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THE WHITE HOUSE
WASHINGTON

June 9, 1967

Walt -

Covey Oliver wanted you to know
about this address which he made
on Wednesday.

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"Institution-Building and the Alliance for Progress"

An Address by Ambassador Covey T. Oliver,
Assistant Secretary of State-designate
for Inter-American Affairs

At the
WORLD AFFAIRS COUNCIL
Philadelphia, Pennsylvania
June 7, 1967

I am delighted to have this opportunity to share with my fellow members of the World Affairs Council of Philadelphia a few thoughts on Latin American development and the Alliance for Progress.

When we think of Latin America and the Alliance, the characterizing word is "change" -- urgent, basic, needed "change." The Alliance was created to answer the needs of swiftly changing times, and indeed the Alliance already has been the engine for vast and sweeping changes in this Hemisphere.

Sometimes, changes are completely unexpected: when, on May 16, 1967, I accepted the invitation to talk here, I certainly did not foresee the rather substantial change that has since occurred in my own relationship with Latin America!

The nature of the change between my former professional responsibilities and my new official ones recalls to my mind an experience of more than twenty years ago, when I was a member of the American delegation at the Paris Peace Conference. During one session, I, as a government "expert," sat directly behind a distinguished Congressional member of that delegation, Senator Arthur Vandenberg. The

Soviet bloc was blocking. There were long speeches repeating endlessly the same dreary Marxistese (we were just learning how dully repetitive the Red delegates could be). During most of the long, boring, irritating session Senator Vandenberg, smoking cigar after cigar, listened quietly and kept his pencil moving -- working on an elaborate doodle of the Great Seal of the United States, with fine draftsmanship and beautiful shadings. As the session droned on, the Senator finally pushed his chair back, and as he rose to his great height to leave, briefly turned to me and said, "Young man, life was a lot simpler for me when I was an isolationist."

Life was simpler for me as a professor speaking on what ought to be done about development than ever it will be as U.S. Coordinator of the Alliance, trying actually to get things done.

But I look forward to these new duties with optimism and with sober awareness of our country's interests and opportunities in helping the New World to become a better place for all its people to live in. It has been my good fortune to have spent some memorable years in various roles in the Alliance area and to have worked closely with our good neighbors to the South. I am happy that so many of these good neighbors are also good friends, whose aspirations I believe I understand, whose views I respect, whose amistad - even cariño - I cherish.

Thus, with considerable development-oriented field experience with one of the larger AID programs, with familiarity with the languages and cultures of Alliance countries, with a firm belief in the need for development, I approach with a measure of confidence the big and difficult job of directing the United States' programs in support of the Alliance. So while there are ties that will always link me fraternally with this City and with the University, I could not have let go by this unexpected opportunity to return once again for awhile to Government service -- particularly at this time, when a spirit of change characterizes inter-American affairs.

It is clear that we are entering a new era in the Americas -- an era of renewal of expectations, of sighting new horizons, of moving on toward them. The Summit Meeting of the Presidents of America, focused world attention anew on the Alliance for Progress. It will stand historically as a milestone in Hemispheric history. It marks the turning point between what might be called the first phase of the Alliance, and this new, second phase we have now embarked upon in the "Decade of Urgency," as President Johnson has called it.

Standing where we are today, looking back to where we have been and ahead towards where we must go with the development, I see three phases of the Alliance for Progress:

First, there was the organization, mobilization, and correction (or "feed back") phase. The hemisphere had to agree on the nature of the problems and the goals of our Alliance. It had to mobilize its efforts - in money, manpower and will. But it also had to deal with serious distortions which impeded economic and social growth - rampant inflation that robbed middle and lower income groups of initiative, heavy debt burdens that could not be amortized with current income; currency, balance of payments and other difficulties that made economic and social growth almost impossible. These problems are still with us, but Latin America has a much better grip on them and they now seem manageable.

