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Authority NSC ltr. 12-2-74 ~~THE~~ WHITE HOUSE
By Wuu, NARS, Date 2-25-77 WASHINGTON

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September 10, 1964

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Your meeting with Latin American Ambassadors, Sept. 11

1. The Ambassadors will meet you in the Blue Room at noon. Additional guests will be the OAS Secretary General, Jose Mora; CIAP Chairman Carlos Sanz; President of the Inter-American Development Bank, Felipe Herrera; Secretary Rusk; Ambassador Bunker; Tom Mann; Walt Rostow; Angier Biddle Duke; William Rogers and Anthony Solomon, Tom Mann's AID and Economic deputies; Bob Sayre, and I. We hope you will lead off with a brief statement. You will be followed by Carlos Sanz of CIAP, and there will be a brief comment by Walt Rostow, and the discussion can pick up from there.

2. Our hope is that this meeting will concentrate on the Alliance for Progress, but your own talking points at the beginning can be a little more general, as follows:

(1) This is another in the series of meetings which you have had and hope to have with the Ambassadors of the hemisphere. One of your very first meetings with them was in November. You met them again in May. You met them in smaller groups in July. And now you meet them again in September.

(2) The last year has been a good one for the American Republics, and a bad one for the opponents of freedom. In one country after another the Communists and their supporters have been set back, and the devotion of free peoples to freedom has been demonstrated.

(3) At the same time the conspiratorial aggressions of Castro have been exposed and understood more widely than ever, and we have been able to take increasingly effective action together in the Organization of American States (the score is now 19 to 1 in the execution of that resolution, but you will want to avoid rudeness to Mexico).

(4) Cuba itself shows plainly the failure of Communism in action. Brutal repression of political opposition, the flight of more than 350,000 exiles, the growing economic confusion inside Cuba, all prove the falsity of Communist promises. The people of the hemisphere recognize Castroism more and more as the shabby failure that it is.

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(5) The Alliance for Progress is moving steadily forward. 16 countries have taken steps to improve their collection of taxes. Latin American countries are spending 25% more on public education than they did before the Alliance. 12 countries have introduced or passed agrarian reform laws. 12 have created new land reform institutions.

(6) American commitments under the Alliance are moving rapidly forward. We committed more in the first six months of 1964 than in the whole 12 months of 1963. The figures (if you want to use them) are:

	<u>1963</u>	<u>1964</u> (Jan. -Jul.)
AID	464.4	528.7
Eximbank	114.8	123.8
Food for Peace	217.8	192.1
Trust Fund	48.6	19.4
Peace Corps	<u>17.7</u>	<u>12.5</u>
	858.3	876.5

(7) In our private sector too there is renewed confidence in the future of Latin America. We have reversed a trend away from investment by Americans in the growth of the hemisphere so that in the first quarter of this year, for the first time since 1961, there was an increase in direct net investment of private American funds in the future of Latin America.

(8) Most important of all, we understand more and more our common commitment to progress and freedom, and our mutual obligation of loyalty and cooperation. The Alliance is on its way.

(9) But we all know that very large tasks remain, and your hope is that in frequent informal meetings like this we can work together to build the spirit which will sustain us in moving toward the necessary actions in all our countries.

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(10) At this point you might refer to the recent meeting of the Inter-American Committee for the Alliance -- CIAP -- in Mexico, and ask Chairman Sanz if he would like to comment on the work of this meeting and on the plans for the next meeting in Washington, October 18-28.

My second thought on this set of talking points is that we might usefully have it stenotyped and put it out informally afterwards. This will be against Tom Mann's own preference, but the more I think about it the more I believe that these sentiments are sound and popular and would be well received everywhere.

Attached at Tab A is a memorandum of background on some current Alliance problems to give you a flavor of what may come up.

Attached at Tab B is a rough draft of a possible toast which Busby is going to work over in the morning.

McG. B.

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TAB A.

