-M/1

Washington, February 2, 1961, 4:15 p.m.

/1/Source: Department of State, Latin America Task Force Files: Lot 61 D 298, Task Force on Latin America, Minutes. Secret. Drafted by Sayre.

TASK FORCE ON LATIN AMERICA

PARTICIPANTS

Adolf A. Berle, Jr., Chairman
 Thomas C. Mann, Assistant Secretary of State for Inter-American Affairs
 John M. Leddy, Assistant Secretary of the Treasury for International Affairs
 Theodore C. Achilles, Counselor of Department of State
 Lincoln Gordon, Consultant
 Haydn Williams, Deputy Assistant Secretary of Defense for International Security Affairs
 Wymberly Coerr, Deputy Assistant Secretary of State for Inter-American Affairs
 Robert M. Sayre, Executive Secretary

The meeting commenced at 4:15 p.m.

Mr. Berle briefly explained the purpose of the Task Force. It is an action and not a study group, acting under the direction of the Secretary of State and the President. The Task Force does not supersede the Bureau of Inter-American Affairs which remains responsible for foreign policy operations with respect to Latin America. The Task Force is to insure that problems get the prompt attention of the Secretary of State and the President and that the decisions taken are carried out. It has the longer range responsibility of obtaining general agreement on policies and launching those policies.

[Here follows section 1, "Assistance to Brazil."]

2. Financial Resources for Latin American Area

It was agreed that the request to the Congress for appropriations of \$500 million to fulfill the U.S. commitment under the Act of Bogota should be handled separately and not be included in the Mutual Security Program.

The Task Force discussed the question as to whether there should be included in a request for a contingency appropriation soon to be submitted to the Congress a request for \$50 million to initiate the program. It was stated that ICA now has ready some \$78 million in projects it can initiate immediately. No decision was reached.

The Task Force discussed the distribution of the \$500 million fund between the Inter-American Bank and ICA. It had been tentatively agreed within the Executive Branch that \$375 million would go to the Inter-American Bank. The Task Force agreed to seek a new decision from the present Administration which would either confirm or modify this division.

(Mr. Leddy departed at this time.)

[Here follow sections 3, "Arms Traffic in the Caribbean" and 4, "Cuba."]

5. Draft Memorandum From the Consultant to the Task Force on Latin America (Gordon) to the President's Assistant Special Counsel (Goodwin)/1/

Washington, March 6, 1961.

/1/Source: Kennedy Library, National Security Files, Subjects, Alliance for Progress. Official Use Only.

SUBJECT

Key Issues for Presidential Address on the Inter-American Alliance for Progress

1. *Central Theme.* The keynote of the Alliance for Progress is a sustained effort for economic development and social progress, combining vigorous measures of self-help with the provision of complementary outside resources under the guidance and stimulation of greatly strengthened agencies for regional cooperation. We should embark on a decade of democratic progress, to demonstrate in this Hemisphere that economic growth, social equity, and the democratic development of societies can proceed hand-in-hand.

2. *Comparison with the Marshall Plan.* The concept of a long-term development program for Latin America inevitably brings to mind the post-war European Recovery Program. Many people, indeed, have spoken of the need for a "Latin American Marshall Plan." In most respects, this is a misleading analogy. The problems of overcoming an ancient heritage of poverty, widespread illiteracy, and grave social, economic and geographical imbalances in the development process are fundamentally different from those of engendering economic recovery in industrially advanced nations temporarily crippled by war. In Latin America, much greater emphasis must be placed on the necessarily slow processes of institutional reform. The effort will take much longer. The volume of annual outside assistance measured in financial terms will be smaller and technical cooperation in various fields will play a greater role.

Yet in by far the larger part of the Hemisphere, the physical and human resources make possible the achievement within a decade of self-sustaining economic and social development on a democratic basis. And in one major respect, the analogy of the Marshall Plan is fully applicable. That Plan served to focus the constructive energies of Europe on the urgent tasks of economic recovery and to replace despair by hope—a hope richly rewarded by the Plan's success. The Alliance for Progress must likewise energize the great reservoir of human talent in Latin America for the challenging task of securing growth with justice and freedom.

3. *Historical Background.* This program has not been conceived in a vacuum. For many years, various problems of Latin American economic and social development have been closely studied by the Latin American governments and private organizations immediately concerned, by agencies of the United Nations and the Organization of American States, and by United States officials, foundations, private enterprises, and individual citizens. Special studies made by members of Congress or commissioned by Congressional Committees have helped to lay a firm foundation for a new concerted effort. The Brazilian initiative for Operation Pan America gave special stimulus to Hemisphere-wide attention to these problems.^{2/}

^{2/}For details of Operation Pan America, see *Foreign Relations, 1958-1960, volume V.*

The culmination thus far of these previous endeavors was the Act of Bogota[#], subscribed by representatives of 19 of the 21 American Republics on September 12 of last year. This Act calls for a new and vigorous program of inter-American cooperation to achieve accelerated economic and social progress and thereby to strengthen free and democratic institutions. As a first step, acting in accordance with

Congressional authority embodied in the American Republics Cooperation Act, the United States Government proposed to establish a special Inter-American Fund for Social Progress. Within a few days, we shall present to the Congress a specific request for the appropriation of \$500 million to bring this Fund into being. Prompt and favorable action on this program is a matter of urgency.

Our further immediate task is to work out with our sister Republics the other programs of action to make a reality of the high purposes set forth in the Act of Bogota.

4. *Country Programs for Economic and Social Development.* The foundation stones of the Alliance for Progress must be integrated country development programs which establish broad targets and priorities among and within the major sectors of the economy, paying due attention to public investment for social as well as economic purposes, which provide for internal monetary stability and external payments equilibrium, and which include the necessary legislative and administrative measures for mobilization of domestic resources and for improvements in such fields as tax structures, land tenure, credit institutions, and educational facilities. Only on such a foundation can outside resources be efficiently applied to complement the measures of self-help which must constitute the great bulk of the effort.

Some governments will be in a position to prepare such programs with their own resources; in some cases, indeed, excellent work in this direction has already been done. In other cases, governments will desire outside assistance for this purpose. This should be a primary task of the strengthened staff of the Inter-American Economic and Social Council, working in intimate association with the staffs of the Economic Commission for Latin America and the Inter-American Development Bank. The review and analysis of these programs, and of progress toward their implementation, should be the central objective of the annual consultative meetings of the Inter-American Economic and Social Council called for by Chapter IV of the Act of Bogota.

[Here follow sections 5-11, "Functional Targets for Hemispheric Progress," "Trade Policy--Markets and Commodity Stabilization," "Latin American Economic Integration," "Inter-American Annual Reviews," "Operating Agencies for the Program," "Additional Resources from the United States," and "The Role of Private Enterprise."]

6. Memorandum From the President's Special Assistant (Schlesinger) to the President's Assistant Special Counsel (Goodwin)/1/

Washington, March 8, 1961.

/1/Source: Kennedy Library, Schlesinger Papers, White House Files, Latin America, March 8, 1961-April 30, 1961. No classification marking.

SUBJECT
Latin American Speech

While the body of the speech must obviously deal with programs and purposes in the economic field, it is extremely important, in my judgment, that the speech not leave the broad impression that we regard economics as the be-all and end-all of existence. The Latinos want economic aid all right; but they resent the idea that money solves everything or that the major problems of life can be comprehended in material terms. So I hope that the economic matter can be put into a framework which makes it clear (a) that we are concerned with economics, not for its own sake, but to promote the higher aims of culture and the spirit, and (b) that, in our zest for economic growth, we do not propose to remake the other nations of the hemisphere in our own image.

To do this, it will be necessary to go in for a certain amount of highflown corn. This will, I am sure, leave the President cold, but it will thrill the audience south of the border, where metahistorical disquisitions are inordinately admired.

I am attaching a few pages/2/ in the hope that they may suggest something to you (but, if they don't fit your line of thought, please file them forthwith in the nearest wastebasket).

/2/Not found.

One other problem: I think it important not to make it all sound too easy. I doubt very much, for example, whether any aid program can put every child in the hemisphere effectively in school in ten years. At present, I gather, half those of school age never get to school at all; of those who do, half drop out at the end of the first year. Probably half the people in Latin America are presently illiterate. (On the other hand, excessive emphasis on mass illiteracy will offend Latin American sensibilities unless offset by recognition that Costa Rica and Uruguay are 90% literate, Chile and Argentina 80%, etc.)

The speech should suggest (a) the President's realistic understanding of the hard complexities of the problem, (b) the resources of will and material assistance which the US and the Latin American republics mean to bring to the solution, and (c) the rather realistic goals which a massive coordination and concentration of effort might hopefully attain.

Arthur Schlesinger, jr./3/

/3/Printed from a copy that bears this typed signature.

7. Memorandum From the President's Special Assistant (Schlesinger) to President Kennedy/1/

Washington, March 10, 1961.

/1/Source: Kennedy Library, Schlesinger Papers, White House Files, Latin America Report, March 10, 1961. Confidential. Copies were distributed to McGeorge Bundy, Walt W. Rostow, and Allen Dulles.

Attached you will find a report on my recent visit to Latin America./2/ Because it is a long document, I will herewith summarize its main points.

/2/Schlesinger accompanied Food for Peace Director George McGovern on a mission to Argentina, Brazil, Peru, Bolivia, Panama, and Venezuela.

The argument is that Latin America is irrevocably committed to the quest for modernization. This process of modernization cannot take place without a drastic revision of the semi-feudal agrarian structure of society which still prevails through much of the subcontinent. That revision can come about in two ways--through a middle-class revolution or through a "workers-and-peasants" (i.e., Communist or Peronista) revolution. It is obviously to the US interest to promote the middle-class revolution. Unfortunately the Latin America's landed oligarchy does not understand the gravity of its own situation. It constitutes the chief barrier to the middle-class revolution and, by thwarting the middle-class revolution, may well bring about the proletarian revolution.

The paper discusses the changes we should make in US policies in order to help the middle-class revolution. It then describes the forces arrayed against the attempt of the middle class from bringing about a peaceable reconstruction of Latin American society. Pages 11-13 contain an evaluation of Castro's present strength in Latin America.

Two appendices contain notes on the Latin American statesmen interviewed and on the US diplomats consulted along the way.

Arthur Schlesinger, jr./3/

/3/Printed from a copy that bears this typed signature.

Attachment

REPORT TO THE PRESIDENT ON LATIN AMERICAN MISSION February 12-March 3, 1961

Part I. *The Current Crisis in Latin America*

In a famous quotation, German Arciniegas, the Colombian historian, once wrote, "There are two (Latin) Americas: the visible and the invisible." The invisible Latin America, Arciniegas said, is the Latin America of presidents, embassies, armies, navies, business offices, haciendas. This is, on the whole, manageable and predictable. It is the invisible Latin America which constitutes the mystery. This is "the mute, repressed America which is a vast reservoir of revolution. . . . Nobody knows exactly what these 150,000,000 silent men and women think, feel, dream or await in the depths of their being."

