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LATIN AMERICA and the ALLIANCE FOR PROGRESS

by

ALONSO AGUILAR

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LATIN AMERICA and the ALLIANCE FOR PROGRESS

by

ALONSO AGUILAR

Translated from the Spanish by
URSULA WASSERMAN

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EDITORS' FOREWORD

This pamphlet contains the text of a lecture delivered at the School of Economics of the National University of Mexico on March 10, 1963. Alonso Aguilar studied economics at New York University and Columbia in 1945-1946 before joining the faculty of the School where he is now a Professor of Economics. He is also Coordinator of the Executive Commission of the Mexican National Liberation Movement which was founded in 1961 and has become the center of the struggle of the Mexican people to revive and put into practice the lofty ideals of the Mexican Revolution.

Except in a few instances where English texts were readily available, quotations from English-language documents and periodicals have been translated from the Spanish of Señor Aguilar's text and hence will be found to deviate from the original wordings. We are satisfied that no misinterpretations or misunderstandings can arise from this source.

This is the best analysis of the Alliance for Progress we have yet seen. The more widely it is read—and digested—in this country the better it will be for all of us on both sides of the border.

Leo Huberman
Paul M. Sweezy

LATIN AMERICA AND THE ALLIANCE FOR PROGRESS

Probably no topic has attracted as much attention in Latin America during the past few years, or been given as much publicity, as the Alliance for Progress. No day goes by without some of our publications making mention of it, in the enigmatic and by now commonly accepted language of abbreviations, so that (in Spanish) it is now known as ALPRO (*Alianza para el Progreso*). It is referred to everywhere: in the statements of government officials and of businessmen, in political and trade union meetings, in lecture halls and at round tables. During the past few months alone thousands of pages have been written on the Alliance and thousands of tons of ink and paper have been dedicated to it.

Yet, despite this unusual barrage of propaganda, most people still do not know much about the famous Alliance. They don't know, because most of what has been said not only is lacking in objectivity but does not originate from a thorough study of this new showpiece of Pan-Americanism. While some commentators and publicists confine themselves to the repetition of commonplaces and conventional declarations of loyalty, others persist in a somewhat dogmatic oversimplification of the Alliance as an instrument of foreign penetration and foreign exploitation of Latin America. Thus, it is not surprising that many are confused as to ALPRO's functions and its potential importance. Is it indeed the best, or for that matter the only, road toward progress for the people of Latin America? Is it, in effect, the "revolution of great expectations," as they call it so enthusiastically in the United States? Or is it just another blind alley, a treacherous illusion which will lead only to disenchantment and frustration?

To ascertain the significance of the Alliance for Progress, we first need to have a clear picture of the economic and political situation throughout Latin America; moreover, we need to consider the origin of the Alliance, the principles on which it is based, the objectives which it pursues, the ways and means by which it seeks to obtain its goals, and the manner in which it operates. Briefly, and as systematically as is possible within the limits of this paper, I shall attempt to examine these questions.

Economic Trends in Latin America

Latin America emerged from the Second World War with many unresolved problems and many unsatisfied aspirations. Prior to the economic collapse of 1929, most Latin American countries believed that industrialization alone would help to strengthen and diversify their economies, assure independence, and raise the overall standard of living. However, the Depression and the economic decline of the 1930's hampered any progress in terms of economic development. It was the temporary absence of the great powers from the shrinking world market of the war years which, although it caused confusion in the supply of capital goods, acted as a factor stimulating the industrial development of the principal Latin American countries. If the benefits of the period were accompanied by errors, difficulties, and a certain disequilibrium, nevertheless production grew rapidly (the rate of growth surpassing 6 percent per annum during the years 1942-1951), and Latin America experienced a brief spell of prosperity. There was an increase in population as well as an increase in investment and employment; industrial production expanded, as did foreign trade, both in terms of value and volume; the balance of payments was favorable; prices rose in the domestic market; and commercial ventures of every kind mushroomed.

With the exception of 1949, when the recession in the United States began to make itself felt and when the rate of investment in Latin America declined appreciably, the decade of the 40's was one of rapid expansion. When immediate prospects appeared to become less favorable, an unexpected event occurred in the form of the Korean War, which once again acted as a shot in the arm to the flagging economy of our continent. The war resulted in a growing demand for raw materials, improved exchange rates, an increase in financial capacity—in brief, a new stimulus to Latin American investment and productivity. During the seven years from the end of the Second World War to 1952, the countries which showed the highest rates of expansion—between 6 and 9 percent annually—were Guatemala, El Salvador, Brazil, Colombia, Venezuela, with Peru and Mexico only slightly behind.

After 1952 the picture changed dramatically. The Korean War cost the United States as many, or more, men as had the Second World War but it failed to maintain the economic prosperity of the continent. In 1952, prices went down for wool, meat, quebracho, sugar, and other products. The fall in prices continued during the following year, with cotton, lead, and tin joining in the decline. This trend seemed to be halted in 1954, when prices for coffee, wool, cocoa, oil, and copper went up; but after 1957 the fall in prices of the principal mineral and agricultural products became universal, and the situation became increasingly unfavorable in terms of foreign exchange.

Taking 1953 as 100, an index showing the relation of export prices to import prices rose to 109 in 1954, fell to 92 in 1957, and to 84 during the years 1958-1961. This, according to a rough but conservative estimate, implies the loss of approximately $1,500 million per annum for Latin America since the period 1950-1953. (*Report of the Committee of Nine of the Inter-American Economic and Social Council,* September, 1962, p. 45.)

Between 1957 and 1961 alone, gold and foreign currency holdings in Latin America decreased by approximately $1,000 million, and the rate of economic growth lost the impetus of previous years. During the years 1940-1950, the average annual rate of growth of per capita production stood at 3.5 percent; in 1951-1955 it fell to 2.2 percent, in 1956-1957 to 1.4 percent, during the following two years to less than 0.7 percent; and during 1960-1961 it hardly went above 1 percent. In some countries we even note an absolute decline in per capita production, while the region as a whole suffered from a state of stagnation. A paradoxical interaction of deflationary and inflationary forces simultaneously caused a rise in prices and a drop in employment, deficits in most national budgets, a disequilibrium in the balance of payments, and a series of drastic devaluations.