The adjustments which Latin American countries have made in the early years of the Alliance have been painful, demanding in personal and political courage. As I participated in the development and execution of Alliance policies from 1964 - 1966, I can attest that the task of development is not easy for them. But I can also attest that our neighbors truly want to better themselves in lasting and self-reliant ways. They are too much men and women attuned to human dignity to be satisfied with doles and relief. For them and for us the goals are the same, and we move together along the road to them, helping each other over the rough places. As we

travel this road, we come to places from which, across the valleys ahead, we also see the peaks we would attain, glimpsed suddenly in such splendor as not to be forgotten as we move on.

The Summit meeting was such a place on the road. There the Hemisphere's highest political leaders met, assessed our modest but encouraging progress, and gave direction for vigorous new steps forward.

Thus, to leave my metaphor, while we are still working in many places on the first phase of the Alliance, the Presidents clearly outlined both the second and third phases: a major effort on institution-building and concrete measures to achieve a Common Market by 1985.

While we should never lose sight of the ultimate goals tied to hemispheric unity, it is the new intermediate phase that I want to discuss with you.

Latin America has many dreams but probably none that its people more passionately seek to fulfill than those of democratic growth and social justice. We share that dream, for nothing is more precious to us than human dignity, the worthwhileness of the individual person as a child of God; free and democratic institutions; and, as our great Declaration bravely given in this City of Brotherly Love puts it, the pursuit of happiness.

We must, therefore, help create, strengthen, modify and build institutions that provide:

- the opportunity for all to share equitably in the cost of building their country with the assurance that their contributions are used wisely and honestly
- the opportunity for the farmer to own land, to obtain credit, and to market his production at fair prices

- the opportunity for youth to obtain an education and to make an intelligent and meaningful contribution to society while preparing also to lead it within short years
- the opportunity for the worker to get work and to be rewarded properly for his labor
- the opportunity for business to invest under just and equitable laws and earn fair returns
- the opportunity for all to stand equally before the law without fear or favor and to live out their years in peace, honor, and social effectiveness

Let me be specific: Improved productivity and greater monetary stability alone are not enough; there must be modernization of existing institutions and the development of new ones. Many of these changes there, as here, require state action -- legislation, law, public administration. There must be changes in distribution, in the processes for meeting the expectations of various groups in the social structure.

As we move into an intermediate stage of the Alliance, wherein human needs and hopes, institution-building, and modernization will be principal themes, we note with satisfaction that our Alliance-oriented operations in the first, or stability-seeking, phase have themselves had important relationships to social and politico-cultural goals. A good example is taxation. The development of fair, effective, and respected systems of taxation is a major objective of existing development programs in a number of countries. From one point of view, "Technical Assistance" is involved, as we have made available experts and tax technology. Technical Assistance is an original and still useful aspect of development help -- at one time the only civilian kind we offered to Latin-America. The "tax projects" are also related to

fiscal stability -- a short-range, or "precondition," goal -- and to a number of middle-phase goals, ranging from distributive justice to more local currency resources for social service budgets related to education, health, and the like.

We of the Alliance community have done and are doing well with "tax reform." Improved revenue-raising is a mutually recognized development objective. We all talk to each other (now through our experts mainly) about tax matters, and as to tax issues and ideas we deal with each other in ways that in a more traditional era would have been regarded as improper even for dialogue between different nations.

Land-reform is another example. Here we of North America have had to disabuse ourselves of our tendency to generalize about land-holding conditions as if they were the same throughout the rest of the Hemisphere, and we have had to reconsider some of our simplistic, though well-intentioned, notions about the per se virtues of small-holdings, regardless of their relationship to the subsistence needs of owners and to national productivity. But here again we have been working intimately with our neighbors; and as part of our programs to increase agricultural production the land-ownership, land-development, colonization problems are getting intelligent, frank and continuous attention.

Land utilization, on the other hand, is hardly in the realm of discourse between us. Regardless of who owns them, what should the good lands -- those that are capable of bountiful production of a wide range of crops -- be used for? What is the relationship of land utilization to nutrition and dietary habits; between governmental policies and incentives for increased agricultural production?