The problem of political ferment in Latin America is the consequence of the struggle of the invisible Latin America to move into the 20th century. To put the question less rhetorically, it is the problem of the peaceful incorporation into their national economic and political societies of a vast submerged population, largely Indian, which has existed for centuries outside both the money economy and party politics but which is now uneasily stirring with (and being ruthlessly stirred by) new aspirations and new expectations. To put it most concisely, it is the problem of the modernization of Latin American society.

The chief obstacle to modernization is the existence in many Latin American countries of an agrarian, semi-feudal economic structure. The chief guardians of this backward economic structure are the classes which benefit from it--the so-called landholding oligarchy which still more or less governs most of the continent, including especially the Andean nations of Chile, Peru, Ecuador and Colombia. So long as this structure exists, half the population of these countries will be excluded from their national societies and kept in poverty and illiteracy; and, so long as this structure exists, industrializations, economic growth and social mobility will be impossible.

What are the means of breaking the agrarian system? The most favorable means from the US viewpoint would be the middle-class revolution where the processes of economic modernization carry the new urban middle class into power and produce, along with it, such necessities of modern technical society as constitutional government, honest public administration, a responsible party system, a rational land system, an efficient system of taxation, mass education, social mobility, etc.

These middle-class revolutions arise typically out of a combination of technological change, entrepreneurial initiative (often set off by foreign capital) and statist doctrine. They are often accompanied by deceptively lurid nationalist-populist rhetoric. They range along the ideological spectrum from the Brazil of Kubitschek, where the bonds of the old agrarian society were burst by the sheer momentum of economic growth, to the Mexican Revolution of 1910, where the state broke the bonds under the banner of extreme revolutionary sloganeering. Betancourt is currently trying to carry out a middle-class revolution in Vene-zuela; Haya de la Torre has one in mind for Peru if he can win the election in 1962.

None of these Latin American revolutions has been complete. Even Mexico and Brazil, economically the two most dynamic countries, still have great areas of poverty, illiteracy and stagnation. Nonetheless in the last forty years the middle class has increased from 10 percent to perhaps 25-30 percent of the Latin American population--an increase reflected in the swing away from dictatorship and personalism and the increasing demand for stable free governments.

The pressing need in Latin America is to promote the middle-class revolution as speedily as possible. The corollary is that, if the possessing classes of Latin America make the middle-class revolution impossible, they will make a "workers-and-peasants" revolution inevitable; that is, if they destroy a Betancourt, they will guarantee a Castro or a Peron.

Part II. US Policy and the Middle-Class Revolution

The problem for US policy is to do what it can to hasten the middle-class revolution.

This task now has an extremely high degree of urgency. The main reasons for this urgency are as follows:

1) *Because population has been growing faster than output, in recent years, Latin America has begun to lose ground in the struggle for development.* Population has been increasing at a faster rate in Latin America in the last decade than in any other region in the world. In most Latin American countries the rate of increase during the fifties was two to three times that of the US. During this decade, the population of the 20 Latin American republics, which was about 132 million in 1945, rushed ahead of that of the US. Every indication is that this population explosion will continue. It is currently estimated that by 1975 Latin America will have a population of 303 million as against 240 million for Northern America, and that by 2000 the difference will be between 592 million and 312 million.

In the meantime, production has failed to keep pace with population growth. Latin American statistics are generally unreliable; but it would seem that, while per capita gross domestic product increased in the period 1948-56, it has since then begun to decline. Certainly so far as agricultural products are concerned, the per capita production may have fallen by as much as 6 percent. In general, Latin America will have to double its real income in the next thirty years to stay as poor as it is today. Moreover, the disparity between the rich and the poor has increased, and—with the influx of the desperately poor into the cities—the contrast between luxury and squalor is becoming more visible and explosive than ever.

2) *The Soviet Union, in association with Cuba, is exploiting the situation and providing the US with unprecedented serious competition.* The hemisphere level of expectation continues to rise—stimulated both by the increase in conspicuous consumption and by the spread of the Castro idea of taking matters into one's own hand. At the same time, as living standards begin to decline, many people tend toward Communism both as an outlet for social resentment and as a swift and sure technique for social modernization. Meanwhile, the Soviet Union hovers in the wings, flourishing large development loans and presenting itself as the model for achieving modernization in a single generation.

3) *Time is running out for the parties of the middle-class revolution.* For a generation, the essential struggle in Latin America has been between the old oligarchy and the new proponents of middle-class society (including men in the social-democratic tradition like Betancourt, Figueres and Haya de la Torre as well as men in the liberal tradition like Lleras Camargo and Galo Plaza). This has been an indecisive fight. In the main, the landed classes have succeeded in blocking basic structural change. The democratic parties, in short, have thus far failed to deliver the goods to the satisfaction of the younger and more impatient members of the middle and working classes.

As a consequence, I found a disturbing tendency on the part of the younger intellectuals, for example, to regard parties like Accion Democratica (Venezuela) or APRA (Peru) as tired, played-out, irrelevant, the parties of the older generation—at the same time that the oligarchy in these countries continues to regard them as parties of red revolution. My guess is that, if the middle-class parties don't go over the goal line in the next decade, they will be finished, and the initiative will pass to parties committed to a drastic and violent radicalism.

4) *Latin America is waiting expectantly for new initiatives from Washington.* The election of President Kennedy and the return of the Democrats to power have given rise to enormous expectations throughout Latin America. The Inaugural Address evoked particular admiration. People are looking on JFK as a reincarnation of FDR. To a surprising degree, the slate has been wiped clean of past neglect and error. The atmosphere is set for miracles. There is consequently real danger that the intensity of present expectations may lead to future disappointments—though I am sure that, if the US government comes up with any reasonably developed interest and program, the present mood will continue.

The US must act very soon, in short, to reverse the recent decline in Latin America's economic position, to counter the increasingly adroit efforts of the Communists to exploit this situation and to reinforce the middle-class parties before their credit runs out.

What can the US do to hasten the middle-class revolution?

The policies may be divided for convenience into three categories: political; economic; and social. Obviously the more that these policies can be carried out through the OAS rather than as unilateral US decisions, the better. And obviously the applicability of these proposals will vary considerably from country to country.

Political. Here the main thing is familiar enough—to make it absolutely clear that we regard dictatorship and the suppression of popular rights as ultimately incompatible with the principles of the hemisphere. We can't start off on an anti-dictatorship crusade, and no doubt we will continue to have short-run dealings with dictators; but no one in the hemisphere should be under any illusion how the US feels about dictatorships in the long run. We should give every dictator a sense of impermanence. Along with this, we should encourage the OAS to concern itself with the ways and means of guaranteeing regular free elections in all countries of the hemisphere.

Moreover, we should give our positive and particular support to governments which seem likely to bring about the sort of middle-class revolution we regard as favorable to our own interests—countries where social reform and economic development promise to be attained through democratic means. Full backing for the Betancourt government of Venezuela, for example, might be the best possible way of convincing aspiring Latin Americans that the democratic road to national fulfillment is both more reliable and more agreeable than the Castro road.

Economic. Here we must place our main emphasis on development. This may not sound like a new departure; but for several Latin American countries, it will represent a radical change in US policy.

During the fifties the US Government, under the baleful influence of the International Monetary Fund, committed itself to the view in a number of cases that the first requirement was, not economic development, but financial stabilization. The consequences for Argentina, Chile and Bolivia were drastic deflationary programs which induced economic stagnation, lowered living standards and finally brought about an entirely predictable pro-Communist reaction. Today Frondizi is politically on the ropes in Argentina; the pro-Communist parties are making impressive gains in Chile; and Communist penetration of the MNR party in Bolivia has proceeded apace. Of course, each country presented its own problems; the case for catharsis after the Peron years in Argentina was much stronger than the case for austerity in Bolivia, a country where there are no savings to be protected from inflation. An unchecked inflation is obviously a grave social danger. But the point is the prevailing belief of the fifties that stabilization and development were competing alternatives. As a US Assistant Secretary of State for Inter-American Affairs told the House Committee on Foreign Relations with regard to Bolivia in testifying on the Mutual Security Act of 1960, "We had to tell the Bolivian Government that they couldn't put their money into it (the development program) and we weren't going to put ours into it."

The IMF argument, of course, is that stabilization will ultimately bring about development by attracting foreign capital. Unfortunately this process hasn't worked in any of the three countries mentioned. On the other hand, Brazil, which defied the Fund in the fifties, has had, along with a serious inflation, a genuine economic expansion. Today Brazilian GNP is probably about four times that of Argentina.

In short, the IMF policy has not produced economic growth. It has probably retarded the middle-class revolution. It has certainly increased anti-US feeling, since the Fund's location in Washington means that many people in Latin America assume it to be an arm of the US Government. Its programs have demonstrably resulted in political gains for the far left. It is surely time to dissociate US policy from the Fund and its mechanical application of deflationary remedies. (It would be better still to begin to moderate the policy of the Fund; a good first step would be to appoint someone like Seymour Harris as US Executive Director.)

Development, of course, is a broad term. It requires a substantial capital outlay from the US; it also requires careful consideration of the uses to which that capital outlay should be put. We must, for example, be prepared to give more assistance than we have in the past to industrialization. For one thing, industrialization is the shortest way to promote the rise of the new middle class on which our political hopes in Latin America must rest. Also, in the long run industrialization, far from destroying the market for US industrial exports, will probably (if the experience of other markets holds true) enrich the countries industrialized and increase their purchases from the US. Our policies have been geared too long to the thesis that Latin America should be essentially a producer and exporter of primary commodities—a thesis which, of course, gratifies the landholding oligarchy and convinces the apostles of modernization that we plan to keep Latin America in perpetual colonial servitude. In this connection, we must surely abandon the doctrinaire position that we will make loans to private corporations but that, when a Latin American government wishes to develop its own petroleum or electric power resources, the United States can make no loans to state-owned enterprise. Private enterprise has a most important role to play in Latin America. But we complicate our life immeasurably if we regard it as the sole engine of economic development and thereby appear to convert our own government into an instrument of American business interests.

Industrialization is only one part of the strategy of development. It must be accompanied by simultaneous action on a number of other fronts if it is not to aggravate economic disparities and social tensions. For example, industrialization at the expense of necessary investment in agriculture and transportation can cause dangerous imbalance in a national economy. To maintain this balance—and to introduce a larger measure of predictability into economic calculations—it would seem useful to explore the possibilities of commodity stabilization agreements to protect countries whose whole foreign exchange position depends on one or two export crops. Moreover, since most of the increase in GNP will go to feed new mouths, these countries can accumulate capital for investment only if they can sell their primary commodities to industrial countries at adequate prices.