Instead of slowly approaching the rate of income of the industrialized nations, the countries of Latin America have, in reality, fallen farther and farther behind, with the way of life of the small, privileged minorities contrasting ever more sharply with the miserable living conditions of the vast majority. We could point to the despair, the ignorance, and the neglect of millions of peasants in the Northeast of Brazil, in the Northeast of Argentina, in the northern desert of Mexico, as well as along the coastal plains of our South, in the plateaus of Venezuela, on the plantations of Honduras and Guatemala, and high up in the Peruvian Andes; we could point to the incredible conditions of the working-class sections of Santiago, Caracas, Lima, Mexico City, and Rio de Janeiro, where hundreds of thousands of disillusioned workers and social outcasts live in overcrowded quarters which lack any kind of sanitary facilities. Suffice it to say that today, as yesterday, the saddest and most depressing feature of Latin America's social panorama is the continued misery of her people. With the exception of a small sector which lives in disgraceful ostentatiousness, an incipient middle class which is beginning to make itself felt in the urban areas, and isolated groups of industrial workers whose standard of living has slowly risen, the vast majority lives in complete helplessness—from the Rio Bravo to Cape Horn. They eat badly; they hardly own any clothes; they continue to vegetate in the darkness of illiteracy; they lack the most indispensable public services; they are threatened with unemployment or suffering from underemployment; they live in subhuman housing which lacks all and any hygienic facilities; and they easily fall victim to illness and premature death.

Today, as at the beginning of 1961 when the Alliance for Progress was launched, these are the hard social and economic realities in Latin America. I need only add that the very timing of the Alliance coincided with growing popular discontent and political instability which have since become accentuated in Brazil, El Salvador, Guatemala, the Dominican Republic, Colombia, Venezuela, Argentina, and Peru. It also coincided with an upsurge of repression and violence in several countries and with the consolidation and progress of the Cuban Revolution.

The Origins of the Alliance and its Objectives

The Alliance for Progress was launched in Washington on the 13th of March, 1961. It was fathered by John F. Kennedy, President of the United States, who in a message to the nations of the Hemisphere asked them to unite "in a new Alliance for Progress, a vast cooperative effort, unparalleled in magnitude and nobility of purpose, to satisfy the basic needs of the American people. . . . If the countries of Latin America," said Mr. Kennedy, "are ready to do their part, then, I believe, the United States, for its part, should provide help of a scope and magnitude sufficient to make this bold development program a success. . . . Let us once again awaken our American Revolution until it guides the struggle of people everywhere—not with an imperialism of force or fear—but the rule of courage and freedom and hope for the future of man." With this passionate proclamation the Alliance for Progress was born.

The proposals put forward by the head of the American government began to take shape five months later at the Inter-American Conference of Punta del Este, held in August of 1961. The conference adopted two important statements, "The Declaration of the Peoples of America" and "The Charter of Punta del Este," and passed a number of resolutions on various concrete matters. In the Declaration, the governments agreed to establish the "Alliance for Progress . . . a vast effort to bring a better life to all the peoples of the continent," and affirmed that the Alliance was inspired by the Charter of the OAS, Operation Pan-America, and the Act of Bogota, and was founded on the principle "that free men working through the institutions of representative democracy can best satisfy man's aspirations, including those for work, home and land, health and schools." On this basis, those who signed the Declaration solemnly promised:

> To improve and strengthen democratic institutions. . . .
>
> To accelerate economic and social development. . . .
>
> To encourage, in accordance with the characteristics of each

country, programs of comprehensive agrarian reform. . . .

To assure fair wages. . . .

To wipe out illiteracy and extend the benefits of education. . . .

To reform tax laws, demanding more from those who have most. . . .

To maintain monetary and fiscal policies which will protect the purchasing power of the many. . . .

To find quick and lasting solutions to the grave problem created by excessive price fluctuations in the basic exports. . . .

To accelerate the integration of Latin America.

The other basic document, the Charter of Punta del Este, laid down the Alliance's objectives, its basic principles, and methods of operation, stating as its main aim the acceleration of economic development and a rise in the standard of living. In this respect it was considered essential to maintain, during the coming decade, an annual rate of economic growth of not less than 2.5 percent per capita. The Charter also made reference to other proposals which closely corresponded to the ambitions put forward in the so-called Declaration, enumerating such diverse factors as might contribute to speedy development and at the same time solve some of the more pressing problems. As for foreign aid, Latin America was assured of $20,000 million in loans and investments during the 10-year period.

The Alliance in Practice: Organization and Methods of Operation

The Charter of Punta del Este insisted that Latin American development should be based on national development programs, economic integration, and stability in the prices of basic export commodities. It also asked for the introduction of land reform, tax reform, and reforms in the fields of education, politics, public administration, and labor. Even if other basic conditions would be necessary for the economic development of our peoples, the measures listed at Punta del Este are undoubtedly very important. To admit their importance, however, is much easier than to prove their feasibility under present circumstances or to accept the Alliance's methods of operation.

In accordance with the Charter, ALPRO's principal body is the so-called Committee of Nine which is composed of experts and is attached to the Inter-American Economic and Social Council. The Committee's main functions are to establish norms for development programs as well as methods and criteria for their evaluation, and to follow closely the work of the Ad Hoc committees. The Committee of Nine is also to cooperate with individual governments in the adjustment and revision of projects, to publicize projects under consideration, and to co-operate with the Secretary General of the OAS and the various international monetary bodies.

In addition to the Committee of Nine, there exist various Ad Hoc committees, whose administrative work is in the hands of officials appointed by the Executive Secretary of the Inter-American Economic and Social Council.

The Ad Hoc committees' main task lies in the revision and evaluation of national development programs. To date (March, 1963), such programs have been submitted by Bolivia, Colombia, Chile, Mexico, and Venezuela. These countries have already asked for an evaluation on the part of the OAS, and Honduras and Panama are about to follow suit.

The remarkable feature of the Alliance's internal organization is that, quite apart from administrative defects, the entire table of organization is subordinate to the OAS and thus, directly or indirectly, dependent on the United States. In this connection, we note the following:

(1) Teodoro Moscoso, the Alliance's American co-ordinator, acts not like a functionary of the United States, limiting himself to the defense of his country's interests, but rather like a kind of ideologist and boss of ALPRO. He hands out public statements, provides interpretation and advice, censors programs, and even decides personally on important policy matters, acting in a manner which no Latin American official would ever dare to imitate. Not surprisingly, Moscoso has become one of the pillars of the Alliance.

(2) The Committee of Nine and the Ad Hoc committees are subordinate to the OAS, an organization in which the

American government holds the decisive balance. We have already mentioned that one of the functions of the Committee of Nine is to collaborate with the Secretary General of the OAS and with international monetary bodies. Subordination to the OAS, however, is even more direct. The entire work of the Committee revolves around the Secretary General or around the Inter-American Economic and Social Council. The technical staff of the Committee of Nine is furnished by the OAS; the administrative and technical personnel is contracted for by the OAS; committees use the services and installations of the OAS, and the evaluation of development programs is to a large extent based on the principles of the OAS Charter.

Even more serious is the fact that the committees operate on the basis of criteria which frequently cause damage to, and interfere with the sovereignty of, Latin American republics. The committees do not confine themselves to reporting to the international monetary bodies on behalf of those whom they are to represent, but rather tend to treat all Latin American governments as mere debtors, and foreign banks and the government of the United States as ordinary creditors, forgetting that international financing, since it involves agreements between sovereign states, cannot be handled on the same basis as private commercial transactions.

