

14
April 25, 1966

MEMORANDUM FOR HAYES REDMON

Hayes -

Attached is a copy of the rebuttal statement to the Republican National Committee Report on Latin American policy which I sent to John Criswell this morning.

William G. Bowdler

Attachment

4-23-66

8:15 p.m.

X 14a

TO: W. MARVIN WATSON

FROM: JAMES R. JONES

Joe Laitin said State Dept. should handle this at their 12 noon briefing Monday because all the play for Sunday has already been in print and it's not major enough to get good play at this hour in the Sunday papers.

Bob Fleming suggested that there be no special briefing, background or otherwise, but that we answer it if asked with the general answer that this is another partisan attack on non-partisan foreign affairs and we stand on our record.

Bowdler suggested that the DNC be given this information to answer the charges or let DNC get it to congressmen to answer this. He said this is the way State handled these when Bowdler was at State. Do you approve of Bowdler's suggestion?

yes ☒ no ☐

DNC
John
Browell

Copy of rebuttal state ment
sent to DNC - 4/25/66
jrj
WAB.

From the Desk of
MARVIN WATSON

14/2

In Answer to
AP 82

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 23, 1966

MEMORANDUM FOR MARVIN WATSON

SUBJECT: Rebuttal of Republican National Committee Statement
on Latin America

Attached is a suggested rebuttal statement to the Republican National Committee paper on our Latin American policy concerning which you spoke to Tom Mann. Both he and Linc Gordon have reviewed and approved it.

I am also enclosing the following backup documents:

Republican National Committee press release.
Republican National Committee report -- "Latin
America - United States Progress or Failure".
Rockefeller article in Foreign Affairs -- "What
Private Enterprise Means to Latin America".

WGB
William G. Bowdler

Enclosures

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Our policy in this hemisphere has been truly bipartisan almost since the founding of the Republic. This spirit was reflected most recently when the leadership on both sides of the aisle joined with the President on his visit to Mexico.

In recent years we have forged ahead in promoting and strengthening relationships in the hemisphere. Because we are commenting on a statement by the other party, it is only proper that we should note the contribution to our present hemispheric policy by President Eisenhower, his brother -- Milton Eisenhower, Douglas Dillon -- the former Secretary of the Treasury, and Robert Anderson -- also a former Secretary of the Treasury. The first three made significant contributions to building the policy now known as the Alliance for Progress. Robert Anderson is leading the negotiations with Panama.

Because of these outstanding contributions, the Coordinating Committee's statement comes as somewhat of a surprise. For it reads almost as if its writers had no appreciation of the great strides made in the last ten years. And it certainly looks as if its writers paid no attention to the trends of the last three years. So it would be well to look at the record.

With the help of the Alliance for Progress, Latin American overall economic growth is now going forward at a healthy rate -- about 6% annually. And even if one discounts the population growth rate, the per capita growth rate is still over 2.5%. While we would like to see more growth, this is hardly stagnation.

Latin American exports are growing at the rate of 3% per year and imports at the rate of 3.5%.

United States financial assistance to Latin America is now running at the rate of over \$1 billion annually. In Latin America the annual volume of national savings has increased by \$1.5 billion dollars.

In the words of the Inter-American Committee for the Alliance for Progress (CIAP):

"the basic factors of Latin American economic development during the last two years and the prospects for the coming year are encouraging."

On the social side, this Committee noted with satisfaction the widespread effort going forward to create institutions which finance social projects and private external assistance of at least \$160 million devoted almost entirely to social programs. Nevertheless,

CIAP added that the solution to social problems in Latin America -- as indeed it does in the United States -- depends fundamentally on the adoption of suitable tax and tax collection policies.

The Republican Committee's points on expanded educational efforts and cultural exchange are exactly in line with Administration policy and actions.