The Presidents called at Punta del Este for modernization of the conditions of rural life. It may be that much that needs to be done along lines I have just mentioned, can be

related to this Presidential support for further study and work. Additionally, in most countries there lie ahead:

- (a) the development of food processing and food storage
- (b) improved physical facilities for urban-rural exchanges of goods and services
- (c) institutional changes in the marketing process itself.

The first two of these are mainly the business of private enterprise, whose role in development is exceedingly important especially in this second stage of the development process. The international agencies and the United States can help with ideas, feasibility-study financing, and the supplying of marketing experts under Technical Assistance. Much of the capital, most of the risk-taking and innovating initiatives must come from the private sector, in a combination that is suitable to the times and the fair needs of all groups involved. Also, the United States seeks constructive opportunities to help in the financing of more cooperatives for both production and marketing, more agricultural credit mechanisms, and more private investment funds which can help agro-industry. President Johnson has stated he will seek new funds to help the modernization of agriculture in these ways.

The Program of Action agreed by the Presidents at Punta del Este emphasized the need for "multi-national infrastructure projects" as steps toward economic integration and the Common Market. One essential for modernization of the market process in Latin America is roads -- and more roads. Although water-way improvement is important in some countries, it is roads, from through highways to rural access routes, that is the greatest single need for increased velocity and efficiency in the exchange of goods and services within a country and, indeed, for export and regional trade improvement as well. Intensive road-building programs, moreover, give jobs to unskilled and semiskilled labor in countries where far too few of those seeking work can find it.

The International Bank for Reconstruction and Development has been doing laudable development work of this nature in particular countries. At the Summit, the Presidents endorsed the leading role of the Inter-American Development Bank in studying and financing multinational projects in such fields as transportation, telecommunications and hydroelectric power.

Institutional changes in the market process itself are parts of social change. This means that, first, attitudes and, ultimately, the legal order must guide the developing countries into modern patterns of distribution. In the developing countries there must be more awareness of free world experience with the "mix" between laissez-faire, enforced competition, countervailing power and public regulation that characterize developed free economies -- and societies -- today.

No single, all-countries, all-times, mechanical adjustment of public-private sector relationships is possible. Each country, each community, has to work out its own "mix." But for that to happen in the less-developed world there has to be (in that world) more awareness and evaluation of these problems than there has been. Note, for example, that unlike the Treaty of Rome creating the European Economic Community, neither the LAFTA nor the Central American Common Market arrangements deal with monopoly problems.

Does this mean that our AID missions in Latin America should become involved with "antitrust" in about the same manner as they have been with tax reform? My tentative view is that our bilateral involvement should be limited to developing a dialogue, giving information and sharing research techniques, because in this field (unlike taxation) there is now such a wide variety of models in developed country experience as to encourage caution in putting forward our own antitrust system as if we thought it the only approach to coping with restrictive trade practices and monopolies. But Latin America must assure competition in the national marketplace if the area is to develop and compete in world markets.

And we should consider more effective encouragement for cooperative and community development movements, because these are "of-the-people" programs that hold promise for wide popular involvement in all aspects of development -- social and political, as well as economic.

Institution-building is now a national process, and must eventually become a community process. The dynamism, the know-how, for social change, has to come from within the system. This means, above all, education of the decision-makers-to-be. All education is an Alliance goal, but good university education is an immediate, absolute necessity for the articulate, dissatisfied young people who through their own energies and frequently over very great difficulties have made their ways to the public universities of Latin America with eventual public leadership in mind. These public universities are, right now, turning out the decision-makers of tomorrow. They are the major civilian engines of social mobility in Latin America -- the only way a poor but energetic and determined young person can rise in society without joining the military services. Communists and other extremists know this quite well. The public universities are prime targets of the extremist elements. I consider public university betterment very urgent.