Let us study the operations of the Ad Hoc committees in greater detail. We have already stressed the role of national development programs within the framework of the Alliance. From this role, states the Committee of Nine in the report already referred to, "stems the importance of the Ad Hoc committee's evaluation, considering as it does both the needs and the possibilities of realization, at home and abroad." (*Ibid.,* p. 15.) The function of these committees is by no means a matter of routine, for they are concerned with nothing less than the evaluation and revision of national programs, "by virtue of their ability to promote the development of a country, on the basis of the validity of the plan's economic and social objectives, the domestic effort required, and the consistency of the measures proposed for its realization." (*Ibid.,* p. 18.) The Ad Hoc committees' functions are in effect so broad that any one of them can at any time object to a plan because it considers its objectives unacceptable, whether because the country in question fails to encourage private enterprise sufficiently or because the measures suggested appear inadequate to the OAS experts. The committees may also suspend the execution of a program or postpone its consideration. This was done recently with regard to Bolivia's Ten Year Plan, merely because the committee considered it preferable to suggest certain emergency measures and to defer indefinitely consideration of the Bolivian government's plan. The Committee of Nine has carried matters so far that, under the pretext of "formulation and execution of a program constituting a continuous process," it has encouraged the Ad Hoc committee in question to follow closely the development program in action and to suggest whatever modifications might appear pertinent. It has also proposed that the government concerned authorize the Ad Hoc committee not only to evaluate its program as it affects potential creditors, but also to report on the type of studies undertaken, the type of problems affected, and to comment on any other aspect of the country's internal situation.

What is the legal basis of these committees and of their power to interfere? The committees' functions—states the Committee of Nine—are analogous to those of judges; the committees act as an "impartial court." As it happens, however, the impartial judge immediately turns into a police officer, for where foreign financial aid is granted on the basis of a committee recommendation, the committee is "under moral obligation to see to it that such aid is being properly used." (*Ibid.*, p. 19.)

How is it possible for a free and sovereign nation to submit the fundamental principles of its social and economic policy as well as its national development program to a committee of foreign experts, appointed according to criteria established by the OAS? How can we explain an independent government's agreeing to abide by the allegedly impartial verdict of the "judges" serving on the Ad Hoc committees? How can a government permit such a committee not only to make observations and suspend or postpone consideration of its national development program, but also to watch over its progress and to propose whatever modifications may be required—in the committee's view—to adjust it to the Charter of Punta del Este? How is it possible that without any legal foundation the Committee of Nine considers itself to have the "implicit responsibility" to co-ordinate all national development programs? Must we conclude that the Latin American governments have consented to substitute the opinions of a group of foreign experts for their own executive powers, their own constitutions, their own parliaments, and their national dignity?

No, for the problem is subtler and more complex. Intervention on the part of OAS committees does not constitute a formal part of the Alliance. ALPRO's basic documents were not drawn up by beginners or by persons unaware of Latin American sensibilities; they were drawn up by conscientious and competent lawyers who, confronted with juridical problems and their political implications, feel as much at home as a duck in water. Paragraph 3 of Chapter V of the Charter states in precise terms: "Each government, *if it so wishes,* may present its program for economic and social development for consideration by an Ad Hoc Committee." From this it may be deduced that, should a government not so desire, it will simply not do so.

Yet, if presentation of development programs to the OAS is merely optional, why do so many governments hurry to Washington to ask leave of that organization? In reality, they do so not for juridical reasons but on the basis of political reality, and in the belief that if they fail to submit their programs for evaluation, revision, and modification by the OAS committees, these programs will become a dead letter for lack of financial assistance.

The Committee of Nine has been very eloquent in regard to Ad Hoc committee decisions: "It is in no way obligatory to ask for a decision, nor to accept it or comply with it. The proceedings, however, can be successful only on the basis of evaluation and recommendations; and unless their integrity is subject to reasonable criticism, these recommendations should be accepted and acted upon." (*Ibid.,* p. 18.) Latin American countries should understand, adds the Committee, that acceptance of the measures suggested by the experts constitutes a condition for aid to be granted. The Report concludes: "In order that the Ad Hoc committees' work take place under the best possible conditions, it appears indispensable that governments submitting their programs for evaluation, as well as members of the committees, feel certain that their recommendations will be properly considered with regard to the final adoption of development programs." (*Ibid.,* p. 21.)

It is now easier to understand why national development programs are being presented to the committees of the OAS. The Charter of Punta del Este states that "the recommendations of the Ad Hoc committees will be of vital importance in determining the distribution of public funds under the Alliance for Progress." American officials have been even more explicit: Moscoso, Secretary of the Treasury Douglas Dillon, and President Kennedy himself have time and again underlined the decisive importance attached to the agreement and recommendations of the OAS committees in obtaining financial aid within the framework of the Alliance.

The Results of the Alliance

Up to this point we have examined the Alliance's principal methods of operation and its internal organization. We shall now inquire into its results.

Some people feel that ALPRO deserves credit for having obliged each country to plan its future and to elaborate national development programs. There is an ever more widespread conviction that Latin America's economic evolution cannot proceed within a framework and under conditions such as existed at the time of the industrial revolution. For this reason, attempts at planning are viewed with interest and sympathy, all the more so since we are conscious of the fact that in each of the Latin American republics today there is anarchy and waste of human and material resources, and that it is therefore essential to insure a minimum of rationalization and productive effort. Up to now, however, only a few countries have formulated development programs in conformity with the Charter of Punta del Este. If this is revealing, the character of the programs presented for consideration by the OAS is even more revealing.

These development programs are elaborated under conditions which are unstable and unpredictable. When it is suggested that they should serve only as "points of reference" or as instruments of "strategy" which may guide monetary policy and government expenditure, the inadequate and in large part demagogic nature of such programs soon becomes evident; on the other hand, wherever we find even the slightest insinuation that it would be useful to incorporate the basic elements of genuine planning, the opposition multiplies like mushrooms and the champions of free enterprise begin to scream to high heaven. The programs submitted are not intended to abolish anarchy nor to subject the vested interests and privileges of the minority to the interests of the nation as a whole. What they do rather is to talk—with a heavy dose of vague optimism and good intentions—about certain universals such as the rate of growth of the economy, the co-efficient of investment, the probable volume of public expenditure and private investment, without taking into account any changes in economic structure, leaving aside concrete projects which need emphasizing, and ignoring the methods of tackling urgent problems. Moreover, there is no certainty about the attainability of even the very limited objectives indicated.