The problem of industrialization is closely related to the structure of land ownership. Through much of Latin America, the existing land system, as we have seen, is a main barrier against the modernization of society. In effect, the land system imprisons a large part of the population, cutting it off from effective participation in the economic or political life of the nation. For generations, people accepted this condition as a law of nature. Now increasing numbers refuse to take it any longer. In Peru the Indians are moving onto the large estates and squatting on land sites. In northeast Brazil the Ligas Camponesas of Francisco Juliao are mobilizing the peasants and urging them to assert their "rights." In Brazil, Venezuela, Peru and other countries, people are flocking out of the country into the shocking shanty-towns which already ring Rio, Caracas and Lima and which promise to become extremely dangerous centers of political unrest.

The only way to control such movements is to set in motion effective programs of land reform. But unadorned land reform—i.e., the redistribution of land to the peasants—by itself may do more harm than good. It must be accompanied by programs to increase the productivity of small farms—which means especially "supervised credit", a combination of credit and agricultural extension work, along the lines of the Farm Security Administration in the thirties and of the Japanese land reform in the late forties. If land reform programs threaten to reduce output for a year or two until the new system begins to take hold, the US Food for Peace program can play a valuable role in supplying food for the period of transition.

The problem of land reform is closely bound up with the need for a reform in tax systems. The typical Latin American tax system is based on (a) import duties and (b) excise and sale taxes. In recent years, there have been rather rudimentary efforts to impose income taxes, largely evaded. There has also been some use of export duties (as in Chile, Salvador and Guatemala). Corporate income taxes are generally below US levels.

The obvious omission in this recital is land. In most countries tax on land is nonexistent or negligible. The result is a highly regressive system in which the landed oligarchy pays an exceedingly small proportion of its income in taxation. Because the tax on land is so inconsiderable, capital naturally rushes into land, which bids up land values and results in artificially high land prices. This means that the poor can never afford to buy land. It means also that expropriation with compensation at prevailing rates would result in terrifically inflated claims against the national treasury.

Tax reform thus is potentially a most significant key to agrarian change. An effective land tax could do much to reduce resistance to land reform. The state of Sao Paulo in Brazil recently enacted a law imposing a tax on landholders whose land was not in efficient cultivation; the idea, of course, was to induce them either to put their land into cultivation or else to divest themselves of it to small-holders. It is interesting to note that this law had the strong support of the Sao Paulo business community.

All these necessities--industrialization, land reform, tax reform--are thus intimately connected and require simultaneous action. The result of action on these fronts would be to encourage economic diversification, lay the basis for a small farmer class in the country and a business class in the city, and thereby advance the middle-class revolution.

Social. Activity in a number of areas is required to give the middle-class revolution logistic support. Transport, public health and housing are all essential. For example, Brazil today has (I am told) fewer miles of paved roads than Vermont. There is need in every Latin American republic, except Argentina, for speedy development of internal transportation--not only railroads but farm-to-market and other access roads. The needs in public health and housing are too evident to call for elaboration.

Most important of all is education. At present (despite such countries as Costa Rica, Uruguay and Argentina), Latin America remains 40 percent illiterate. Half of the children of school age never get to school; of those who do, half drop out at the end of the first year. Only about 5 percent complete primary school. The institutions of higher education are handicapped by a tradition of university organization which gives excessive control to the students and depends to a considerable degree on a part-time faculty. Of those students who do get to the universities, too many become lawyers and accountants; too few become engineers, scientists, agronomists, metallurgists, veterinarians. The condition of technical education is abysmally low throughout the continent. Argentina's economy, for example, has been organized for generations around livestock; but its universities offer no degrees in animal husbandry. Public administration, business administration, industrial engineering--all are virtually unknown. Obviously modernization requires a massive redevelopment with US and OAS help of the Latin American educational system, not only because literacy is indispensable to a middle-class society, but because trained technical personnel are indispensable to rapid economic growth.

It is extremely important to keep a proper balance between the programs of economic and social investment. We encountered repeatedly in Latin America the fear that the creation of the Bogota social fund meant that US interest was shifting from economic to social investment. When we pointed out that economic growth resulted in the main from improved productivity and that productivity depended on education and research and that therefore schools, for example, were a good thing, the answer came obstinately back that steel mills were more important. It is no doubt true that some countries, like Bolivia, have overdone their provisions for social investment at the expense of heavy capital investment. Yet social investment remains of fundamental importance in the advance toward a middle-class society.

Beyond the specific issues of social investment, there remains the broader question of the cultural setting in which these policies seek to operate. The Latin Americans tend to regard the United States as a materialistic nation, a paradise of Babbits. At the turn of the century the Uruguayan Jose Enrique Rodo in his influential book *Ariel y Caliban* argued that the Latin role was to play Ariel to the US Caliban. Rodo wrote of the US, "Its prosperity is as immense as its incapability of satisfying even a mediocre view of human destiny. Titanic in its concentration of human will-power, with unprecedented triumphs in all spheres of material aggrandizement, its civilization yet produces as a whole a singular impression of insufficiency, of emptiness." The Latins see themselves as Greeks, the North Americans as Romans.

Our policies, to have their full effect, must take account of this Latin American attitude. We must take every opportunity to show that we do not regard economics as the be-all and end-all of existence. We must make it clear that we are concerned with material abundance, not for its own sake, but to promote the higher aims of culture and civilization. We must also make it clear that, in our zest for economic growth and the middle-class revolution, we do not propose to remake the other nations of the hemisphere in our own image. We must show our respect for the distinctive cultures and traditions of the other American republics. Our proposals should derive ultimately from a generous vision of the diverse spiritual potentialities of a united hemisphere.

[Here follow Part III, "Obstacles to the Middle Class Revolution" and an appendix conveying Schlesinger's personal impressions of the Latin American heads of state with whom he met.]

Arthur Schlesinger, jr./4/

/4/Printed from a copy that bears this typed signature.

8. Editorial Note

On March 13, 1961, in the East Room of the White House, President Kennedy addressed the assembled diplomatic representatives of the Latin American countries in Washington and a bipartisan group of U.S. Congressmen to outline a 10-year, 10-point program for the Alliance for Progress. For text of the address, see *Public Papers of the Presidents of the United States: John F. Kennedy, 1961*, pages 170-175. The following day Kennedy delivered a special message to Congress requesting the appropriation of the \$500 million U.S. commitment to the Act of Bogota and the Inter-American Fund for Social Progress. (*Ibid.*, pages 176-181)

9. Memorandum by the Acting Executive Secretary of the National Security Council (Smith)/1/

Washington, March 20, 1961.

/1/Source: Kennedy Library, National Security Files, Latin America. No classification marking.

CHECKLIST OF PROGRAMS AND ACTIONS TO IMPLEMENT THE TEN-YEAR PLAN FOR THE AMERICAS

1. Initiate the massive planning effort required by the 10-year plan.
 - a. Convoke a Ministerial meeting of the Inter-American Economic and Social Council promptly.
 - b. Greatly strengthen the Council in order that it may become the central planning body for the plan.
 - c. Formulate for early presentation to the Council detailed procedures for developing for each Latin American state its long-range economic plan.
 - (1) Such country plans will:
 - (a) Establish targets and priorities;
 - (b) Ensure monetary stability;
 - (c) Establish machinery for vital social change;
 - (d) Stimulate private activity and initiative; and
 - (e) Provide for a maximum national effort.
 - (2) Such plans will be the foundation of all development efforts.
 - (3) Such plans will provide the basis for the allocation of outside resources.
 - d. Assemble under the direction of the Council, working with the Economic Commission for Latin America and the Inter-American Bank, the leading economists and experts of the Hemisphere, who will:
 - (1) Help each country devise its own development plans, and;
 - (2) Provide a continuing review of economic progress in the Hemisphere.
2. Attack the social barriers which block economic progress by committing, as soon as appropriated, the \$500 million Inter-American Fund for Social Progress (the Bogota fund) to:
 - a. Combat illiteracy;
 - b. Improve the productivity and use of land;
 - c. Wipe out disease;
 - d. Attack archaic tax and land tenure structures;
 - e. Provide educational opportunities; and
 - f. Initiate projects designed to make the benefits of increasing abundance available to all.
3. Support the economic integration of Latin America in order to create larger markets and competitive opportunity:
 - a. Provide full backing for the Central American common market; and
 - b. Promote the creation of free trade areas in South America.
4. Initiate the cooperative case-by-case examinations of Latin American commodity market problems for the purpose of finding practical methods of ending frequent violent changes in prices of commodities produced in Latin America.
5. Expand the Food for Peace emergency program by:
 - a. Helping to establish food reserves in areas of recurrent drought;
 - b. Providing school lunches; and
 - c. Offering feed grains for use in rural development.
6. Develop programs to ensure that all people of the Hemisphere share in the expanding benefits of modern science:

a. Invite Latin American scientists:

- (1) To work with American scientists in new projects, such as in medicine, agriculture, physics and astronomy;
- (2) To help plan regional research laboratories.

b. Strengthen cooperation between American universities and laboratories.

c. Expand existing science teacher-training programs to include Latin American instructors.

d. Assist in establishing science teacher-training programs in other American countries.

e. Translate and make available new teaching materials in physics, chemistry, biology and mathematics.

7. Rapidly expand the training of those needed to man the economies of rapidly developing countries by:

a. Expanding the technical training programs, using the Peace Corps wherever needed; and

b. Assisting Latin American universities and research institutions.

8. Actively seek to increase confidence in the collective security system of the Organization of American States in order to permit a sensible limitation of arms.

a. Devote to constructive use a share of those Latin American resources now spent on arms; and

b. Use existing Latin American armies not only to defend their countries, but to build them.

9. Invite Latin Americans to contribute to the enrichment of life and culture of the U.S. by:

a. Obtaining Latin American teachers to teach their literature, history and tradition in U.S. educational institutions;

b. Increasing opportunities for U.S. students to attend Latin American universities; and

c. Increasing access to Latin American music, art and philosophy.

10. Develop ways of making clear to the Latin Americans that:

a. Assistance from the social fund will depend not merely on need, but on the demonstrated readiness of each government to make the institutional improvements which promise lasting social progress.

b. Outside resources will be focussed on projects which have the greatest multiplying effect on (1) mobilizing domestic resources; (2) contributing to institutional reform; and (3) reducing the major obstacles to a development in which all can share. To this end:

(1) Provide assistance for improving land usage only to those nations in which the benefits will accrue to the great mass of rural workers.

(2) Increase housing for middle income groups through improved credit mechanisms.

(3) Expand mass housing through self-help projects by:

(a) Providing low cost materials, land and technical guidance:

(b) Using the owner's labor to construct his house; and

(c) Repaying costs of materials with long term mortgages.

(4) Broaden educational opportunities by

(a) Self-help school construction, and

(b) Use of local people as part-time teachers.

(5) Improve rural living conditions by encouraging higher and more diversified agricultural production; better distribution of wealth and income, and wider sharing in the process of development:

(a) Establish rural credit facilities;

(b) Help finance resettlement in new lands;

(c) Construct access roads to new settlement sites;

(d) Conduct agricultural surveys; and

(e) Introduce agricultural extension surveys.