75-1

The following points may arise in the discussions with the Ambassadors:

1. Latin America needs additional dollar capital.

Comment: This is not the most serious problem of the Alliance. The U.S. and international banks have provided about \$1.3 billion on the first six months of 1964. More could be done to attract foreign capital from the United States and Europe. This is up to the Latins. A greater effort could be made to get governmental assistance from European countries.

2. There is too much "red tape" connected with U.S. loans.

Comment: This complaint has some merit. Much of the red tape is imposed by law, e.g., the paperwork connected with the 50-50 shipping provisions. Another problem is our own policy decision to require U.S. procurement to protect our balance of payments. We impose some controls to avoid misuse of funds. We are making every effort to cut the "red tape."

A large problem is the poor performance of the Latins:

(a) Inadequate development of plans and projects. Except for the Mexicans, and maybe one or two others, the Latins tend to prepare only broad general proposals, and do a poor job on the engineering and feasibility studies for specific projects. The Central Americans, for example, are beginning their CIAP review today, without providing any plans at all to CIAP.

(b) The level of unused funds, which we have committed, is too high. We are continually criticized in Congress for asking for additional funds when loans go unutilized for one or two years.

(c) We have to work harder on developing and utilizing economic development institutions. The Latins have been slow in organizing farm credit and other institutions, because of resistance of existing institutions, but also because of a lack of good administrators.

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(d) Facilities constructed with loans are not adequately maintained and utilized. This extends from poorly maintained roads to unstaffed schools and hospitals.

3. The United States has not completed action on the International Coffee Agreement.

Comment: We are working hard on this and hope to get enabling legislation approved.

4. United States trade policy is hurting Latin America and is contrary to the Alliance. The Latins are particularly upset about quotas on meat, sugar, oil, and textiles.

Comment: We understand the close relationship between the Alliance and trade. We are conscious of Latin American interest and worked hard for, and believe we have achieved reasonably acceptable compromises on all of these commodities. We will continue to work for trade policies that will take into account Latin America interests.

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PROPOSED TOAST

TAB B

75-2

Four months ago I met with you on a similar occasion to talk about the Alliance -- both its successes and its shortcomings. At that time we signed agreements for projects worth \$40 million with 14 countries. We said we would attempt to double the pace of our efforts. In the first six months of 1964, loan commitments by the United States exceeded all commitments in 1963. So we have done much to double our effort, and I know your countries are doing the same.

When we started the Alliance in 1961, there were many doubters -- those of faint heart who thought we could not succeed. There were others who deliberately tried to make us fail. But we have left the doubters and obstructionists behind as we have surged forward in our constructive efforts. I sense a feeling of optimism among all of you that we will achieve our goals. Throughout this Hemisphere over the last year we have seen a peaceful revolution at work which has not only promised but delivered on social and economic progress within a framework of freedom.

We have begun. The task ahead is difficult, but not impossible if we continue to pull together, to remain steadfast to our objectives and our ideals.

So I propose a toast to the solidarity of our Republics; to the steadfastness of our purpose and to the success of our Alliance for Progress.

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THE WHITE HOUSE
WASHINGTON

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September 9, 1964

MEMORANDUM FOR

MR. BUNDY

SUBJECT: Latin America - Your Talk
with Joe Kraft

You wanted to be reminded to talk to Joe Kraft about progress in Latin America. This might be a good week to talk to him in view of the fact that the Chilean election is just behind us.

GC

Gordon Chase

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By chua, NARS, Date 2-25-77

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DEPARTMENT OF STATE
WASHINGTON

SEP 10 1964

MEMORANDUM FOR MR. McGEORGE BUNDY
THE WHITE HOUSE

SUBJECT: High-level Visits to Latin America

We have checked into the occasions which might call for high-level U. S. representation in Latin America during September and October and can find none. Robles will be inaugurated on October 1, but the Panamanian Government has made known its desire that the representation to the ceremony come from our Embassy in Panama. The next occasion is Frei's inauguration which takes place on November 3.

TCM
Thomas C. Mann
Assistant Secretary