These limitations alone would seem sufficient to determine the outcome. But there is even more: the beginnings of planning in Latin America, as practiced under ALPRO, are neither the result of any profound social change nor the consequence of the broad mobilization of democratic forces. The original plans are not being formulated by the people, nor for that matter by the government itself in any coordinated manner; they emerge from some obscure office where a few technical experts work in near-secrecy. Thus, there exists no semblance of democratic planning but merely some kind of bureaucratic planning. It is considered unnecessary that the majority of the population, who are to produce the future wealth aimed at in the development plan, should actively participate in its formulation or in checking its fulfillment. It is sufficient that they should, if all goes well, receive some compensation in the form of government expenditure or a little more financial aid from abroad.

It is true that the Committee of Nine and other high officials of the Alliance have underlined the "need for participation on the part of all sectors of the nation in the formulation of development programs." (*Ibid.*, p. 27.) They have, however, failed to explain how this might be achieved in countries where democracy is conspicuous only by its absence and where the majority of the population never participates even in the most modest decisions on a purely local level, to say nothing of those affecting the preparation of national development programs.

The plan recently drawn up by Mexico and already presented to the OAS is a case in point. It is no exaggeration to state that hardly anyone knows anything about the plan or its objectives, has any idea about the efforts that would be required from all Mexicans if the plan were to be successfully implemented. The plan has not been publicly discussed; neither peasants, miners, fishermen, workers, nor factory staffs participated in its formulation. Not even professional men, or for that matter Senators and Deputies, were previously consulted. It has been said that very few outstanding technical experts helped to draw up the plan, and it is believed to have come as a surprise to several Ministers whose subordinates would have to translate into practice projects which they had neither studied nor approved.

We could say much more on this subject, but let us go on to consider the part played by so-called structural reforms within the framework of the Alliance, so that we may be better able to evaluate them in connection with the results achieved.

It has been acknowledged for some time past that Latin America is in need of social reforms as a prerequisite to economic development and political stability. Recognizing that conditions vary from country to country, and at the risk of lumping them all together by way of oversimplification, let me say that the areas where the need for reform has been continually stressed bear the following characteristics throughout the continent:

Land division is highly inadequate; latifundia and minifundia abound; management and the system of credit are, in large part, in the hands of parasitical groups who exploit the peasant iniquitously; agricultural returns are unsatisfactory, and total rural production remains low.

Taxes are very low in some cases and very high in others; but practically everywhere the system of taxation, and of public finance in general, shows the same defects: Revenue is inadequate and depends, in large measure, on direct taxation, leaving ample opportunity for tax-evasion; budget control is insufficient; most public expenditure can hardly be termed productive; the public debt tends to grow in an inflationary spiral, and monetary policy is not designed to promote economic development.

Educational expenditure represents but a tiny part of the national income and, in addition, is badly distributed from a geographic, economic, and social point of view; illiteracy is widespread and there exists an overall lack of schools on all levels.

Public administration is defective and is characterized by gaps and maladjustments which result in bureaucracy and inefficiency.

Some countries boast of no labor legislation of any kind to protect workers and grant them certain fundamental rights; in others, including those where relatively progressive legislation has been passed—as, for example, in Mexico—such laws have become a dead letter.

In many other fields basic reforms are, of course, needed on which the OAS experts surely never—or hardly ever—reflect. To list only a few, there are the system of credit, the stock market, the organization and operation of foreign trade, the distribution of income, and the principles of government intervention in the national economy.

A peculiar situation has arisen with regard to the need for basic reforms, although at bottom the situation is not difficult to understand. At the beginning of the Alliance for Progress, many persons believed that reforms constituted a prerequisite for the benefits promised at Punta del Este. This left the conservatives aghast, but pleased those who had long been convinced of the necessity of adopting certain reforms. Matters, however, became clarified little by little; and little by little, too, the premature fears vanished together with the unjustified hopes.

Faced with the apprehensions of those who owe their wealth and privileges to the survival of anachronistic social structures, ALPRO officials have had to be very outspoken: Structural reforms, the Committee of Nine has stated, are not a prerequisite to foreign aid. The Ad Hoc committees are, therefore, to confine themselves to "an appreciation of good will wherever it exists

[sic] to carry out needed reforms and to determine at which points . . . existing conditions may be adapted to suggested objectives." (*Ibid.,* p. 32.) The Committee itself, nevertheless, considers the realization of reforms to be an obligation deriving from an international statute which makes the OAS the principal arbiter of Latin American life and relegates our constitutions a rank below, or at most equal to that of the Charter of Punta del Este.

With regard to most reforms, we once again come across the same contradictions we have already encountered in connection with national development programs. The opportunity to carry out one of the proposed reforms hardly arises when innumerable and often insurmountable obstacles are put in the way of any contemplated economic or social change; when this occurs, the authorities begin to temporize, and the most solemn pronouncements turn into hollow phrases; a little later, more limited reforms are proposed, and despite the fact that they are indispensable even within the narrow framework of the Alliance, they too become expendable, as they begin to arouse the hostility of all who might be adversely affected, from officials charged with bringing them about, to obstinate national and foreign investors who see their interests threatened.

An American periodical recently quoted the revealing opinion of a Chilean economist: "To try to modify from one day to the next a class system which has existed for centuries is to play with fire. Any hurried attempt to reduce the contrast between rich and poor must produce serious difficulties." (*U.S. News & World Report,* February 14, 1962.) Since ALPRO, naturally, does not pretend to modify, but rather intends to preserve, the "class system," the opinion quoted is of some significance. The *Post Gazette* of Pittsburgh wrote on the same subject in August of last year, "as in other parts of the world, those in Latin America who enjoy special privileges frequently oppose any social change, especially if such change implies material losses." Teodoro Moscoso himself has recognized that the "extremely rich and powerful minorities . . . refuse to relinquish even an ounce of their comfort or the smallest part of their virtually tax-exempt incomes." The French journalist, Claude Julien, scrutinizing the work of the Alliance 14 months after its initiation, noted that "the large landowners do not wish to hear of agrarian reform, just as other privileged groups do not cherish the mention of fiscal reform. Moreover, they denounce as Communists anyone who asks for such fiscal or land reforms as are advocated by Mr. Kennedy." (*Le Monde,* quoted in *Comercio Exterior,* December, 1962.) In the same way, we might add, that Mr. Kennedy would label "Communist" anyone who proposed the breakup of the large estates or touched the other interests of North American investors in Latin America.