11. Develop specific guidance for the administration of funds by the Inter-American Development Bank to reflect the principles stated in paragraph 10.

a. Administer \$394 million of the Bogota Fund under a special trust agreement with the U.S.

b. Insure that most of these funds will be used to make loans with flexible terms, including low interest rates for repayment in local currency.

c. Insure that the bank's major fields of activity will be:

(1) Land settlement and improved land use.

(2) Housing.

(3) Water supply.

(4) Sanitation.

(5) Technical assistance related to the mobilizing of domestic financial resources.

12. Direct the International Cooperation Administration to develop specific criteria for administration of its funds to reflect the principles stated in paragraph 10.

a. Program \$100 million for activities which are generally not self-liquidating by developing grants for:

(1) Education and training;

(2) Public health projects; and

(3) Strengthening general governmental services in fields related to economic and social development.

ASSIGNMENTS TO CARRY OUT THE NEW LATIN AID PROGRAM

1. Assign the responsibility for this program to a senior officer or group of officers in the government through whom Presidential authority and responsibility may be exercised and whom the President can hold responsible for the execution of the program which involves such a tremendous variety of public and private organizations and resources.

2. See that State, USIA and CIA pull out all the stops on an information program built around the Kennedy speech at the White House reception and the aid message. The output of all the official and unattributed media in Latin America should be reviewed in light of the new effort--objectives, courses of action, slogans, program emphases, should be cranked into the output. This information program must be in depth and ways should be found to getting all of the official and unofficial spokesmen for the government and the country to be coherently together on a continuing basis. The "Alliance for Progress" must become as well-known as the "Monroe Doctrine" and the "Good Neighbor Policy."

3. See that instructions are issued through proper channels to the Departments of Health, Education and Welfare; Labor; Agriculture; Commerce; Interior; Defense and the National Science Foundation so that they can participate constructively in planning, program execution, and staffing.

4. In addition, the above agencies must undertake activities in the U.S. directed towards mobilizing the private components of the program--the foundations, universities and U.S. business enterprises--to play their part.

10. Memorandum From the Chairman of the Task Force on Latin America (Berle) to President Kennedy/1/

Washington, April 25, 1961.

/1/Source: Department of State, Latin America Task Force Files: Lot 61 D 298, The President. Secret. Sent through Goodwin.

SUBJECT

Hemispheric Policy

After reviewing all the apparent possibilities in the hemispheric situation, I suggest the following policy:

1. *Isolation of Cuba*, now to be considered a Communist bloc country.

1. Maintain close Navy patrol with orders to stop suspicious shipping.

2. Work out political bilateral defense pacts with those governments in the Caribbean area we believe subject to possible attack. Such agreements should provide for

(a) immediate military assistance in case of attack from outside these countries or attacks from the inside determined by either party to be inspired, stimulated or directed by the Communist bloc, in which Cuba must presently be included,

(b) prompt continuing cooperation in police arrangements to prevent, interrupt or seize arms, agitation and break up bloc organization and financing from within the Communist bloc.

3. Invoke the Trading with the Enemy Act^{2/} in respect of Cuba. Revive measures under which the United States in the pre-World War II period, controlled trade in Latin America so that American trade shall not benefit Communist sympathizers or agents. Hemisphere-wide machinery for this purpose will have to be re-established.

^{2/}P.L. 91, approved October 6, 1917; for text and revisions, see 40 Stat. 411 as amended.

4. Guardedly treat American financial aid to Latin American governments on a case by case basis so that in general we help our friends.

5. Call a meeting of O.A.S. and lay down a doctrine.

Alliance for Progress

II. Call the IA-ECOSOC meeting to organize the Alianza para el Progreso as soon as possible.^{3/} Consideration should be given Montevideo as meeting place; Uruguay has already intimated to us that it would be glad to be host to such a meeting.

^{3/}For details of the planning of the IA-ECOSOC extraordinary meeting, see Document 12.

In this invitation, emphasis should be given to three heads:

- (a) education,
- (b) social measures,
- (c) economic development,

in that order.

Behind this is a great deal of detailed information and calculation. It implies a commitment to do a great deal of work in American organization. The mobilization of Latin American political parties presently in progress is one very hopeful line. On our side, we must also reorganize our propaganda so that it is more than mere "information"; our cultural work so that American books can be bought as cheaply as Communist books; our educational exchanges so that they reach into the high schools as well as the universities under men actually interested in students and capable of choosing the ablest, and generally capable of making contact with youth. Possibly the Peace Corps could be of help here. Our embassies in general are not so staffed at present.

Appropriations

This, I think, is the time to ask a very large fund at discretion of the President. I should suggest \$2 billion. I think the Congress is in a mood to consider such a proposal.

Organization

This also is the time to free the financial and economic machinery we now have from a tremendous cobweb of legislation, agreements with Congressional committees and so forth, which for practical purposes inhibit rapid motion in any direction.

In practice this would mean:

- (a) Discretion of the President to direct loans from the EXIM Bank;
- (b) Discretion of the President to direct uses to be made of the ICA money and the PL 480 money, and the handling of the military assistance program;
- (c) The President should have power to allocate from his discretionary fund money for use by these agencies in reorganized form;
- (d) Consideration should be given to appointing a Chief of Hemispheric Operations who as deputy for the President might give instructions, directions and authorizations. Preferably he should be operating in policy matters under your general direction.

This, though not all-inclusive, covers some immediate steps which I think should be taken. It puts our operation in the hemisphere on a Cold War basis--thereby recognizing the actual situation.

In the current situation, it appears easiest to reach for the guns. But military operation now would obviously be a very bloody business and the losses in hemisphere support might be greater even than the gains of victory.

At the moment, hemisphere anti-Castrista sentiment is rising. The pro-Castro and Communist demonstrations have been turned out to be surprisingly weak. Faced with possibility of lack of defense by or in conjunction with the United States, and the reality of living undefended against the Communist bloc, Latin American sentiment is rather rapidly swinging towards the United States. In a period of time (it might possibly be a year or less) measures could be taken which are not practical today. I do not anticipate any immediate moves from Cuba against anyone; they would justify military intervention on a scale which the Cubans could not remotely meet, and they are clearly unsure how far the bloc would go in supporting them (so, I think, is the bloc). Khrushchev's letter strongly suggests behind its bluster endeavor to give assurance that the bloc would not establish missile bases--though it is difficult to say whether the assurances are worth anything or not.

The polarization between the Soviet bloc and the Alianza para el Progreso has been forced by the Cuban failure.^{3/} Everyone now knows what the alternatives are. I am clear the Alianza para el Progreso will polarize an already great and growing support.

^{3/}Reference is to the attempted Bay of Pigs invasion; for documentation, see volume X.

A. A. Berle^{4/}

^{4/}Printed from a copy that bears this typed signature.

11. Memorandum of Conversation^{1/}

Washington, May 24, 1961.

^{1/}Source: Kennedy Library, National Security Files, Stevenson Trip to Latin America. Secret. Drafted by Cleveland on May 25 and approved by M. Manfull of S/S the same day. A note on the source text reads: "not cleared by the President or the Secretary." The meeting was held at the White House.

SUBJECT

Ambassador Stevenson's Trip to Latin America

PARTICIPANTS

The President
The Secretary of State
Ambassador Adlai E. Stevenson
Assistant Secretary Harlan Cleveland

The following is a summary of consensus and action and not a detailed record of a meeting which lasted about an hour and a half on several subjects.

The President expressed the view that Ambassador Stevenson should take the proposed trip to Latin America. He made or agreed to the following arrangements regarding the trip:

Purpose.

The purpose of the trip is not to encourage common action against Cuba nor to explain about the Cuban episode. The announced purposes will be to consult with our South American neighbors on the policy and proposals set forth in the President's speech to the Latin American Ambassadors at the White House, on the Alianza para Progreso, and the speech by President Kennedy to the Council of the Organization of American States at the Pan American Union on April 14.^{2/}

^{2/}For text, see *Public Papers of the Presidents of the United States: John F. Kennedy, 1961*, pp. 276-279.

The purposes of the trip are therefore to (a) lay the groundwork for the meeting of IA-ECOSOC in Montevideo; (b) to seek ways to improve economic and social and political cooperation in a hemisphere which needs to be more tightly bound together through cooperation in all spheres and (c) to consult with our Latin American friends on a wide range of matters of special interest to Governor Stevenson as the U.S. Ambassador to the United Nations.

Both the announcement and the background guidance given to the press should stress that this trip is not for the purpose of developing a hemispheric conference of Foreign Ministers to mobilize against Cuba, or anything of the sort. It was agreed that political action of this type and at this level is not in the cards for the time being, at least before the ECOSOC meeting. The President emphasized that the purpose of U.S. policy was not in any sense "retaliation" against Cuba; that he looked to the future, not the past; and that the less said for the time being about Cuba the better.

In the course of the discussion of the idea that the President might personally visit the ECOSOC meeting, the President expressed the view that such a visit should be at the end of the Conference, and not decided on and announced beforehand in order to avoid a confrontation with Castro which would be to Castro's benefit. The Secretary of State recommended, and the President agreed that no decision whatever should be made about the President's participation in the Montevideo Conference until about July 1, after Ambassador Stevenson had returned from his trip.

There was a brief discussion of the tractors-for-prisoners proposal.^{/3/} The President directed that a collection of editorials in the hemisphere press on the subject, which Edward R. Murrow had showed him, should be made available to the American press.

^{/3/}This was a plan to supply American-built tractors to the Cuban Government in exchange for the release of prisoners taken during the failed Bay of Pigs invasion. See volume X.

12. Memorandum From the President's Assistant Special Counsel (Goodwin) to President Kennedy^{/1/}

Washington, June 12, 1961.

^{/1/}Source: Kennedy Library, President's Office Files, Staff Memoranda, Goodwin. No classification marking.

RE
Planning for the Alliance for Progress Meeting

The planning for the Alliance for Progress Meeting in Montevideo has proceeded along the following major lines.

1. On March 13 you proposed the Alliance for Progress and called for an IA-ECOSOC Meeting as the first major step in its implementation.^{/2/}

^{/2/}See Document 8.

2. On April 14 you said that the meeting should be held early this summer; and shortly thereafter your delegate to the OAS proposed July 14.^{/3/}

^{/3/}These meetings were apparently conducted during the week the governors of the Inter-American Development Bank met in Rio de Janeiro. Information about that week's activities is in Department of State, Central File 033.1100-Di.

3. During the same week in April, Lincoln Gordon and I met in Rio with Jorge Sol (Chief of the IA-ECOSOC staff), Raul Prebisch (Chief of the UN Commission for Latin America), and Felipe Herrera (President of the Inter-American Bank). Out of this intensive series of discussions, lasting a week, emerged a general consensus on the objectives of the July meeting--what we hoped to accomplish, a proposed agenda, and the manner in which the preparatory work would be organized.