The Republican Committee's comments on military dictatorships reflect an almost complete disregard of the facts. The record shows that one of the most significant overall results in Latin America over the past year and a half from the Alliance for Progress has been the strengthening of democracy. For during this period there has not been a single case in which a democratically elected government has departed from office by other than constitutional means. Eight countries have held elections at the local or national level during the period and the results have been respected, even where the opposition candidates have won by narrow margins. Four of these elections occurred within the last two months and three others are scheduled in the next several months. In the Dominican Republic, where a few months ago some were saying an election was impossible, the prospects for free elections on June 1 are now good.

The Coordinating Committee makes essentially two other points: one on support for private enterprise, the other on Communism. In both cases, the Committee gives a distorted view of the problem and therefore the emphasis it is given and should be given in overall U.S. policy.

A much more balanced view on the relationship between the Alliance for Progress and private foreign investment was expressed in an excellent article by David Rockefeller in the April 1966 issue of Foreign Affairs. As pointed out by Mr. Rockefeller, recent performance on the private enterprise side has been relatively good. He notes that private foreign direct investment is increasing. If reinvested earnings of U.S. companies are counted together with direct investment flows from the U.S., the target of \$300,000,000 annually for such investment set in 1961 has been exceeded.

The issue of Communism has to be placed in its proper perspective. Certainly it is a problem. But the Administration continues to press forward, through its military and police assistance programs, its efforts to help the Latin American countries in strengthening their internal security capabilities. Recent successes by security forces in several countries against guerrilla and terrorist groups points up the growing effectiveness of these efforts.

As the President stated in his speech in Mexico City on April 15:

" . . . we believe the struggle for social justice and more efficient and equitable use of natural resources must be led by each country in its own behalf. My administration will not be deterred by those who tenaciously or selfishly cling to special privileges from the past. We will not be deterred by those who say that to risk change is to risk communism.

" . . . we do not wish to see communism spread in this hemisphere, but we believe that the threat to the liberty and independence of the Latin American peoples from communism cannot be met merely by force. We will continue to concentrate our assistance mainly in economic and social fields and to encourage our Latin American neighbors, where possible, to limit their outlays for military purposes. We are encouraged that democracy flourishes in countries such as Mexico where expenditures for education and development are high. "

We do not underestimate for a moment the significance of the Tri-Continental Conference that was held in Habana in January 1966. Cuba, the Soviet Union and Communist China clearly put the world on notice that Latin America is a prime target for subversive aggression. Democratic Latin America responded immediately and with vigor. The threat posed by the Tri-Continental Conference was immediately discussed within the Organization of American States and the American Republics put communist countries on notice that they would not tolerate

communist subversion in this hemisphere. The Latin American Republics also discussed the issue in the United Nations. In a letter to the Secretary General they brought out sharply the inconsistency between the pious approval by the Soviet Union and Cuba of a United Nations resolution on non-intervention and the openly interventionist activities of the Soviet and Cuban representatives at the Tri-Continental Conference. In sum, none of the free countries of the hemisphere have ignored the threat which the Tri-Continental Conference posed to freedom. At the same time, none of them intend to be deterred by this threat from the equally important work of the hemisphere, which is economic and social progress.

Council for Latin America

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September 10, 1965

The President
The White House
Washington 25, D. C.

Dear Mr. President:

In your recent commemoration of the fourth anniversary of the Alliance for Progress, you called attention to both the solid gains that have so far been accomplished and the formidable challenges that remain to be met under this commitment "to transform the life of an entire continent." It is my privilege and pleasure, Mr. President, to advise you that spokesmen for the leading private United States enterprises involved in inter-American trade and investment share your satisfaction with this initial progress and your concern for the even greater tasks that lie ahead.

The Executive Committee of the Council for Latin America, representing 175 United States corporations, has empowered me to express our joint support, in spirit and action, for the permanent goals of the Alliance — the extension, throughout this Hemisphere, of a viable and enduring climate for political, economic and social freedom.