The conclusion is telling: Every day they talk more and more of the need for such and such a reform, and every day they move further away from any possibility of carrying out any type of reform. Eighteen months after the Alliance was launched, we must ask ourselves: Where is the land reform which was going to modify the tenancy system, reduce exploitation, split up the large estates, and establish the basis for a new type of agriculture? Where are the fiscal reforms which were to result in a new and less unjust system of taxation? Where is the monetary policy which was to combat the "evils of inflation" and defend the purchasing power of the many? Where is the just basic wage and the respect for the independence of labor organizations? Surely few, if any, of the highfalutin phrases of Punta del Este have been translated into policy. The agricultural structure of Latin America has not changed in the past two years, nor the unwillingness on the part of the ruling cliques to carry out any type of reform, except the kind of superficial and bureaucratic reforms which respect vested interests and have been imposed from above, financed from abroad, and approved of by the landowners in Venezuela, Colombia, and Peru. Nor has the tax system been modified, except to an insignificant degree in Mexico and two or three other countries—modifications which leave the system as unfair, regressive, and anti-popular as before. Monetary policy continues to suffocate within the orthodox and inefficient framework of the International Monetary Fund's recommendations; and so-called programs of stability and austerity paradoxically serve only to intensify stagnation, inflation, and the impoverishment of the majority. Workers in rural and urban areas alike continue to live on miserable wages, often suffering the arbitrary restraint of their organizations, ironically imposed by officials and businessmen in the name of freedom.

What of the degree of economic integration achieved to date? Without going back to the Treaty of Montevideo, which would lead us too far away from our central topic and would require much fuller treatment, it might be well to examine two or three questions briefly. Economic integration, the Committee of Nine points out, "must be examined within the general context of the Alliance for Progress," since it is closely tied up with "the national development programs and the possibilities of rapid growth in Latin American productivity." (*Op. cit.,* p. 76.) Integration should, moreover, primarily be considered "as a problem of investment and secondarily as a problem of trade."

These views seem worth examining for a moment. Why should integration be considered within the context of ALPRO? Only because it is intimately tied up with the process of national development programs? The basic problem surely is how to achieve integration and in what direction to guide it, to know whether integration is to be conceived as a Latin American alliance destined to facilitate the development of our countries and their interchange in the face of the great powers which in one way or another always succeed in putting new obstacles in our way, or whether integration will take on the character of a joint effort within the framework of the Alliance, which ignores the basic contradictions between Latin America and the United States. Integration within the system of ALPRO will strip the Latin American Free Trade Association (LAFTA) of its basic *Latin American* character and convert it into one more inter-American instrument, which for obvious reasons will be unable to accomplish the tasks posed at the time of its establishment.

Here we are faced with another danger: Unless the members of LAFTA take prompt and effective measures to make certain that any benefits which may accrue from it should go to their own respective national enterprises, the concessions already granted will result in heavy and unjustified advantages to foreign, and in particular North American, investors.

If some who may be over-optimistic with regard to integration, see a possible line of defense in membership in LAFTA, others will point to contradictions which show the true position of the United States. Washington's attitude toward LAFTA has undergone an evolution, passing from an original state of indifference, dislike, and even isolated instances of hostility, to one which conditionally recognizes the need "to support any type of economic integration which favors the expansion of markets and offers wider scope for competition." (*En Camino de la Integración,* supplement to *Comercio Exterior,* Mexico City, September-October, 1962.)

It will be appreciated that the United States, conscious of its power and loyal to its established commercial policy, does not support the type of integration which tends to strengthen the competitive position of Latin America vis-à-vis the great powers, but supports rather a "wider scope of competition" as such.

This position on the part of the United States will obviously be very difficult to change and constitutes one of the factors which condition the rhythm and above all the direction of economic integration. The proofs are manifold: Only a few weeks ago, the United States criticized Brazil's decision to diversify her foreign trade and to establish closer contacts with the socialist countries. It also criticized the "discriminatory" character of Brazil's exchange policy with regard to members of LAFTA, a position which essentially coincided with that which Douglas Dillon had recently outlined at the latest session of the Inter-American Economic and Social Council.

All this shows that economic integration, which in fact has made little progress, is faced with an inevitable dilemma. Yet, on its solution depends the fate of LAFTA and the Central American Common Market. Either integration will develop into an instrument strengthening, consolidating, and helping to coordinate the economic and commercial development of the associated countries, and will be combined with an active policy of diversification in terms of foreign trade; or integration, within the context of the Alliance, will mask a policy which subordinates Latin American interests to the demands of continental solidarity—which means at bottom to the demands of American interests. In the latter case, the hopes raised by the prospect of integration will soon be converted into new frustrations.

In this connection, we cannot pass over a recent occurrence which clearly reveals the dangers of the wrong kind of integration: When Cuba recently applied for membership in LAFTA, integration was put to its first test and came out poorly. For instead of accepting Cuba's application, LAFTA argued that it could not grant membership to a country "whose economic system was incompatible with the Treaty of Montevideo." The position of the Mexican government was even more explicit: "In view of the principles of free enterprise and free competition on which the Treaty of Montevideo is based," it declared, "a country where policy, foreign trade, and production are in the hands of the government is ineligible for membership, since this constitutes a case which the Treaty did not foresee." If in effect Cuba's case was not, and could not have been, foreseen —although in the exercise of sovereignty each country may choose the economic and political system it prefers—the truth of the matter is that LAFTA on this occasion acted as the tool of OAS, adding alleged "economic incompatibility" to the "political incompatibility" which some months previously at Punta del Este had served as a pretext to exclude Cuba from that organization.

Let us now examine the part played by foreign financial aid which, as we know, is another pillar of the Alliance for Progress.

At the beginning of the Punta del Este conference, American leadership underwent a mental change similar to that which we have already noted in connection with economic development programs and social reforms. The change expressed itself in recognizing the need of appreciably augmenting the volume of foreign financial aid and of admitting, on the basis of resolutions passed shortly before at the Inter-American conference at Bogota, the necessity of more adequate and more flexible conditions of financial assistance. In accordance with these concepts, Latin America was offered credits and investments to the extent of at least $2,000 million annually, and the United States alone promised to contribute a minimum of $1,000 million during the first year of the Alliance.

What is the meaning of a contribution of $2,000 million per annum? Certain circles in America, as well as in Latin America, believe that foreign financial aid will prove the decisive factor in our economic development during the coming decade. There are also some who believe that the rate of investment is in large part dependent on foreign aid and that with increased aid it will *ipso facto* rise above the levels of previous years. ALPRO's experts estimate that Latin America, in order to achieve the rate of growth blueprinted at Punta del Este, will require a total investment of $140,000-$170,000 million during the first ten years, which would leave foreign financial aid with a participation of roughly between 12 and 14 percent of gross capital formation.

Here, however, we need to keep several facts in mind. In the first place, contrary to what might be assumed, total foreign investment has been considerable during the past few years. It has been running at between $1,500-$1,700 million annually, figures which are very close to the promises held out at Punta del Este. In the second place—and here we must be careful to reflect on the factors which determine Latin American development—even this substantial rate of foreign investment has been unable to free Latin America from economic stagnation, which, on the contrary, has become more pronounced. Last, considering the role played by foreign aid, we must not forget that even if the international movement of capital generates additional financial resources, it simultaneously causes a drainage of funds which almost always exceeds the rate of inflow.