4. Immediately thereafter this agreed agenda was presented by the U.S. to the O.A.S. and adopted with minor modifications.^{/4/}

^{/4/}The agenda was adopted unanimously by the Council of the OAS on May 31 as described in Circular CA-10391 of the same day. (Ibid., 371.8/5-3161)

5. At the same time the White House requested our own economic people to prepare some specific plans for commodity price stabilization to be ready for the July meeting.

6. Pursuant to the agreements reached at Rio a series of OAS-ECLA-Inter-American Bank task forces were assembled to do the work preparatory to the meeting. I believe it can be said that this was the best Inter-American group of economists ever assembled; including Gerhard Colm and Al Hirschman from the U.S. and leading economists from almost every country in Latin America. The coordination from the U.S. side was done by Lincoln Gordon and I worked closely with Gordon. (When Gordon had to leave I asked Dick Ruggles of Yale to take over, which he did.)

7. The task forces have now completed work on papers for nearly all the points on the agenda. They are first rate.

8. Last Thursday^{/5/} there was a White House meeting with representatives from State and Treasury. At this meeting it was agreed that we would proceed--on the basis of these papers--to draft the "Charter of Montevideo"--a four or five page statement which we would want the meeting to adopt as its final result, setting forth the framework for the Alliance, goals, commitments, and machinery for planning.

^{/5/}June 8.

9. This paper is now being circulated and should be in final form--for your approval--shortly.

10. We would hope to circulate this document to Latin American governments in advance of the July 15 meeting.

Richard N. Goodwin^{/6/}

^{/6/}Printed from a copy that bears this typed signature.

13. Memorandum From the President's Special Assistant (Schlesinger) to President Kennedy^{/1/}

^{/1/}Source: Kennedy Library, Schlesinger Papers, White House Subject File, Alliance for Progress. Confidential. Copies were sent to Goodwin and Attorney General Kennedy.

Washington, June 27, 1961.

SUBJECT
Bureau of Inter-American Affairs, Department of State

I had a long talk yesterday with Dr. Arturo Morales-Carrion, Deputy Assistant Secretary of State for Inter-American Affairs. Morales is an intelligent and balanced man who discussed his Bureau with reluctance but in the conviction that he owed the White House a frank report on the situation.

The Foreign Service officers in Latin American affairs, according to Morales, constitute a tightly-knit club of men who believe that they alone know Latin America, who have enjoyed an undisturbed monopoly for a long time and who now keenly resent the intervention of "outsiders" in the field. Their attitudes are entrenched, their minds are set, and they regard new approaches and ideas with automatic skepticism. They are predominantly out of sympathy with the *Alianza*.

"The President's vision of Latin American policy," Morales says, "is bound to be defeated when the men running the day-to-day operations are unsympathetic with that vision. To get change in Latin America, you must have people committed to change. Among this group there is no joy, no purpose, no drive. 'What is our headache today?' is their attitude. They form a sullen knot of resistance to fresh approaches. They have no realization of the forces at work in Latin America today. They do not understand that our policy can succeed only as it enlists the support of the democratic left. They have no sympathy for the democratic left. They are uninterested in the intellectual community of Latin America or in the labor movement. They very rarely even see Latin Americans in Washington except on formal and bureaucratic occasions.

"All they do is sit around the table discussing things. When something comes up, they talk for hours and end up with ten reasons for doing it and twelve for not doing it. They have no instinct for decision or action.

"We have been striving for a new look in Latin America. But, if our operating people exhibit the same old attitudes and use the same old cliches, we are going to look in Latin America like the same old crowd."

Morales says that, so far as he himself is concerned, he feels practically immobilized. He says that he has "pleaded" for a definition of his area of responsibility, but has never received any serious statement of functions. At first, he feared that he was being discriminated against as a Puerto Rican; but, as he saw the attitude of the regulars toward Goodwin, Gordon and Schlesinger, he realized that he was being discriminated against as an intruder. He says that his personal relations have been cordial and courteous. He is coming to feel, however, that he will probably be more useful to the *Alianza* outside the government than within. I urged him to wait for a few more months and see whether the situation does not improve.

Recommendation. When Bob Woodward^{/2/} comes, you might want to consider calling him in, telling him that the *Alianza* is the heart of our Latin American policy, that you expect ARA to overflow with affirmative commitment to the *Alianza*, and that those who think it is all nonsense should be transferred to some place where they will be happier.

^{/2/}Reference is to Robert F. Woodward who became Assistant Secretary of State for Inter-American Affairs on July 17.

Arthur Schlesinger, jr.^{/3/}

^{/3/}Printed from a copy that bears this typed signature.

14. Report From the Representative to the United Nations (Stevenson) to President Kennedy/1/

Washington, June 27, 1961.

[/1/Source: Department of State, Central Files, 033.1100-ST. Secret. Transmitted to the President under cover of a June 28 memorandum from Stevenson.](#)

REPORT TO THE PRESIDENT ON SOUTH AMERICAN MISSION,
JUNE 4-22, 1961

I. Introduction

During the period of June 4-22, 1961, I visited each of the ten capitals of South America to consult with the Presidents and leading government officials on plans for advancing the "Alliance for Progress" and possibilities of collective action to defend the Western hemisphere against Communist penetration and subversion, including indirect aggression through Cuba. I was accompanied by Ambassador Ellis O. Briggs, Professor Lincoln Gordon, and a supporting staff from the Department of State.

Our mission received everywhere remarkably effective support from our resident Ambassadors and their staffs, as well as excellent briefing and background materials prepared in advance in the Department of State. I should like also to express my gratitude for the way in which our travels were handled by Major Conover and the crew of MATS Constellation 254.

[Here follow Parts II, "Political Appreciation" and III, "Communist Castro Influence."]

IV. Preparations for Economic Conference and Alliance for Progress

We encountered a unanimous and intense interest in the Alliance for Progress. Your March 13 address was described as having created a profound impression in Latin America--the most favorable since Franklin Roosevelt's announcement of the "Good Neighbor" policy. Without exception, governments emphasized the critical importance of making the Uruguay meeting of the Inter-American Economic and Social Council a "success", and not merely another in the long line of inter-American meetings.

On the other hand, there was no clear or uniform definition of what would constitute "success". There was wide variety in the concept of the meeting's objective and procedures, and great disparity in the intensity and character of national preparations for the program.

A few governments, actually that of Peru, appeared to believe that the meeting would be the occasion for the cutting of an aid "melon," with little regard to self-help measures or structural reforms in such fields as land tenure and taxation. But all paid at least lip-service to the concept of self-help, and several were in deadly earnest on this front. In terms of technical work on long-term programming for national economic and social development, Colombia, Chile, Brazil and perhaps Venezuela, seemed to be well in advance of their sister nations. Several others handed us "shopping lists" of public investment projects on which they looked for loans or other aid. Argentina and Chile emphasized the importance for them of economic development as contrasted with social investment. Many governments advanced claims for "special consideration" on political or other grounds.

In several cases, less emphasis was placed on outside aid for public investment than on trade and commodity price policies. Argentina, Uruguay, and Chile declared their strong interest in American policy support for their commercial negotiations with the European Common Market. There was the most intense interest in joint action to stabilize primary commodity markets and to raise prices of key export items, notably coffee.

I believe that our mission greatly clarified the thinking of the South American governments on the types of results which we hope might be achieved at the Uruguay conference, especially in the fields of investment programming and the coordination of outside aid. We must clearly expect active discussion of commercial policy and commodity markets, and we should have well-defined positions on these issues. A forthcoming attitude in these fields would do much to overcome the disappointments which are likely with respect to the amounts and conditions of financial aid.

As to aid, it is a fact that the needs are large, the desire for accelerated growth is great, and the capacity for effective use of aid is being rapidly augmented by the systematic programming of public investments, often for the first time. In most cases, the general concepts of needs and priorities are not far out of line with our own thinking. It is evident that large increases in the rate of economic and social public investment and United States aid, as compared with recent years, are expected. Fortunately, most of the governments appear to be thinking mainly in terms of hard loans, which can be financed by the World Bank, Inter-American Development Bank, and Export-Import Bank to the extent that the real credit-worthiness permits. (This in turn may be largely dependent on action in the commercial policy and commodity market areas.) If Congress furnishes the authority you have requested for making long-term commitments, there is no question but that the ability of the Latin American governments to carry through sustained development efforts, including the needed structural reforms, will be greatly enhanced.

On the question of the timing of the meeting, Brazil strongly desired a one-month postponement to enable more adequate national and international preparatory work to be completed. Most of the other governments favored a two or three week postponement, although a few emphasized their own readiness to meet on July 15 as scheduled. I understand that the OAS Council is now about to agree on a revised date of August 5 for the meeting of Ministers, to be preceded by an expert-level meeting on August 1. This seems to me a sound conclusion. The publicity concerning the deferred date should of course make it clear that the purpose is solely to permit the completion of more adequate preparations and thus to contribute to a successful outcome.

[Here follows section V. "Collective Political Action Against Indirect Aggression and Communist Penetration Based on Cuba."]

Respectfully submitted,

Aldai E. Stevenson/2/

[/2/Printed from a copy that bears this typed signature.](#)

15. Summary Guidelines Paper/1/

Washington, July 3, 1961.

[/1/Source: Kennedy Library, National Security Files, Latin America, April-August 1961. Secret. Drafted by Braddock. The full text of the paper, dated May 25, is in Department of State, Central Files, 611.20/6-261. It was discussed at the Secretary's Policy Planning meeting on June 8. \(Ibid., S/PC Files: Lot 71 D 273, Latin America\)](#)

UNITED STATES POLICY TOWARD LATIN AMERICA

Background

Latin America today is in a state of deep unrest. Most of its countries are economically underdeveloped and socially backward. The distribution of land and other forms of national wealth greatly favors the propertied classes. The masses suffer from poor housing, malnutrition and illiteracy. In many countries large rural groups, which include most of the Indian peoples, are not integrated into the economic and social life of the nation. The poor and underprivileged, stimulated by the example of the Cuban revolution, are now demanding opportunities for a decent living. Meanwhile, the population is increasing much more rapidly than the rate of production. International communism, encouraged by its success in Cuba and assisted by the Castro regime, is trying to take advantage of this explosive situation to subvert other countries of the hemisphere.

The Organization of American States has not thus far demonstrated much ability, or interest, in protecting its members from communist subversion and most of them have tended to regard Cuba as more a United States problem than a hemisphere one. The governments generally are alive to the need for economic and social progress, and look to the United States for help in this direction. Apart from Cuba there are few dictatorships left in the area, though it cannot be said that the seeds of representative democracy have yet taken deep root in most countries. In meeting the two-fold challenge to Latin America from rising economic expectations of the masses and from communist subversion, the Latin American military will have an important role to play. But the challenge is also, and mainly, to the United States.

Objectives

The central objectives of the United States in Latin America are:

1. The achievement by each of the countries of the area of permanently democratic and fully representative governments, supported by broadly based viable economies, in order that they may become active participants in the world community and firmly established on the side of western democracy in the world power struggle.
2. Satisfaction of the basic aspirations of the peoples of Latin America for economic and social justice and welfare, and association of the United States with progress toward these ends.
3. Awareness by the governments and peoples of the area of the threat of international communism and of its subversive nature, particularly as exemplified in Cuba, and the determination and ability, with United States assistance, to defeat it.

