

THE WHITE HOUSE
WASHINGTON

Mr. Bundy:

1. Here are the Alliance talking points which you may want to peddle.
2. I don't know if Mase is the right one. If he didn't like our action in the D.R. (I can't remember), he probably won't ^{like} pages 7+8.

CC

P.S. State has changed.

TALKING POINTS
The Alliance for Progress

1. Recently the hemisphere celebrated the fourth anniversary of the Alliance for Progress. As President Johnson stated in a ceremony marking the event: "This four years has been the greatest period of forward movement, progress and fruitful change that we have ever made in the history of the hemisphere."
2. Six years ago, the hemisphere confronted a critical choice: whether the unpostponable challenge of political, economic and social change in Latin America was to be by peaceful evolution or by violent revolution. The year 1959 marks a turning point in the history of Latin America and of inter-American relations. Two major developments stand out. The seizure of power by Castro in Cuba and the initiation of steps leading to the Alliance for Progress. Both of these events were concerned with the problem of change. They could have been and, indeed, many people hoped that they would be mutually reinforcing in carrying forward -- in freedom -- the great task of constructive reform so long delayed in Latin America. Instead, Castro chose to impose Marxism-Leninism on Cuba and did all within his power to promote the spread of this totalitarian system elsewhere in the region. The other 20 American Republics joined at Punta del Este in August 1961 in opting for the peaceful and constructive evolutionary approach represented by the Act of Bogota and the Alliance for Progress.

To a considerable degree inter-American relations over the past six years have been determined by the competition between these two fundamentally

different approaches to the problem of change. The Cuban Revolution in 1959 had the potential for serving as a powerful, constructive force in the hemisphere's gargantuan task of reform and development. That it was not so directed by its leaders is one of the tragedies of our times.

3. The record of accomplishment between the two approaches to change speaks for itself. Castro has brought to Cuba political tyranny, economic stagnation and international subversion. The hemisphere has passed Cuba by. The Alliance -- the democratic option -- has opened up avenues of hope and progress, while safeguarding personal freedom and national independence.

Significant progress is being made in directing the pent-up demand for social, economic and political change into democratic, peaceful channels. One yardstick of this progress is the new attitudes of governments and peoples alike, brought about by the Alliance for Progress. The extent of this change in attitudes is demonstrated in a multitude of ways. Note the change of attitude on land reform. Ten years ago, there was strong opposition in ruling circles in most Latin American countries; now, profound changes in tenancy arrangements and other basic improvements in the conditions of rural life constitute key elements in the development programs of more than two-thirds of the Alliance members. Note the reforms aimed at making the tax system more equitable and more productive, including drastic sanctions for tax evasion; heavy fines and jail sentences have been undertaken in many countries in recent years that would have been unthinkable in the 1950's.

Note the contrast between the hostile reception accorded former Vice President Nixon in Peru and Venezuela some years ago with the warm welcome which our colleague Senator Fulbright received last month in Brazil and which Assistant Secretary of State Jack Vaughn received during the past two weeks on his visits to seven Alliance countries. Note the letters to President Johnson from President Castello Branco of Brazil, President Valencia of Colombia, and President Leoni of Venezuela, to congratulate him on his August 17 Alliance for Progress speech.

4. Another yardstick for progress is the economic growth figures and self-help measures of the Latin American countries.

a. The Inter-American Committee for the Alliance for Progress, reviewing the situation in July of this year, was able to look forward, for the second time in the last two years, to increases in the national income of Latin America in excess of the Alliance for Progress target of 2-1/2% per capita annual rate of growth. ✓

b. Ten of the member nations of the Alliance for Progress have submitted over-all development programs;

c. Fourteen Alliance members have undertaken major tax reforms and initiated land reforms;

d. In three major countries of South America -- Brazil, Chile, and Argentina -- encouraging progress is being made in fighting inflation, thus reconciling reform and economic development with greater internal and external financial stability;

e. In the first four years of the Alliance the Latin American nations

have mobilized more than five dollars of their internal resources for each dollar made available by the United States, primarily in the form of repayable loans;

f. The Central American republics have achieved a virtual customs union, as a result of which trade among these nations has increased five-fold since 1958 and their per capita national income has grown at the unprecedented rate of 7% per year.

5. Still another yardstick for progress is the ability to meet human needs, relieve suffering and fulfill the hopes of the common man. There is much evidence of tangible achievement in these fields:

a. 22 million people have been fed under Food for Peace programs, of whom 13 million were school children.

b. Over 20,000 new classrooms have been built, accommodating almost a million children, some 80,000 teachers trained, and more than 10 million textbooks produced under Alliance auspices.

c. Some 850 hospitals, health centers and mobile health units have been placed in operation, benefitting more than 11 million people.

d. More than 1,200 water and sewer systems have been constructed which by mid-1966 will benefit more than 27 million people.

e. About 330,000 new homes have been built providing decent shelter for almost 2 million people, many of them financed through Alliance-sponsored savings institutions.

f. Over 8,000 miles of road have been constructed, some of them opening up new productive areas for settlement, such as the northern part of Honduras, and others facilitating access to major markets for areas heretofore isolated.

g. More than a quarter of a million agricultural credit loans have been granted - in many cases to farmers who never before had access to either short or long term credit.

h. Within the past two years the number of credit unions has tripled and the number of members almost quadrupled, and

there has been a burgeoning of rural electrical cooperatives and other forms of cooperative enterprises.

i. The free labor movement has been strengthened through a variety of programs, including the training of union leaders in the principles and practices of free, democratic trade unionism and the guaranteeing by the U.S. Government of loans extended by U.S. union pension funds for the construction of workers' housing.

j. Private industrial development banks have been established under Alliance auspices in every Central American country, Panama and Ecuador.