According to available estimates, direct foreign investments in Latin America during the decade 1950-1960 amounted to $6,179 million, while profits transferred abroad totalled $11,083 million. In other words, Latin America suffered a net loss of $4,904 million on foreign investment account. For the years 1950-1955 these figures include only profits transmitted to the United States. If we add remissions to Europe, the aggregate loss would surely surpass the $5,000 million mark. The exactions of foreign investors are of such proportions that the United Nations Economic Commission for Latin America calculated that they amounted to $680 million in 1947, $940 million in 1951, and to more than $1,200 million annually during the years 1955-1960.

In view of these figures, it may seem somewhat surprising that the President of the United States, reviewing the measures taken by ALPRO, laid most emphasis on the fact that one out of every four children of school age "received supplementary rations out of U.S. agricultural surplus"; that one and a half million textbooks had been distributed and 17,000 classrooms constructed; that "to a large degree the Alliance encourages our neighbors to help themselves and to adopt various reforms on their own initiative; that the Alliance will provide new housing, and hope, better health and dignity for millions of forgotten human beings." (*El Dia,* February 17, 1963.) Douglas Dillon, summing up the achievements of the Alliance during its first year of existence, pointed out coldly—like the banker he is and without President Kennedy's rhetoric—that the main achievement was that the United States was granting the financial aid promised at Punta del Este.

During the first year, Latin America received a little over $1,000 million in loans from institutions controlled by, or under the influence of, the government of the United States. Out of this sum, $600 million were Export-Import Bank credits, with strings attached—the Bank's mission being to further the export of U.S. goods—and $150 million were furnished in the form of surplus food, under the "Food for Peace" scheme, a program which frequently operates on the basis of dumping, causing incalculable harm to local producers. Even though credits and investments were obtained elsewhere in smaller quantities, the total amount of private investment declined and the total influx of funds never sufficed to compensate for the outflow of profits on foreign investments or the losses coming from deterioration of the terms of trade, which vastly exceeded the figure of $2,000 million per annum. Added to this are the hundreds of millions of dollars which wealthy Latin Americans transfer each year to Swiss, American, and Canadian banks.

Where then is the acceleration of economic development and the improvement in prices for Latin American exports? Instead of a rising standard of living, stagnation and prostration continue to dominate the Latin American scene; rather than receiving higher prices for our exports, we receive less every day and in exchange pay more for whatever we purchase abroad. Even the modest aim of an annual 2.5 percent increase in the rate of economic growth is beginning to be considered too ambitious, and they already tell us that it will be more realistic to think in terms of more than ten years and of an annual per capita increase of only 2 percent. Even 2 percent, however, is almost twice as high as the increase Latin America has been able to achieve during the past two years. To sum up, the fruits of the Alliance have been meager and it has failed not only to "capture the imagination or kindle the hope of millions of human beings from the Rio Grande to Patagonia," as Teodoro Moscoso so lyrically put it (*"Problemas de la Alianza para el Progreso"* in *Comercio Exterior,* February, 1962), but has disappointed even its most ardent partisans, such as Kubitschek and Lleros Camargo, and has failed in the sense that its initial proposals have been drowned in the mire of bureaucracy, inefficiency, a lack of understanding, and an abundance of contradictions—submerged by the weight of an oppressive reality which, contrary to predictions, does not seem to show any signs of improvement.

It is, indeed, interesting to observe how the idea has taken root, both in the United States and among our "democratic oligarchies"—to use the picturesque expression of a Mexican Senator—that the fundamental need consists in obtaining more money and in stimulating private investment rather than in transforming the economy with a view to widening its horizons and opening up new vistas of progress.

"The premature exhaustion on the part of the Alliance," said a recent report of the Morgan Guaranty Trust Company (Associated Press release, February 15, 1963), "is in part simply the weariness caused by words rather than deeds, words which have not yet been translated into action. . . . The prerequisite for better results must be the Alliance's reorientation along lines which will induce private capital . . . to enter into action." The *Wall Street Journal* opines that aid on an inter-governmental basis has retarded development and that it is necessary to encourage private investment (*Excélsior,* February 12, 1963).

The periodical *U.S. News & World Report* (August 20, 1962) considers that the Alliance's defects lie in its "lack of stimulus to private enterprise." And Senator Javits recently declared in a speech that "Latin American progress will depend on successful investment in private enterprise." (*El Dia,* January 30, 1963.)

Similar views can be heard every day. "The Alliance," said the Chairman of the Grace Line early this year, "can be saved only on the basis of a substantial increase in aid, coupled with the encouragement of private investment and private enterprise." (*Excélsior*, February 3, 1963.) The attitude of U.S. Secretary of Commerce Luther Hodges and prominent American bankers, headed by David Rockefeller, has been the same, when they suggest that "American aid should be utilized to persuade the nations of Latin America to adopt policies favorable to American financial investments." (*El Dia,* February 3, 1963.)

The True Significance of the Alliance and Its Perspectives

This brings us to our last point, an attempt to establish the true nature and scope of the Alliance for Progress.

The advocates of ALPRO show a perceptible, and at times exceedingly suspicious, desire to define the Alliance as "multilateral," "Latin American," and "revolutionary." "Let us once again transform the American continent," said President Kennedy in launching the Alliance, "into a vast crucible of revolutionary ideas and efforts. . . . Let us once again awaken our American revolution," and put our faith in the "rule of courage and freedom and hope for the future of man." Raúl Prebisch, for his part, has at various times stressed the Latin American origin of many of the Alliance's features and has expressed the fear lest such ideas be regarded as having been "conceived in the United States."

The indefatigable and ingenious Teodoro Moscoso, who never stops insisting that the Alliance represents a "peaceful revolution," has stated emphatically: "The Alliance, if successful, will produce far-reaching changes in the life of Latin America. The traditional class structure will not survive. The profound contrast between the few who live in abundance and the many who live in misery has no more place in our time."

And the Committee of Nine always maintains that the Alliance is not a program imposed by the United States but an entity of Latin American ideas accepted by the United States. "The Alliance for Progress," the experts of the OAS never tire of repeating, "is of a revolutionary nature and recognized as such by the United States."

To what extent is this, in effect, the true nature of the Alliance? To begin with, it is perfectly true that the Alliance was not imposed by the United States, but originated from an agreement between the government of that country and the governments of the Latin American republics. It is further true that the Alliance poses problems that are pertinent and recognizes the legitimate aspirations of our people. But as to its "revolutionary" character or its "multilateral" mechanism, that is another matter. "During the first year of the Alliance," says the Committee of Nine, "except for the case of Bolivia"—whose program, we are bound to note, was never even examined by the OAS—"all aid has been accorded on the basis of bilateral agreements, without complying with the more formal procedures foreseen by the Charter." (*Op. cit.*, p. 67.) Where then is the Alliance's multilateral nature?