For the accomplishment of the aforementioned objectives two major lines of action by the United States are indicated:

1. Strike at the causes of unrest by assisting strongly, through the Alliance for Progress, those countries which are genuinely striving toward economic and social progress; and
2. Strengthen the will and the capability of governments, with emphasis on internal security, to defeat attempts at a take-over by forces supported by or allied with international communism or Castroism.

Other important guidelines of action are as follows:

Political

1. Maintain correct relations with all recognized governments but give special encouragement to democratic governments.
2. Make a planned effort in each country, directed by the Ambassador, to influence leaders and representative groups to initiate or support development and reform programs, using democratic processes.
3. Make clear that the United States is interested in the improvement of living conditions of working people and in the education and health of their children. Encourage and assist non-communist local labor organizations. Help in building up technical skills in the labor force.
4. Strengthen hemispheric solidarity by providing effective United States leadership, living up to all our inter-American commitments, strongly supporting the OAS, consulting with Latin American States before taking any actions which will affect them, and by bringing Canada and later the West Indies into closer relationship with the inter-American system.
5. Seek the resolution of disputes between American States in accordance with OAS procedures.
6. Encourage individual and collective action by the other American Republics against Sino-Soviet bloc influence and subversion through suitable controls on communist representation, activities, entry and trade.
7. Increase awareness of the threats to Latin America from communism by exposing communist activities, exchanging information, and explaining the fallacies of communist doctrine.
8. Seek by all legitimate means available to us, including all feasible measures in the OAS, to weaken, isolate and promote the downfall of the Castro-communist dictatorship in Cuba and establish security arrangements, especially in the Caribbean area, to defeat possible attempts by the Castro regime to subvert governments in that area.
9. Apply pressure and persuasion, unilaterally and through the OAS, on the President of the Dominican Republic to bring about the full restoration of civil rights in that country, the preparation and carrying out in 1962 of free and open elections, and the elimination of all vestiges of the Trujillo dictatorship.
10. Remove so far as possible sources of friction between Panama and the United States. Seek to develop attitudes in Panama and throughout Latin America favorable to United States construction and operation of a sea level successor to the present canal by 1980.

Economic and Social

1. Give priority help to Latin America, especially during the next ten years, for improvement in health and education, reform of tax systems and administration, housing improvement, better and more equitable land utilization, construction of roads and other public facilities, establishment of productive enterprises and for better distribution of income.
2. Devote special attention to the improvement of rural areas and of living conditions of subsistence Indian and campesino groups.
3. Urge and assist all countries to establish long-term, balanced development plans.
4. Encourage the Latin American nations to base their economies on a system of progressive free enterprise, and create a climate conducive to responsible private investment, particularly local investment. Help them develop measures to prevent abuses of the system. Encourage governments to develop as official projects those service enterprises and industries which are important to the economy but are neglected by private investors.
5. Urge and help governments to take all steps possible to encourage the maximum supply of capital from domestic sources, and advise them on how to accumulate domestic capital. Encourage them to look to private investors and to international regional lending institutions as the major sources for external development capital. Negotiate tax agreements, investment guarantee agreements, and Treaties of Friendship, Commerce and Navigation, as needed and feasible, to provide incentives for private investment.
6. Extend financial assistance, consistent with United States loan policy considerations, for Latin American economic development and for budgetary and balance of payments purposes.
7. Encourage other free world countries to provide capital and technical assistance to Latin America.
8. Continue to negotiate sales and grants of surplus United States agricultural commodities.
9. Expand and improve technical cooperation, and program it on a long-term basis. Provide technical assistance especially in rural areas, for development of rural extension services and for support of schools teaching elementary farming methods.
10. Utilize the Peace Corps for improving economic and social conditions, particularly in rural areas, and getting elementary knowledge to the population.
11. Encourage the use of selected military personnel and units in development projects, when circumstances permit, and the formation and training of engineering-type military units which could be used in such projects.
12. Try to maintain stable long-term trading policies and to avoid restrictive practices which adversely affect Latin American exports to the United States. Encourage the establishment of Latin American customs unions which conform to GATT criteria.
13. Seek cooperative practical methods of bringing an end to the pattern of violent changes in commodity prices, and of encouraging the development of the first stages of processing raw materials. Encourage and assist sound programs aimed at diversification of production.

Informational, Cultural and Scientific

1. Provide strong informational support for the Alliance for Progress, with emphasis on the principle of self-help.
2. Increase the output, especially in Latin America, of informational material designed to expose the communist conspiracy in Cuba and its betrayal of the Cuban revolution.
3. Increase the student exchange program. Encourage the enrollment in Latin American universities of American students selected for their ability to propagate democracy, financing this program mainly through student loans, not grants.
4. Make available at give-away-prices books in appropriate languages by American and other authors that explain the concepts, ideals and methods of democracy.
5. Seek through technical assistance and other appropriate programs to help Latin American educational institutions, and encourage American institutions of learning to cooperate in this effort.
6. Promote greater cooperation in the scientific field through such means as the establishment of science teacher training programs, and the provision to Latin American institutions of new teaching materials.
7. Emphasize throughout Latin America the non-military character and objectives of United States space programs, in order to obtain Latin American cooperation for the implementation of such programs.

Military

1. Assume primary responsibility for military operations in the Atlantic and Pacific Oceans and the Caribbean Sea, and seek Latin American acceptance of this arrangement.
2. Encourage acceptance that each of the Latin American countries is responsible for contributing to the defense of the hemisphere by maintaining internal security against communist-Castroist guerrilla and subversive threats, and security of its coasts, territorial waters, bases and strategic areas against external aggression.
3. Make available to Latin American countries, on a grant basis if necessary, the training and military equipment they need to carry out the aforementioned missions according first priority to assistance for internal security.
4. Encourage standardization of military doctrine, unit organization and training along United States lines.
5. Seek to discourage or prevent the acquisition of military equipment or training by an American State from communist governments.
6. Encourage Latin American countries, particularly in the Caribbean area, to enter into special security arrangements with the United States, consistent with the Rio Treaty, designed to thwart communist attempts at infiltration or subversion.
7. Encourage Latin American countries to limit their armaments to the levels and types required for the missions described in paragraph 2 above.
8. Seek to make the Latin American military ever conscious of its role of protectors of the people in their constitutional rights.

16. Letter From the Chairman of the Task Force on Latin America (Berle) to President Kennedy/1/

Washington, July 7, 1961.

/1/Source: Department of State, Latin America Task Force Files: Lot 61 D 298, Report to the President. Confidential.

My Dear Mr. President: I transmit herewith the report of the Task Force on Latin America whose creation you directed shortly after your inauguration.

The Task Force was conceived as a mechanism of transition. With the appointment of the new Secretary of State for Latin American Affairs, the period of transition has substantially ended. The emergency problems pending solution on January 20 last have been or are in process of being dealt with. Under your leadership, the new direction of policy, I am convinced, offers good opportunity and prospect of success. I therefore ask that the Task Force be now discharged.

Prior to your inauguration, you constituted an informal group to report on Latin American policy.^{/2/} That group made one suggestion not yet acted on. It proposed the creation in the Department of State of the post of Undersecretary of State for Latin American Affairs. This would provide a high level straight line channel through the Secretary of State, by which the widely scattered activities of the government affecting Latin American affairs could be coordinated. This recommendation I venture to renew. Management of hemispheric affairs, comprising a continent and a half organized as a regional alliance, is a huge task. It is difficult to carry out so great an enterprise from a subordinate bureaucratic position.

^{/2/}See Document 1.

The Task Force report suggests enlargement of the education-information-propaganda effort. An informal working group headed by Assistant Secretary of State Philip Coombs has been studying this possibility. Copies of their preliminary reports have been delivered to Mr. Richard Goodwin.

Let me pay special tribute to the effective cooperation and support of Assistant Secretary of the Treasury John M. Leddy and Assistant Secretary of Defense Haydn Williams. We are indebted to both for their wisdom and unstinting effort.

With the discharge of the Task Force, my own assignment comes to an end. Please feel free to call on me if at any time hereafter I can be of assistance.

Respectfully yours,

A.A. Berle^{/3/}

^{/3/}Printed from a copy that bears this typed signature.

Enclosure

REPORT OF THE PRESIDENT'S TASK FORCE ON LATIN AMERICA

I report herewith on the operations of the President's Task Force on Latin America. Being a task force and not a committee, this report is made on my responsibility as Chairman. Though a small hard core of individuals were continuously members of the Task Force, others were added for specific problems, so that its personnel varied with the problems encountered.

As stated at its first meeting,

"the Task Force is an action and not a study group, acting under the direction of the Secretary of State and the President. The Task Force does not supersede the Bureau of Inter-American Affairs which remains responsible for foreign policy operations with respect to Latin America."

Its function was to assure that urgent problems were brought to the attention of the Secretary of State and through him or at his direction to the President, and to expedite action in accordance with decisions taken.

The Task Force held its first meeting on February 2, 1961. It has met regularly thereafter at intervals of two weeks. Informal sub-groups reporting to it have worked on aspects of the chief matters under consideration, and on a number of special questions.

From the outset it was assumed that the Task Force would not be permanent. It was designed to deal with problems raised by transition from the previous to the present Administration, and by certain substantial changes in Latin American policy attendant upon its entrance, and to coordinate action on them.

The most important single function, as it has been the most important single result, of the Task Force activities has been to focus attention on the importance of Latin America to the United States, on the urgent nature of its problems, and on assuring that these problems receive prompt and adequate consideration. This appears to have happened. The inter-American world no longer considers Latin America as a stepchild of American official thinking.

A number of substantial tasks, some of them of emergency nature, required immediate action. The more important of these were:

1. *Securing legislation appropriating \$500 million to implement commitments made by the Government of the United States at the Conference of Bogota held on September 5-14, 1960.*

Members of the Task Force, notably Professor Lincoln Gordon, Assistant Secretary of the Treasury John Leddy and myself, under supervision of the Secretary of State and the Secretary of the Treasury, made the presentation in behalf of this legislation before the committees of the House of Representatives and the Senate, respectively. The appropriation was passed by the House of Representatives on April 25, 1961, by the Senate on May 9, 1961, and became law on May 27, 1961.^{/4/}

^{/4/}75 Stat. 86, P.L. 87-41.

2. *Financial assistance to Brazil.*

The financial condition of Brazil when President Janio Quadros assumed office and took over administration of its government on February 1, 1961, was under strain. The Task Force proposed initiation of financial aid to that government, both in the form of a possible emergency loan (which later proved unnecessary) and recommended negotiations looking toward readjustment of Brazil's external debt, together with additional financing so that it might more readily normalize its economic condition. This proved to be a large job. The figures are somewhat misleading, since the large portion of the financing involved rescheduling of already outstanding loans due to the United States and to American banks, rather than new money. A group was constituted, functioning under the Secretary of the Treasury, headed by Assistant Secretary Leddy. The operation, so far as it related directly to the United States, comprised \$338 million of new financing, and rescheduling of \$559 million of outstanding debt due to the Export-Import Bank, the International Monetary Fund and American banks. Assistance was also given in rescheduling Brazilian debt outstanding in Europe and elsewhere amounting to nearly \$300 million, and in securing certain European credits. This is being concluded now.