The greatest substantive needs of the universities as I now see them are (a) more full-time teachers, better trained and with more time to give to students, and (b) more extensive and more modern social studies curricula. Students should have opportunities to study and appraise all the roads to social justice, not just the illusory (and outdated) Marxist one. As a result of lack of information as to how societies really work in developed countries (including even the USSR), far too many young Latin Americans tend to choose some brand of "marxism" over free-world systems, which they mistakenly assume to be something these systems never

were -- completely dominated by heartless, mechanistic concepts of pure laissez-faire capitalism. The students should be led to inquiry: factual, scientific inquiry. The universities themselves should be enabled to undertake socio-cultural, self-discovery research projects (such as "attitude studies"), for greater understanding of how total development may occur.

Inter-American studies need almost everywhere in Latin America to be developed, especially now that economic unification is specifically foreseen. In universities in the United States, Latin American studies is a standard field for teaching and research, and President Johnson promised his colleagues at Punta del Este that he would seek further enlargement of university work here in this sector.

But for the future we all want, we must make sure that scholarly study and teaching of inter-American relations is truly a Hemisphere-wide matter, and not one confined to the United States.

University development along the lines that I have described should not be delayed until the country has "taken off" in the economic sense, thus being able to support the improvements needed out of increased social capital. Many of these should come sooner by additions to university operating budgets to support properly planned changes in teaching, curriculum, libraries, and research.

After some years as a universitarian, I know how delicate and difficult university changes involving faculty and courses can be! They will be so in Latin-America in part because in some quarters there is satisfaction with present ways of doing things. But every day there are more intelligent Latin-Americans coming to see that their universities must be modernized as to the substance of what they teach and how they teach it. In such a delicate area as this, a bilateral approach is not as promising as a transnational one, provided that the latter is vigorous, scientific, and effective. We must, all of us, look around for the right institution or institutions to spearhead the important work of university substantive modernization -- and if we do not find it (or them) among our existing hemispheric agencies, we must create one adequate to the task.

Latin-America cannot modernize democratically without modernized political leaders, administrators, businessmen. And the modernization of men should be mainly a national and regional process, not one that relies too heavily on sending the leader-to-be off to the United States or Europe to be educated, valuable though such experiences are. One danger of the latter course is that he might not come home -- the "brain drain" problem. Another is that he will not have lived through -- grown up intellectually with -- the change of his own country and thus be too remote from change under way when his generation assumes leadership.

As President Johnson has pointed out, there is no exact science of development yet. All of us in the Americas are learning development on the job. We have learned that hemispheric development is not a short-term matter, and our plans and policies have now recognized that it is not. We know that the Alliance, although it springs from past development operations elsewhere, has^a highly differentiated spirit and purpose -- very special neighborhood characteristics -- of its own. In this country, our appreciation of the special nature of the Alianza is visible in the broad,

bipartisan support the program has always had from Congress. Again, a welcome and significant development was the addition to the Foreign Assistance Act of 1966 of a section known as Title IX -- which directs that, as to the Alliance for Progress, "emphasis shall be placed on assuring maximum participation in the task of economic development on the part of the people of developing countries. . ."

As we enter a new phase of the Alliance for Progress, the spirit and mood of inter-American affairs is encouraging, exciting and challenging. The Presidents of America at Punta del Este laid out a wide-ranging but specific program of action, based on careful factual studies that required many months and high and dedicated talent.

All of us recognize--especially following the meeting of Presidents--that the burden of solving these problems falls mainly upon the Latin Americans themselves. The helping hand that we of the United States can and do offer represents only a small part of the effort required of the hemisphere if we are to move forward together towards the ultimate Alliance for Progress goal of bringing a better life to all the peoples of the Americas.

Throughout the Americas there is renewed activity, new confidence. Many and difficult are the tasks ahead of us. The war on poverty and underdevelopment in the neighborhood is not yet won. But the strategy for victory has been given to us by our Presidents. The challenge of great opportunity is before us. Let us all give in our respective ways the best we have to give.

As I approach my new role in a Great Emprise, I recall great words from a towering American figure, Justice Louis D. Brandeis:

"If we would guide by the light of Reason,
we must let our minds be bold."