Throughout the brief life of the Alliance for Progress, the private sector in the United States and the other American republics has played a creative role. Businessmen of the Americas have cooperated wholeheartedly with each other and with governmental and intergovernmental agencies in joint planning, in goal-setting, and in reforming public and private practices. As these reforms have taken root in Latin America, U. S. private enterprise has responded with rising levels of business investment, with broadened and more diversified reinvestment, and with intensified technical and managerial assistance to the private sector in Latin America. These cooperative efforts have begun to produce appreciable results. Fiscal and monetary stability have perceptibly improved. Productivity is rising. National incomes are increasing, on the average, and are more widely distributed. Social capital investments are expanding.

Yet much more needs to be done, as you have pointed out, Mr. President. High on the agenda for the immediate future are such problems as the expansion of markets and increased economic integration within Latin America, the expansion of trade and the stabilization of prices in Latin American primary-commodity exports, regional development of road and river systems and communications facilities, continental development of certain fundamental industries such as fertilizer and pesticides, diversification of agriculture and industries based on agriculture, and the more rapid expansion of both rural and urban housing.

In each of these high-priority areas, the private sector of the Americas has an increasingly decisive role and stake. This is both our opportunity and our responsibility -- to our shareholders, to our countries, and to the Hemisphere.

We pledge you, Mr. President, our continued dedication to these common goals, which are fundamental to the general welfare of the peoples of the Americas.

Sincerely,

David Rockefeller
Chairman



NEWS

RMS 14f
REPUBLICAN NATIONAL COMMITTEE

1625 EYE STREET, NORTHWEST, WASHINGTON, D. C. 20006

NATIONAL 8-6800



FOR RELEASE

SUNDAY AM's
April 24, 1966

REPUBLICAN COORDINATING COMMITTEE RECOMMENDS PROGRAM FOR LATIN AMERICA

The Republican Coordinating Committee recommended today a comprehensive program to deal with the problems of Latin America, including more intensive efforts to prevent the spread of Communism and economic policies which would stimulate lasting political and social progress through increased domestic and foreign private investment.

The program is included in a paper adopted by the Coordinating Committee at a meeting in Washington, D. C., March 28. The document was released today by Republican National Chairman Ray C. Bliss, presiding officer of the Coordinating Committee.

The paper was prepared for the Coordinating Committee by a Task Force on the Conduct of Foreign Relations, of which Robert C. Hill, former United States Ambassador to Mexico, is Chairman. Twenty-three recommendations are presented dealing with the political and economic problems confronting the Western Hemisphere.

Prefacing the paper is "A Letter to the American People," signed by Mr. Bliss, the Joint Republican Congressional Leadership, and the Republican Governors' Association.

Pointing out that in Latin America "economic, political and social justice for most people remains a dream rather than a reality," the letter

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emphasized that efforts to improve conditions will fail "without the marginal assistance, technological know-how, and capital of the more advanced countries.

"The Republican concept was and remains predicated upon an economy conducive to private enterprise. Vital social gains can only be financed by industrial development which provides a favorable climate for private investment. The Democratic Administration has persistently misunderstood this unique function of private investment both at home and abroad."

The letter noted that sole reliance upon internal reform is not enough to deal with the persistent problems besetting Latin America, and that if such reforms are to succeed "there must be cooperation from our Latin allies in combating covert as well as overt acts of Communist aggression throughout the hemisphere and decisive leadership from the United States."

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Jamaica
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Barbados
24
While Latin America consists of 20 independent nations, with the exception of Cuba, the letter pointed out, these nations "share a pattern of economic, political and social problems for which they seek common solutions in keeping with the fundamental values of their Hispanic culture."

The Coordinating Committee declared that "the Communist Afro-Asian Latin American Conference of solidarity held during January, 1964, in Havana demonstrated once again that Cuba, maintained by the Communist Bloc, constitutes a continuing major beachhead for subversion and guerrilla warfare throughout Latin America."

Commenting on "the failures" of Democratic policy, the Committee said the Administration's "vacillation has contributed to the deterioration of our relations with Latin America."

"It has not been effective," the Committee said, "in eliminating Communist subversion emanating from Cuba or in curtailing trade between Castro and our allies..."