And what of its profoundly "revolutionary" implications, and the manner in which these implications are recognized? The revolutionary nature of the Alliance, states the Committee of Nine, has not been understood by the people of Latin America. It has not been understood "because the leaders of Latin America have never presented it as such to their people." (*Ibid.*, p. 57.) Is it possible that ALPRO experts would consider it sufficient if the leaders of Latin American public opinion hailed the Alliance as revolutionary? Are the people to accept even the OAS as a revolutionary body and admit that imperialist policy as well has suddenly turned revolutionary?

In Mexico, to take an example, leaders of employers' groups and of the trade unions, as well as public officials of different ranks, repeat at every opportunity that ALPRO pursues aims identical to those of the Mexican revolution. Who is supposed to believe this? Who can compare the deeply democratic movement—anti-imperialist and anti-feudal—which arose in our country in 1910 with the designs of the continent's ruling classes to preserve their political and economic privileges in exchange for some insipid reforms imposed from above? Who would confuse Emiliano Zapata and the peasants who initiated our land reform under the slogan "Land and Liberty" with Teodoro Moscoso, Muñoz Marin, and the experts of the OAS?

United States policy toward Latin America always follows the same track. After the era of the Good Neighbor policy, which President Roosevelt introduced within the framework of a democratic domestic program and a determined fight against fascism, all we have received from North America is pressure, interference, low prices, McCarthyism, gifts with strings attached, investments which pervert our development and put brakes on our progress, as well as rhetoric in defense of free enterprise and the so-called Free World. In 1946, at the very moment when the bloodiest war in the history of mankind had come to an end, Winston Churchill launched from the United States the policy of the Cold War. Its effects upon Latin America soon became evident. In 1947 the Cold War made its triumphal entry at Rio de Janeiro and gave birth to the Inter-American Treaty of Reciprocal Assistance. One year later the Cold War made itself felt at Bogota, and in 1951 the struggle against an alleged international Communist conspiracy acquired new forms in Washington, only to culminate in 1954 in Foster Dulles' and Castillo Armas' "glorious victory" over the Guatemalan revolution.

Demands for financial aid and higher prices for raw materials always rise in equal proportion to Washington's insistence—echoed by the governments of various Latin American republics—on the gravity of the twin dangers of "Communism" and "internal subversion." Most Latin American governments are inclined to support United States policy, but in exchange they demand economic and financial aid. Prior to 1958, prevailing conditions were not such as to oblige the United States to offer aid to all claimants, let alone concede it. The triumph of the Cuban Revolution changed matters. American pressure increased with a view to opposing Cuba and strengthening the OAS. In mid-1959 a conference held at Santiago de Chile reiterated the principles of "representative democracy." The following year, in Costa Rica, the Cuban Revolution was denounced as a form of extra-continental intervention, posing a threat to the security of the Americas. The principal ideas of the so-called "Operation Pan-America" were recognized in the Act of Bogota, and some months later the Charter of Punta del Este led to Cuba's expulsion from the OAS, its socialist government being pronounced "incompatible" with the system of "representative democracy" prevalent throughout the Hemisphere.

This was the process which shaped the pattern of the Alliance for Progress—an instrument in defense of the ruling classes, an expression of Monroeism and an outpost of anti-Communism, an answer to popular discontent, a barricade against any desire for emancipation, an alternative and a check to the Cuban Revolution, and a new Holy Alliance directed against the revolutionary struggle of our people. And yet ALPRO is not the same old weapon which the United States has traditionally used to protect her interests. The Alliance constitutes a vast new attempt to convince Latin America that her only road to progress is the one indicated by the United States. The road is paved with hitherto unknown materials. ALPRO does not mechanically repeat the same outworn phrases which never meant anything and never attracted anybody. The Alliance indicates a significant change, for until recently the United States openly defended the interests of the most conservative groups, while now she takes a stand against the large landowners and opposes the inequitable distribution of wealth. The Alliance has, indeed, employed a new idiom, undoubtedly incorporating some ancient Latin American demands. The problems to which the Alliance refers are real enough and remain unresolved. Recognition of the need for social reform is also new, as is the acknowledgment of the need for ample long-term credits at low rates of interest in order to stimulate economic development. The Alliance is not the coarse instrument of a blind and insensitive policy, but an ingenious device, far more intelligent than the Marshall Plan and of wider scope, with which the governments of America have chosen to defend themselves against the real danger of revolutionary change and the profound social transformation which threatens their vested interests. In synthesis, the Alliance does not pretend to cope with the principal historical causes of backwardness, nor with the poverty of Latin America, but merely attempts to preserve law and order and to apply the brakes to any popular movement which might cause damage to the powers that be. In this attempt, the Alliance puts forward certain more or less superficial measures which will hardly change the face of the continent.

It seems difficult to remain in doubt as to the Alliance's true nature. "We consider this Alliance," José Figueras said recently, "as a realistic and defensive measure on the part of the United States government. . . . We are satisfied that the United States has taken up this struggle in the protection of her liberties and with a view to her own interests, in the manner of a productive investment rather than a mere handout." Dean Rusk, for his part, has written: "The Alliance constitutes a concrete part of an invisible whole . . . it rests on the concept that this Hemisphere is part of Western Civilization which we are pledged to defend." Within the framework of American anti-Communist policy, the Alliance will obviously not permit the violation of the interests of privileged groups. Moscoso made this abundantly clear when he said: "In supporting the Alliance, members of the traditional ruling class will have nothing to fear. . . . The Alliance deserves their support, for is it not a call to their conscience and their patriotism and at the same time their very means of self-defense?" The privileged groups, he added, "must choose between the objectives of the Alliance and exposing themselves to the destructive type of revolution of a Fidel Castro." Romulo Betancourt, the Venezuelan president who has gained the dubious distinction in Washington of being "one of the outstanding anti-Communist leaders in the Americas," in trying to explain the Alliance's role, has been even more explicit: "We must help the poor," said he, "in order to save the rich." *The Times* of London commented with good reason (August 10, 1962) that "the Alliance has been the object of that instinctive suspicion Latin Americans possess for North American motives."

The true nature of the Alliance, its antecedents, its projection, and its scope explain why it is failing. As we have seen, the Alliance does not try to tackle the basic problems of

Latin America. It projects itself into secondary fields and evades decisive issues, such as the problem of imperialism; its discussions take place within the framework of profound contradictions, and it is based on utopian principles. Its failure is due not to its disorganization or its bureaucracy, but to its inner contradictions, to the obstacles which block the realization of its programs, to the greedy illusions which cause Latin America's privileged minorities to substitute "firmness, austerity, dedication, and sacrifice" for the betterment of the majority's living conditions.