3. *Financial assistance to Venezuela.*

A somewhat similar problem was presented by the request of the Venezuelan government for financial assistance. The Task Force agreed that prompt attention should be given to the Venezuelan request. A group was constituted for that purpose. This task has been completed in substantial part and the emergency phase of this assistance has been taken care of. Certain additional phases, more especially the financing of projects which will tend to relieve the burden of unemployment in and about Caracas and at the same time strengthen the social-economic conditions in Venezuela are moving forward in channels.

4. *Expediting Colombian projects.*

The Task Force considered certain economic projects of social and military importance previously agreed upon with the government of Colombia but which had encountered difficulties in execution. Obstacles were overcome. Arrangements in respect of certain of them were expedited, and they are being or have been carried out.

5. *Latin American defense policy.*

The Task Force has had for consideration a redraft of the paper covering United States defense policy in respect of Latin America. This involved preparation of a new paper for submission to the President through the National Security Council. The Department of Defense, represented on the Task Force by the Assistant Secretary of Defense, Mr. Haydn Williams, undertook to prepare such a draft—a substantial piece of work. This was done; concurrence of the interested agencies was secured; the draft was approved by the Task Force on May 19, 1961 and through the Department of State has been forwarded to the National Security Council.^{/5/}

^{/5/}Reference is to a paper entitled "U.S. Policy for the Security of Latin America in the Sixties." (Department of State, Latin America Task Force Files: Lot 61 D 298, Task Force Materials including Basic Documents)

6. *The Bolivian economic situation.*

The Task Force considered the situation in Bolivia whose economic situation had become precarious with attendant political problems. Informally the Task Force stimulated decision to organize a special interdepartmental group to deal immediately with that problem, comprising the representatives of the various interested agencies. The group was constituted, went to Bolivia, worked out a program, returned, and the program in large measure has already been implemented. Full implementation will follow in due course, conditions in Bolivia permitting.

7. *Communist bloc offers to Latin American countries.*

The Task Force considered a suggestion that the United States cease to discourage Latin American governments from accepting preferred Soviet economic aid. After examination, the Task Force recommended no change in current policy of dealing with each of these situations on its merits.

8. *The 11th Inter-American Conference.*

The 11th regular Inter-American Conference was scheduled to have been held at Quito, Ecuador, on May 24, 1961. It was, however, clear that substantial sentiment existed among Latin American governments for postponement, certainly until after the Special Meeting of the Inter-American Economic and Social Council proposed by the Government of the United States. Taken on the initiative of a number of Latin American governments, the situation was resolved by action of the Organization of American States in favor of postponement of the conference.

The foregoing list scarcely reflects the amount of patient, difficult and devoted work required to bring these affairs to conclusion within the comparatively short period of five months. Trips to Latin America were carried out by four members of the Task Force.

In addition to these matters (which are either concluded or in such shape that they will be concluded in due course), the Task Force has considered and recommended action on a number of other less extensive problems of significant importance. In a number of these, action was secured.

9. Education-information-propaganda: an unfinished task.

The Task Force has under study and consideration one subject of major importance, namely, expansion to adequate proportions of the United States education-information-propaganda-cultural program and facilities in Latin America.

Criticism of existing agencies is not here implied. They work with the money and tools given them. But there is general agreement (shared by the agencies themselves) that the present program is inadequate, and that its various elements have tended to become disparate. Its extent should be increased; and its depth of impact must be intensified. Under current conditions, probably its conception needs to be changed. An adequate program must develop the Western World thesis of political, economic and social progress under freedom; must demonstrate how this is done; must educate students in its theory and practice; must produce substantial numbers of men and women in each country in each year trained to carry theory into practice; must create a climate through mass media supporting the development of a socially effective free society.

Low priced books and educational materials at high school and university levels must be provided. Expanded contact must be developed with student groups from high school through university. Mass media must support the Western World thesis and the many Latin American parties, organizations and groups of men who hold that thesis and are endeavoring to give it reality.

American effort must compete with and defend against a Communist-bloc program presently organized, and operating on a scale approximately seven times that of current United States efforts, measured by comparative expenditures. (All United States agencies combined spend about \$15 million. The Communist-bloc countries are spending in the neighborhood of \$100 million.) In many Latin American countries the stratum of intellectuals and politically conscious people is narrow. Communist-bloc educational and propaganda agencies thus can infiltrate educational systems, select groups for special training, and over-run the intellectually conscious life of the less developed countries. Absent any other system, by providing a few hundred or (as planned in the case of Brazil) a few thousand trained Communists each year, the Communist-bloc effort can, after a few years of operation, virtually take over the functioning of the country. Underdeveloped countries with adequate educational systems are ready targets for this kind of imperialism. There is no reason why a vacuum should be left to be filled by our enemies.

Development of a plan for an education-information-propaganda organization, and outlining legislation to make it effective, will take some time. The subject ranks with that of political or military defense. I believe it goes beyond the function of the Task Force. I therefore suggest that a special White House-sponsored group be constituted to take it over.

A final word. It must be taken as personal.

The present struggle will not be won, and can be lost, by opportunist support of transitory power-holders or forces whose objectives are basically hostile to the peoples they dominate. Success of the American effort in Latin America requires that at all times its policy be based on clear, consistent, moral democratic principles. I do not see that any other policy can be accepted or indeed stands any real chance of ultimate success. The forces sweeping Latin America today demand progress, and a better life for the masses of their people, through evolution if possible, or through revolution if that price must be paid. A preponderance of these forces want the resulting forms to provide liberty, rejecting tyranny whether from the right or from the left. This deep current corresponds to the principles outlined in the President's speech of March 13, 1961, elaborating the "Alliance for Progress."

Respectfully submitted,

Adolf A. Berle/6/
Chairman
Task Force on Latin America

/6/Printed from a copy that indicates Berle signed the original.

17. Memorandum From the Under Secretary of State (Bowles) to Secretary of State Rusk/1/

Washington, July 25, 1961.

/1/Source: Department of State, Central Files, 371.8/7-2561. Official Use Only. Copies were distributed to Woodward, Goodwin, and Schlesinger.

SUBJECT
The Montevideo Conference

I am concerned lest the momentum generated by the Act of Bogota and the Alliance for Progress be dissipated by a conference at Montevideo which is so heavily dedicated to financial and technical measures that the human element gets lost in the shuffle.

Expectations are very high in Latin America. Yet if the primary test of the Alliance's success is to be the number of dollars that are made available by the U.S.A. we may end up with every country dissatisfied with its share of our necessarily limited funds.

Since our financial capabilities are not inexhaustible, we must seek constantly to identify the United States with other less costly aspects of the process of economic and social change which are of equal or even greater importance to the development of prosperous, stable, democratic societies.

It seems to me, speaking in the most general terms, that we can identify three major elements in the development complex where we can be most effective.

The first of these is providing resources for economic growth. We have many instruments for doing this, most of which are expensive. Moreover, massive investments in infrastructure and industrial facilities, essential though we know them to be, may in fact create additional tensions within a society by failing to meet immediate consumer expectations and by increasing the disparity between the wealthy and the poor.

Greater emphasis, therefore, should be applied to bringing about basic reforms in the distribution of wealth. This means promoting social justice through changes in tax systems, land tenure patterns, credit arrangements, which in addition to their obvious political implications, can help release domestic resources and talents for more productive utilization.

For the United States this is a dramatic, necessary and yet virtually costless exercise. Moreover, such reforms will make sense to the American people because they stem from such well-accepted convictions as to the proper nature of society as that a man should own his land and home and that the burden of taxation should be distributed on the basis of ability to pay. Sometimes there are suggestions that pushing for social reform abroad means espousing some "radical", un-American doctrine; in fact quite the opposite is true.

A third area where we can assist, also at relatively little financial expense, is in promoting the welfare of the rural areas, where 70% of the people of Latin America live. An integrated approach to rural poverty through extension services, cooperatives, land reform, self-help schools, roads, and so forth, can yield an enormous return not only in better living conditions but in the immeasurable elements of hope and self respect which are the strongest bulwarks against Castro-Communism. Yet for all of Northeast Brazil, probably the most poverty-stricken part of Latin America, the dollar needs are estimated at only \$76 million over the next five years.

Integration, it seems to me, must be the essential element of our efforts to stimulate rural development not only in Latin America but throughout the underdeveloped world. I have drafted a memorandum/2/ (now being circulated for comment within the Department) which discusses this coordinated approach and suggests ways in which it can be furthered. A firm expression of our interest along these lines would not be amiss at the Punta del Este meeting.

/2/Not found.

I hope that our delegation to Montevideo will bear constantly in mind these three inter-related aspects of United States involvement in Latin American economic and social progress and will lose no opportunity to reemphasize our concern with the last two elements as well as the first. It will help re-inspire many of our Latin American friends as well as reassure our own citizens that "foreign aid" need not consist solely of an ever-increasing stream of dollars.

18. Memorandum From Secretary of the Treasury Dillon to President Kennedy/1/

Washington, August 1, 1961.

/1/Source: Kennedy Library, National Security Files, Trips and Conference Series, Montevideo, August 1961. Official Use Only.

SUBJECT
IA-ECOSOC Conference at Montevideo

Our preparations for this Conference have now been completed.

Our major objective will be to reach a comprehensive inter-American agreement along the lines of the draft "Accord Establishing an Alliance for Progress," with which you are familiar.

Preliminary reactions to our draft Accord from a number of Latin American countries, including Brazil, Mexico and the Central Americans indicate a strong desire to include in the Accord chapters on Basic Primary Products and Economic Integration. We can agree to this, depending on the nature of the commitments.

The main substantive problems I foresee at the Conference are these:

(1) There is strong Latin American support for a U.S. commitment to arrangements to provide compensatory financing to offset price declines for Latin American exports. A specific plan—costing \$1 billion, of which not more than \$200 million could come from Latin America—was put forward by the OAS group of experts which prepared the documentation for the Conference. Apart from its initial cost, we do not yet know whether a plan like this could work on a self-sustaining basis—i.e., without degenerating into a scheme for repeated injections of each. Hence, we can express interest in the plan and agree to study it, but my present feeling is that we must resist accepting the plan in principle until further study is made.

(2) The Argentines have urged U.S. financial support for a regional fund to permit the Latin Americans to extend export guarantees to promote their exports to each other, particularly of capital equipment (some of which Argentina produces) and other manufactures. This particular kind of financing would be very hard for Congress to swallow, since we would, in effect, be subsidizing Latin American exports in direct competition with our own exports. We would have less difficulty with arrangements whereby the Latin Americans themselves provided export financing as a part of their over-all development programs, with U.S. assistance being related to these programs as a whole rather than to the export financing aspect. It is not clear how far the other Latin Americans will support the Argentine proposals since they are only of interest to those few countries with some capacity to export manufactured goods.