6. But even more important than these tangible social and economic achievements have been the political effects of the Alliance. As President Johnson pointed out on August 17: "The banners of reform, of social justice, of economic progress have been seized by governments and by leaders and by parties throughout this hemisphere. Elections are fought and elections are won on the principles of the Alliance. And where once the light of hope flickered in very few places, today it burns in many nations. In the oppressed countryside and in the desperate slums, growing numbers of people know that far away in distant capitals -- under different slogans and with varying success -- their leaders are working to brighten their days and to ensure their dignity."

7. It is not coincidental that the marked economic, social and political progress in a number of Alliance countries such as Venezuela and Peru has been accompanied by an increase in terrorist activities initiated by

the Communists -- whether Havana, Peking, or Moscow oriented. Solid accomplishments of democratic governments are anathema to the Communists. They know that it diminishes their prospects for achieving power by legitimate means. This was most strikingly illustrated in the 1963 elections in Venezuela, which attracted an unprecedentedly high percentage of the electorate in the face of a determined terrorist campaign of disruption. It is a phenomenon worth noting that, as much as the Communists vent their verbal fury against military juntas, their most active terrorist campaigns have been launched precisely against those countries where there are progressive democratic governments such as in Venezuela and Peru.

8. In April of this year it appeared that the "democratic option" was about to be denied to the Dominican people. That this did not happen was due to the resolute measures undertaken by the United States and the Organization of American States. Following a long period of patient negotiations, a Provisional Government has taken office based on a broad consensus of the Dominican people who, as President Johnson said in his May 20 speech at Baylor University, "like the people of their sister republics do not want government by extremists of either the left or right." This new government is pledged to restore civic peace, begin the difficult task of physical and economic reconstruction, reform and development, and assure the holding of free elections within nine months. In reestablishing the "democratic option" for the Dominican people the United States and its sister republics of the Organization of American States have been pursuing one of the most fundamental objectives of the Alliance for Progress. The President made

this clear in his Alliance for Progress speech of August 17 when he said:

"It is fundamental to our Alliance that all of our nations should be free and that all of our people should be a part of that freedom. We have not yet achieved that for all of our countries, indeed for all the people of my own country. But that is our goal for this entire continent. And, however we build, the Alliance will not be a success until that is accomplished."

9. Without the profound changes in hemispheric public opinion and in the relationship between the United States and its Alliance partners, to which reference has been made, it would not have been possible to achieve the level of cooperation and coincidence of interest that was necessary for the solution of the Dominican crisis through the mechanism of the Organization of American States. Indeed, contrary to what was feared by many a few months ago, both the OAS and the Alliance are emerging stronger from the Dominican experience. For the first time an Inter-American Force has been established; the role of the Secretary-General of the OAS has been enhanced; and the OAS now stands ready to assist the Provisional Government, through the Alliance for Progress mechanisms, in planning the economic and social rehabilitation and reform measures needed in the Dominican Republic and in preparing for elections.

10. The OAS has made clear to the Dominican people and the Provisional Government that it is willing to help. The President has announced that, to meet the emergency needs of the new Provisional Government, the United States stands ready to provide up to \$20 million through the Organization of American States. This sum will help cover some of the essential

operating costs of the government and of key public enterprises, pending a normalization of revenue collections. It will also help finance emergency public works and rehabilitation of private industry and commerce. At the same time certain existing projects for longer term economic and social development will be reactivated and new programs started. The United States has been discussing with other members of the OAS how best to plan and coordinate the rehabilitation effort and hopes that other members of the OAS will be able to assist the Provisional Government.

11. The vitality of the Alliance for Progress was confirmed once more by the President in his fourth anniversary commemorative address of August 17. In that address the President re-emphasized the commitment of the United States, of his Administration, and of himself personally, to the political, economic and social objectives of Punta del Este. He made it clear that he views the Alliance, and particularly those aspects that touch the lives of individual human beings, as a counterpart of the Great Society here at home. "We must," he pointed out, "emphasize the needs of rural Latin America," for it is here where half the people of Latin America live in abject poverty and despair and it is here in the countryside that the foundations of a modern economy will finally be built. At the same time, he urged the members of the Alliance to direct greater efforts toward the provision of better housing, education, health and food which will benefit the people directly. "People," he said, "build a nation. And on those people, on their health and their knowledge and their faith; their participation and their sacrifice, rests the future of all of us and the future of all nations."

12. As the hemisphere plans for the second half of the Alliance for Progress decade, there is every reason to expect that the faith and the hope and the confidence which has been engendered during the first four years will continue to yeild the returns in material well-being and spiritual fulfillment which are essential to maintaining the peace and prosperity and freedom of the American community of nations.