What may we then expect from the Alliance? Has the ambitious scheme drawn up at Punta del Este had no repercussions throughout the continent? In our view, there have been certain conflicting influences which are, however, not mutually exclusive. The Alliance for Progress cannot help but have a certain impact on Latin American development; in fact, its impact is already being felt. In some countries, it has helped to improve the financial situation, even if on a short-term basis, raising the rate of investment or accelerating the rhythm of development; in others, it has to a certain extent stimulated the construction of housing, schools, and health centers. The Alliance is very likely encouraging a number of institutional reforms; and many Latin Americans who live on the margin of privilege defending their own class interests, have begun to believe in all good faith that such reforms are of substantial significance in terms of Latin America's evolution.

In conclusion, ALPRO can point to a certain amount of success and may, for another few years, stem the tide of social and economic change for which the people of Latin America have begun to clamor. What seems equally evident, however, is that the Alliance will not be able to solve any basic problems, if only because of its dependence on forces abroad, a dependence which has been one of the decisive causes of our backwardness. Within the framework of the Alliance, this dependence cannot be broken but can only be reinforced.

Toward Realistic Solutions

The pessimists who believe that Latin American progress can be spelled only in English, in terms of American loans and investments, frequently give vent to the fear that should the Alliance fail, all will be lost. The revolution of "great expectations" has turned into despondency, impotence, and disillusionment. The people, however, take a different view in which there is no room for frustration.

Without pretending in a few lines to set out Latin American requirements for progress and improving living conditions, I would like to mention only some of the factors which are imperative if we want to register any advance.

We must first of all destroy the old agrarian structure and remove the obstacles which have hitherto prevented the land from being owned by those who work it. From Chile and Argentina to Colombia, Peru, and Mexico, everywhere we are faced with large estates, both old and new, which must be liquidated if we aspire to modern forms of agriculture, an extensive domestic market, industrialization worthy of the name, a better distribution of wealth and income, and a truly democratic form of development. It should be understood that agrarian reform, the nature of which will of course vary from country to country, will not be promoted by the landowners but by the peasants, just as commercial reforms will not be initiated by middlemen, or the system of credit be reconstructed by bankers and speculators.

We must accelerate and reorient the process of capital accumulation; increase the rate of investment and channel available funds into those fields of activity which promise to be most productive from an economic and social point of view. In order to carry out these projects, we need to achieve a fairer distribution of national income, to reduce the lavish consumption of the rich, to raise the productivity of public expenditure, and to prevent the Latin American economy from being bled to death by means of either foreign trade or foreign capital.

We must recover the wealth which today is in the hands of foreign trusts and monopolies and incorporate it into the national patrimony. As long as silver, lead and zinc, coal and oil, magnesium and sulphur, much of our best land, the production of and trade in coffee, cotton, bananas, the richest fishing grounds, and the principal chemical and mechanical industries remain under foreign control, the Latin American economy will continue to be tributary to others and will never be able to dispose freely of its fruits or its labor and its resources.

We must revise the very premises on which Latin American industrialization is to be based, project our economic development into new paths, and direct it toward more ambitious goals, so as to provide ourselves with genuine industries which will make use of all productive potentialities.

We must understand that to raise the standard of living of the majority constitutes not only an essential social aim but is a prerequisite to economic development; we must also understand that improvement in the conditions of the working class will be achieved only insofar as workers will be able to count on independent unions loyally defending their interests.

We must tighten our commercial, political, and cultural relations with other Latin American countries and prevent foreign interests from becoming the long-run beneficiaries of this growing interchange.

Independently of any development toward a Latin American Common Market, we must adopt a policy which will result in the diversification of our foreign trade. Going to Washington to beg—and at times to implore—that our raw materials be granted better prices, and undertaking bigger and better studies as to how to stabilize the prices of our products, have not helped to solve Latin America's foreign exchange problems. To trade with all countries, and certainly with the socialist countries, which undoubtedly show a more rapid rate of economic growth and thus offer the best prospects, is today not only an economic necessity, imposed by public sentiment, but also the road to independence which none of us can ignore.

We must adopt effective measures to protect Latin America against capital flight and other levies which tend to exhaust our financial resources. We can no longer permit our national resources and our productive energy to be drained off, large sums of money to be annually transferred abroad, foreign investments to deprive us of far more wealth than they contribute.

We must aim at genuine and disinterested international cooperation, responding to the aspirations of our people for progress and well-being, respecting our sovereignty, unaccompanied by restrictive conditions—in short at cooperation which will help to transform the social order rather than defend privileges and vested interests.

We must see to it that governments plan their activities and rationalize their expenditure, and that economic and social policies correspond to the needs of the broad mass of the population.

We must guard against just claims being turned into mere phrases; we must insist that the public sector become more democratic and that the common people participate in it rather than leave it in the hands of members or representatives of the oligarchies which govern Latin America today. As long as the democratic forces are excluded from government, as long as they remain mere objects of hostility and repression in the name of anti-Communism and the defense of the Hemisphere, so long will it prove impossible to reorient economic and social policy in the sense that it will benefit the majority.

Last but not least, we must understand that no fundamental or lasting progress can be achieved on the basis of side-stepping the most serious problems and refusing to come to grips with the forces of imperialism.

Imperialism remains the principal cause of Latin America's backwardness. At the same time, it constitutes the gravest threat which hovers over our people. The constantly repeated statement that "Castro-Communism" is the greatest danger confronting the Americas is both absurd and grotesque. Who can really believe that the Cuban Revolution has hampered our development, when Cuba today finds herself in the front line in the defense of liberty, dignity, and the principles of self-determination and non-intervention on which all Latin American sovereignty must needs be based?

The showy and pseudo-revolutionary robe which has of late cloaked American policy does not signify that imperialism has ceased to be imperialism, but merely that the old garments are worn out.

We live in an age propitious to progress. Imperialism has been weakened through the pressure of all those nations who today watch the dawn of their independence and are anxious to protect their autonomy. The struggle for full national emancipation is not a blindly chauvinistic struggle, nor is it doomed to fail. It is the only struggle which will lead us forward. It is the road to national dignity, progress, independence, peace, and genuine international cooperation. Today the triumph of Cuba's Revolution—as that of Mexico's yesterday—proves the fallacy of the assumption that our people are helpless in the face of the enemy. Conscious of the dangers and obstacles, which it would be wrong to underestimate, we believe that this is the hour when we must not give way to defeatism. We must have confidence in our cause and in our own resources. We must claim our heritage with determination and without fear. We must remember that national liberation is triumphant everywhere. We must unite in the beliefs of Bolivar, Morelos, and San Martín. If we base our joint efforts on these principles, conscious of the fact that the cause of each is the cause of all, Latin America will sooner or later succeed in the struggle in which she is today engaged and which is waged to secure her second independence.

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