(3) A number of countries have raised questions about the proposal for an Export Committee on Development to evaluate individual development programs, a proposal which we are supporting. Argentina has strongly opposed the idea and Mexico has urged the Committee not be "compulsory." The fear expressed is that the Committee would represent interferences with national sovereignty. This, of course, would not be the case and I suspect that the real reason for opposition to the Committee is the belief that the United States will really use it in order to assure adequate self-help efforts on the part of recipient nations, just as we now rely on the IMF to induce countries to adopt satisfactory fiscal and monetary measures, I am confident that some useful machinery can be agreed upon but we will have to make concessions of form.

(4) The Latin Americans will want from us a much stronger statement on U.S. public assistance to their development than it is possible to provide in the formal language of the draft Accord. Accordingly, I propose in my major statement to include language along the following lines: In the first 12 months following the invitation by President Kennedy to join in an Alliance for Progress, we foresee public U.S. assistance to Latin America exceeding \$1 billion—more than three times the amount for 1960 and more than double the average for 1950-60. It is not possible to predict a precise range of assistance for future years since this will vitally depend on efforts of the Latin American countries themselves in preparing and executing effective development programs. However, I wish to reaffirm and re-emphasize the pledge of President Kennedy that if the Latin Americans are ready to do their part, then the U.S. would help to provide resources of a scope and magnitude sufficient to make this bold development program a success—just as the U.S. helped to provide the resources adequate to help rebuild the economies of Western Europe. As the President stated, "only an effort of towering dimensions can ensure fulfillment of our plan for a decade of progress."

A statement on these lines would square with ICA projections of U.S. public assistance to Latin America and is acceptable to Secretary Rusk.

Undoubtedly many other problems will arise in the course of the meeting, but these are the principal ones which can now be foreseen.

I have discussed our approach to the Montevideo Conference, including the foregoing points, with the House Foreign Affairs and Senate Foreign Relations Committees. They appeared to be entirely satisfied.

Douglas Dillon/2/

/2/Printed from a copy that indicates Dillon signed the original.

19. Editorial Note

The extraordinary meeting of the Inter-American Economic and Social Council convened in Punta del Este on August 5, 1961. The United States delegation was led by Secretary of the Treasury C. Douglas Dillon. At the meeting's opening session, Robert A. Conrads, Assistant Secretary General of the Conference, read a message from President Kennedy that reiterated the commitment of the United States to the Alliance for Progress and hemispheric development. For text, see *Public Papers of the Presidents of the United States: John F. Kennedy, 1961*, pages 548-549.

20. Telegram From the Embassy in Uruguay to the Department of State/1/

Montevideo, August 6, 1961, 8 p.m.

/1/Source: Kennedy Library, National Security Files, Trips and Conference Series, Montevideo, August 1961. Confidential; Niac; Eyes Only. A marginal notation indicates that the President saw it.

100. IA-ECOSOC.

"Dear Mr. President:

Opening day of conference went well. We have had full talks with Brazil, Uruguay, Argentina, Chile and Peru and shorter talks with others. Single overriding preoccupation of all is extent of US commitment. Latins point out they must take drastic steps in tax reform and land reform and devote more funds to development. This process will be greatly facilitated if they can feel confident that once they have done their part adequate foreign aid will be available. Your statement was most helpful in this regard and was very well received. I will have to go as far as possible Monday in indicating magnitude of long range availabilities of aid, assuming necessary steps by Latins. If Latins can be reasonably satisfied on this point, other difficulties will rapidly fade away./2/

/2/In his August 5 address, Secretary Dillon announced that the United States would allocate at least \$1 billion in development assistance to Latin America during the first year of the Alliance for Progress. The text of the address is in Department of State *Bulletin*, August 28, 1961, pp. 356-360. According to telegram 110 from Montevideo, the address was "received by large audience with prolonged applause." (Department of State, Central Files, 371.8/8-861)

Guevara so far has not done well. In private session he made strong attack on Beltran for mentioning Alliance for Progress favorably and further declared that Cuba was non-Christian, atheistic government and therefore it improper to refer to religion in conference speeches. This did not go down well with anybody. Unfortunately press is playing him up. Example was inaccurate story of our arrival at Montevideo where pro-Castro crowd numbered not more than 500 at outside despite free bus transportation from town. Communists had hoped for 5,000 and result considered by Uruguayan Government as evidence sharp decline in Castro prestige. Guevara reportedly has thirty resolutions to introduce. We will see.

We have agreed to work closely with Brazil, Argentina, Chile, and Peru in preparing draft for final act. Committee work starts Wednesday and should finish Friday or Saturday. I have been asked by Frondizi to call on him in Buenos Aires. Am planning to fly over Thursday with Alemann. Feel this is wise in order to balance off talk with Quadros.

While Haedo still very much hopes you can visit conference at end, as he said in his telegram to you, other delegations have not mentioned matter and seem to be fully satisfied with your decision. Although a visit by you would naturally be well received by all delegations, I do not as of now see any reason for change in original decision.

Faithfully yours,

Douglas"

Sparks

21. Telegram From the Embassy in Uruguay to the Department of State/1/

Montevideo, August 9, 1961, 9 a.m.

/1/Source: Kennedy Library, National Security Files, Trips and Conference Series, Montevideo, August 1961. Official Use Only. Repeated to Caracas.

113. IA-ECOSOC. Guevara, Cuban delegate, in speech today read from documents apparently purloined in Caracas. Photostats were later circulated all delegates with Spanish translations accompanying.

Documents were (1) office memo of 12 June 1961 to Ambassador Moscoso from Irving Tragen and Robert Cox via John Gates classified Official Use Only./2/ and (2) INR contribution to NIE 80/90-61 "Latin American Reactions to Developments in and with Respect to Cuba" classified Secret./3/

/2/For text, see telegram 117 from Montevideo, August 9. (Department of State, Central Files, 731.5-MSP/8-961)

/3/Dated July 18. (Central Intelligence Agency Files, Job 79-R01012A, ODDI Registry)

Guevara read first paragraph page three of first document on Venezuelan administrative defects and most of penultimate paragraph on severe choices to be faced by oligarchy. He said [read?] extensively from other document.

Document well prepared and reflects sincere interest of US in LA development although nationalistic sentiments will be offended by extent to which US participation in widespread improvements is suggested.

Venezuelans will be irritated by "constructive criticism" but we do not anticipate significant adverse effects. Dillon seeing Venezuelans August 9. Revelation of other document does no harm.

Sparks

22. Telegram From the Embassy in Uruguay to the Department of State/1/

Montevideo, August 9, 1961, 9 p.m.

[/1/Source: Department of State, Central Files, 371.8/8-961. Secret; Priority.](#)

123. Please deliver following message to President:

"Dear Mr. President:

Guevara speech was masterful presentation of Communist point of view. He clearly identified Cuba as full-fledged member of bloc talking of our 'sister Socialist Republic.' Since he attacked Alliance for Progress in its entirety and everything conference is trying to do, he made little substantive impression on delegates. However, he was aiming over their heads at people of Latin America, and we cannot from here estimate how successful he was in this effort.

Since Guevara speech frankly political and so characterized by him and since conference chairman has requested all delegates to avoid political comments and stick to business we do not feel it proper to dignify Guevara performance by entering into argument with him here. What State Department may care to say in answer to Guevara is another matter which I think should depend on reaction to his speech throughout hemisphere. I have, however, put out statement designed to bolster Betancourt re document from our Embassy in Venezuela./2/ This statement prepared in collaboration with Venezuelan delegation and at their request. They view publication of document as Cuban attempt to undermine Betancourt at home.

[/2/See Document 21.](#)

Effect of my speech on delegates has been generally very good. Sole exception was Argentina which annoyed at lack of mention of programs for Argentine meat and wheat. We have reached agreement on preliminary draft of final act which has been submitted to conference under sponsorship Argentina, Brazil, Chile, Mexico and Peru. Draft does not contain chapter on commodities or integration which being worked on separately. So far no real problems in sight. Expect that in due course and after disposing of numerous suggested resolutions, including many from Cuba, main document will be approved by 20 to 1 vote. All statements made to plenary session friendly to us except possibly Ecuador. Conference schedule calls for working parties to meet during next three days with general committee of whole convening on Saturday to consider reports of committees and draft final act.

Faithfully yours,

Douglas Dillon"

Sparks

23. Telegram From the Embassy in Uruguay to the Department of State/1/

Montevideo, August 9, 1961, 11 p.m.

[/1/Source: Department of State, Central Files, 371.8/8-961. Secret; Niact.](#)

126. Please transmit following message to President:

"Dear Mr. President:

We have noted some feeling among smaller countries that Brazil and Argentina are working together to dominate conference. There is also some concern that my stop in Brasilia and my visit tomorrow with Frondizi are an indication that US is aiding and abetting this effort. Chilean Minister strongly urged that I stop in some other capital, not necessarily Santiago, on way back to Washington and that this be announced before conference ends.

I think there is considerable merit in Chilean suggestion. Most convenient stop over would be Caracas, which could substitute for planned overnight at Ramey. In view of document affair such a stop might be particularly useful. Accordingly, after talking matter over with Woodward who fully concurs I told Mayobre that if Venezuelan Government felt it would be helpful I would be glad to stop overnight at Caracas on way home, visiting with Betancourt that night and/or following morning. Mayobre thought this a fine idea and said he would consult his government and let me know. Had one hour meeting with Venezuelans who expressed great appreciation for our prompt action in putting out statement re document. In addition to Venezuelans and those mentioned in earlier message have now had full scale meetings with Mexico and Colombia.

Faithfully yours,

Douglas Dillon"

Sparks

24. Telegram From the Embassy in Uruguay to the Department of State/1/

Montevideo, August 9, 1961.

[/1/Source: Kennedy Library, National Security Files, Trips and Conference Series, Montevideo, August 1961. Unclassified.](#)

124. In Committee Two today Cuba (Guevara) made clear its desire have Montevideo Treaty discussed as of interest to non signatories considering joining Common Market. Noted Cuba isolated economically from Latin American countries by special circumstances but had factories which could expand production if free to export. Cuba and trading partners could benefit by economic specialization and exchange. However without guarantees against economic boycotts specialization would entail risk Cuba hurt by such boycott. Hence Cuba would insist on guarantees against economic aggression. Under the economic integration agreement (LAFTA) there should be according Guevara provision for long term contracts as safeguard against: (a) interruption of trade as result political pressure and (b) planned production in excess of amounts that could be sold [sic] wanted fundamental discussion here of expansion such exchanges between Cuba and Latin America countries especially those in LAFTA.

Sparks

[Return to This Volume Home Page](#) [BACK TO TOP](#)