

43
F
S
THE WHITE HOUSE
WASHINGTON

August 14, 1967

Mr. Rostow:

You should go over this State
draft on the Alliance before it goes
to the Speech Group to be put into
Presidential language.

BKS
Bromley Smith

Compress first three
pp.
W

3126

43a



DEPARTMENT OF STATE

WASHINGTON

CONFIDENTIAL

S/S 14072

August 14, 1967

MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSE

Subject: Draft Remarks for Observance of Sixth
Anniversary of the Alliance for Progress

The President has agreed to attend a reception at the Pan American Union on August 17 in observance of the Sixth Anniversary of the Alliance for Progress. He has also agreed to make a few appropriate remarks at that time to the Latin American students who won national essay contests on the Alliance for Progress. Enclosed are suggested remarks for this purpose.

Benjamin H. Read
Executive Secretary

Enclosure:

Suggested remarks

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By at NARA, Date 11-15-91

CONFIDENTIAL

Draft of Alliance Speech

The Sixth year of the Alliance for Progress has been one of stock-taking, of new directions, and of steady progress forward.

When we look at our Hemisphere day by day or even year by year, one can find events that give rise to deep pessimism or great optimism. There were those who predicted failure of our Alliance before its first birthday. There were many who thought that the economic and social development of the Hemisphere could be assured in a few years.

Both views were wide of the mark. Our own history has taught us that progress in the development of society is slow and difficult. Unfortunately, it is not always forward progress, and there are many who, for selfish or other reasons, resist forward advances.

But, if we who helped launch the Alliance made a mistake,

I am pleased that it was an error of too much optimism and enthusiasm. Some say we are trying to achieve too much. There could be no greater accolade than if they said of us that, in the service of man, we made no small plans.

I participated personally in the events of the last year. I am sobered by the problems but confident of the future. I take quiet satisfaction in the progress.

As we entered the 1960's, Latin America was experiencing the most serious difficulties. Inflation and deficit spending had all but stopped growth. Debt burdens had become almost intolerable. In the political frustration and social unrest borne of these conditions, no less than eight governments fell and the concept of democratic constitutional government suffered badly. So we had to correct the errors of the past while we tried to create the conditions for

economic and social growth and democratic government.

We have not solved all of the problems, and I do not expect that we will in the next five or ten years. But we have made a good beginning -- hope and confidence are replacing frustration and despair.

The Hemisphere now has a strategy for working together -- the Alliance for Progress. It is not perfect, because the nations that compose it are not perfect. But we are building strong institutions to help us with our work -- the Inter-American Bank and CIAP, the Inter-American Committee for the Alliance for Progress. We have begun to revitalize the Organization of American States so that it will better serve our common purposes. And we look forward to a stronger Central American Common Market, a reoriented Latin American Free Trade Association, and then a Latin American Common Market.

The record of the Sixth year of the Alliance is a good one.

Democratic government has been strengthened with all changes in governments in the last year taking place in accordance with constitutional processes. In fact, the stability of democratic government in Latin America, compared with other areas of the less-developed world, has been quite remarkable for the past three years.

Latin America's financial house is slowly but surely being put in order. No country sought debt re-negotiations with all of its major creditors in 1967. To be sure, there are some countries that are still trying to correct unwise borrowing practices of the 1950's, and a few still have the habit, but the overall record is heartening.

Inflation is being brought under control. Brazil has reduced a projected annual inflation rate of 140% in 1964 to a rate of 30% this year. Chile has reduced its inflation rate of over 38% in 1964 to about 17% in 1967. There are others such as Mexico who have maintained stable currencies for years. Much still needs to be done but the prospects for growth and development are much brighter than they have been for many years.

Latin America's trade continues to increase. It has grown at the compound rate of 5.7% a year over the last seven years.

Overall economic growth continues at a sound rate, although it is not all we would want. It has grown at the average rate of 2.3% over the last three years as

opposed to only 1% for the years 1961-63. It would have been much higher if we had not had to expend so much of our energy and resources correcting the distortions of the 1950's.

Latin American expenditures for military purposes continued to drop. Military expenditures as a percentage of total budgetary expenditures have declined since 1947 from over 23% to 12.7% in 1966. Latin America continues to spend less for military purposes than almost any other area of the world. Although Latin America is a leader in controlling military expenditures, more can be done. All of us have to do more if the Alliance for Progress is to achieve its goals. We intend to do our part.

The Congress is now nearing completion of action on an authorization to contribute an additional \$900,000,000 to the

Inter-American Bank. This will make it possible for the Bank to continue and expand its efforts to carry out multinational projects.

I have asked the Congress to provide some \$650 million during the current fiscal year for Alliance loans. We have asked for \$100 million more than utilized last year so that we can cooperate in Latin America's major effort to feed and educate its people. I am hopeful that the Congress will provide the full amount so that we can do our part to make the "good neighborhood" a better place in which to live.

Latin America has promised to create a common market by 1985. The members of the Latin American Free Trade Association will meet later this month in Asuncion to begin that process. We wish them well, and we stand ready to help as we promised at Punta del Este.

Thirteen prominent scientists from the United States and Latin America have been meeting in Washington to develop a program for strengthening science and technology in Latin American universities. I have asked the Congress to provide an additional \$10 million in technical assistance funds so that we can participate in this promising effort to strengthen education in the Hemisphere.

And now I would like to say a few words to these young people who have come from 14 member countries of the Alliance. I congratulate you as winners of the Alliance essay contest. You represent the youth of this Hemisphere. Over 50% of the population of Latin America is under 15 years of age.

In a few years the torch of the Alliance will pass to you. It will be for you to carry on the work that we have thus so far nobly advanced. You are now formulating your

ideas and ideals. Some of you will soon be in the councils of government or in other groups that make the decisions which will determine the destiny of this Hemisphere -- indeed of the whole world.

If we build well, you will inherit a Hemisphere at least twice as wealthy as it is today. There will be a Latin American Common Market that promises even higher levels of prosperity. Democratic government will be firmly rooted in functioning economic and political institutions.

You have the power now -- in your universities and secondary schools -- to help forge the Hemisphere of two decades from now. The choices are yours in Latin America even as they are for the young people of the United States.

Your education puts you in a privileged position.

You may use it to help others to build a hemisphere that

will be free, and healthy, and strong or you can put it at the service of those who preach violence and hate.

Cobble stones and rocks will build a highway or destroy windows, stores and automobiles.

Gasoline can be used to power machines or to make Molotov cocktails that burn and maim and kill.

Explosives can be used to make way for new roads and dams or to destroy what the hand of man has made.

Weapons can serve to protect the innocent and preserve the peace or to terrorize and kill.

The choice is yours -- and I know from your essays that you have chosen to help build a peaceful world in which man can prosper and grow in spirit and in truth. But it is not enough to choose. You must work and lead. For it is only those who carry the burdens of helping to build a free and prosperous

Hemisphere who are worthy of the honor of carrying the torch
of the Alliance.