"The Democratic Administration has bargained away our negotiating ability with Panama. The Coordinating Committee believes that if there is a second Canal that Hemispheric security rather than bilateral considerations should be the determining factor..."

"It has continued to suppress vital information concerning the Dominican revolt in order to submerge factional disputes within the Democratic party..."

"It has failed to provide leadership in building the OAS into a truly regional, collective security organization, thereby rendering the OAS ineffective in closing the 'collective security gap' in the Western Hemisphere."

In dealing with the political problems of the Western Hemisphere, the Republican Coordinating Committee urged the Johnson-Humphrey Administration to maintain pressure through the Organization of American States, the North Atlantic Treaty Organization and other free nations "to restrict existing trade between Castro and our allies and to further isolate and weaken Communist Cuba, politically and diplomatically."

"The United States," the Committee said, "must provide stronger leadership in the OAS if we are to achieve a truly regional and genuine collective security system for the Western Hemisphere. The Administration should continue to seek meaningful discussions looking towards a limited, ad hoc system for establishing peace keeping machinery under the OAS and should intensify efforts to encourage all independent countries in the Western Hemisphere to seek membership in the OAS. ✓

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"The Administration should act to strengthen the intention of military leaders holding interim power in certain Latin American nations to build an economic, political and social climate conducive to self-government and to move toward free elections and popular government at the local and national level with all possible dispatch."

*Abraham
Dove
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Turning to the economic problems of the Western Hemisphere the Coordinating Committee said relations of Latin America with the United States "have reached another critical stage."

"Economic progress in several Latin American countries, while significant over the past 20 years," the Committee commented, "is not advancing sufficiently to prevent economic stagnation, thus breeding political and social chaos...."

The Coordinating Committee pointed out that the Alliance for Progress has been in existence since mid-1961 "and has made commitments of almost \$5 billion to 19 Latin American countries."

"We call upon this Administration in the interest of efficient government," the Committee said, "to provide the American taxpayers with an audit on a country-by-country basis of the Alliance for Progress."

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Commenting on "the failures" of the Democratic Administration to provide adequate proposals to help solve the economic problems of the Hemisphere the Coordinating Committee said:

"It has consigned private investment, the admittedly vital ingredient for economic progress in Latin America, to a subordinate role under the Alliance for Progress. Paradoxically, by imposing 'voluntary restraints' upon the business community and curbing overseas investments, it has undermined the critical need for progress in Latin America. Moreover, private investment, while recognized as a vital ingredient under the Alliance for Progress, but discouraged in many Latin American countries by a hostile atmosphere,

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political instability, and unwise fiscal and monetary policies, is not entering fast enough to meet the goals of the Alliance for Progress. There appears to be a continuing and discouraging flight of private domestic capital from these countries."

already
revised

To promote a climate conducive to more domestic and foreign private investment in Latin America, the Committee recommended that:

"United States policies should encourage and stimulate private United States investors to enter into joint enterprises with Latin American investors on a basis of partnership and shared control."

Good
✓

Other recommendations included the following:

- The USIA should follow the lead of business and labor in making a greater effort to counter communist propaganda by explaining and selling the concept of equality of opportunity and individual betterment possible only in free competitive economies.
- The Administration should place a high priority on educational development under the Alliance for Progress and should substantially raise the level of funds channeled for these purposes -- a level that in 1964, despite the high illiteracy rate and the large youth population in Latin America amounted to approximately \$40 million out of a \$1.2 billion program for Latin America.
- The President is urged to appoint a special commission to review the chronic problem of a cost gap between commodities exported and imported by Latin America and to suggest alternative policies for the United States Government to pursue in its relations with Latin America.

Good
✓

Not a lot
idea
✓

-- Pending the correction of the United States balance of payments deficit, the Administration should take the initiative in establishing a multilateral fund drawn from private and public European as well as Western Hemisphere sources to provide loans and other forms of assistance to help multinational or potentially integrated industries meet their export potential, thereby stimulating the private productive capacity and improving the balance of payments position of Latin America.

*How established
without
this device?*