A SURVEY OF THE ALLIANCE FOR PROGRESS

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A SURVEY OF THE ALLIANCE FOR PROGRESS

Why is there so much wretchedness, so much poverty in this fabulous land...? Ah, says one -- it is the priests' fault; another blames it on the military; still others on the Indians; on the foreigner; on democracy; on dictatorship; on bookishness; on ignorance; or finally on divine punishment.

Daniel Cosio Villegas,
Extremos de América, Tuscotla,
Mexico City, 1949, p. 105

INTRODUCTION

The Alliance for Progress is our latest attempt to improve our relationship with Latin America. Not only is it our latest, but it will undoubtedly be our last. If the Alliance fails, there will be nothing left upon which to improve. The Latin Americans will have no choice but to turn elsewhere for help.

The purpose of this paper is to make a survey of the Alliance for Progress. I hope to show what the conditions are that the Alliance is trying to eradicate and in doing so, to show why the masses of people in Latin America must have help. In order to do this it will be necessary to discuss not only the problems of Latin America, but also the problems the Alliance is encountering as it tries to realize its goals. A discussion of what progress has been

made during the first year will be included to show that the Alliance has met with some success and that time and patience are two of the most important factors in determining just how successful the Alliance will be.
PURPOSE

In 1959, the Inter-American Development Bank was established, and in 1960, the Act of Bogota established a need for a concentrated development program in Latin America. Then in March, 1961, President Kennedy proposed the Alliance for Progress. In August of the same year, the charter of the Alliance was ratified at Punta del Este.²

Some have called the Alliance a program for social development, others a program for economic development. I tend to agree with Teodoro Moscoso, however, when he says, "Without social justice which will win the support of the masses, economic development cannot go far, and without economic development, social justice can only mean sharing poverty."³

The Alliance has several specific goals. Social and financial resources must be mobilized to increase per capita income from less than 1 percent per annum to 2.5 percent. At the same time, this increased wealth must be distributed more equitably among the different social classes. Tax reform is given high priority, too. Many countries do not even have a tax collection system. Illiteracy rates are quite high in Latin America, and the Alliance hopes to lower them by assuming a minimum of six years of primary schooling for every

³Ibid.
child. Higher education will be provided to turn out the trained
people needed to carry forward the entire development program. Health
and sanitary conditions are to be improved. The economies of these
countries must be diversified to decrease dependence on one or two
export commodities. The final series of goals have to do with the
agricultural system in Latin America. Food production and distribu-
tion have to be increased. The system of land tenure needs to be
changed, also, so that the land will be held by those who work it.4

The Alliance for Progress will involve long-range planning on
the part of the Latin-American nations. They must set up targets and
priorities, ensure monetary stability, establish the machinery for
vital social change, stimulate private activity and initiative, and
provide for a maximum national effort. The United States must do
its share, too. We must help provide resources of a scope and
magnitude sufficient to make this development plan a success.
Economic integration which is a genuine step toward larger markets
and greater competitive opportunity must be supported. Two peoples
must understand each other before they can truly work together
effectively. In order that the United States and Latin America may
understand each other's values and way of life better, our cultural
exchange program must be expanded.5

Each one of the above goals was set up to combat a specific

4 "Latin America Makes Its Choice," Business Week, August 19,
1961, 34.

5 President Kennedy Speaks on The Alliance for Progress,
(Washington, D. C.: Agency for International Development, United
States Department of State), pp. 3-6.
social or economic problem that exists in Latin America today. The
next two sections of this paper will be devoted to explaining just
what these problems are that must be solved in order for the Alliance
to achieve its goals.
SOCIAL PROBLEMS

Latin America has one of the highest population growth rates in the world. At the beginning of the twentieth century the population of the Latin American countries numbered approximately 43,000,000. By 1950 this figure had risen to 154,000,000, by 1957 it was approximately 175,000,000, and by 1960 it was estimated at 192,000,000. The rate of population growth has reached 2.7 percent annually, as contrasted with 1.5 percent in 1930. In 1900, Latin America contained 2.7 percent of the earth's inhabitants, by 1950 this had increased to 6.3 percent. To emphasize this population boom in still another way, between 1920 and 1950 the population of the Latin American countries increased 73 percent as compared with 35 percent in the world as a whole, 23 percent in the Soviet Union, and 43 percent in the United States. As we shall see, this population explosion plays an important role in many of Latin America's other problems.

Since the land cannot support this growth in population, more

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7 Thomas Lynn Smith, Current Social Trends and Problems in Latin America, Monograph 1, p. 2.


9 Lynn Smith, op. cit., p. 100.
and more people are going to the city. Urbanisation is taking place rapidly, perhaps too rapidly. In 1900 there were only ten cities with a population of over 100,000 in Latin America, and no Latin-American city was among the fifteen largest in the world. In 1950, however, there were four Latin-American cities in the top fifteen: Buenos Aires, Rio de Janeiro, Mexico City, and Sao Paulo.10

This mass migration to the cities is resulting in problems of housing, health, sanitation, transportation, and education. While we do not want to stop the movement to the cities, it must be slowed up. Time is needed to create city jobs,11 build homes, and provide city services. To gain this time we must improve the lot of the people on the land; we must reduce the disparity between rural and urban life. Redistribution of land is desperately needed (this topic will be covered fully later), but it cannot do the job alone. Credit, education, technical advice, machinery, electricity, new markets and roads must be supplied, also.12

10 Thomas Lynn Smith, op. cit., p. 100.

11 Creating jobs in the city for the poor farmer is even more difficult in Latin America than in the United States. In the United States, the rich don't reproduce themselves in numbers large enough to carry on the work performed by the previous generation. The United States' economy is also growing at a rate large enough to create new and well-paying positions. This gives others the chance to move up the economic scale. In Latin America, however, the upper class reproduce in numbers as large, if not larger, than the lower class. More of their children survive, also. This means there are more children than jobs provided by the older generation. In Latin America instead of the poor children having the chance to work up, as in the United States, the rich children are being pushed down. Thomas Lynn Smith, op. cit., p. 12.

Millions of new houses are needed in Latin America. Recent estimates list twenty-million dwellings out of thirty-one million as falling below the minimum standards for human habitation. The Pan American Union estimates that the construction industry is at present producing only one-third the number of housing units needed for the annual increase in population. There is, therefore, no margin at all for replacing the shacks, tents, and caves in which so many hundreds of thousands of persons now exist. As more and more people crowd into the cities, this problem is becoming more acute there.

Many difficult and expensive measures are necessary to improve the health of the Latin-American people. It will involve the safeguarding of water and milk supplies, much more widespread general education, changes in diet, changes in the care and feeding of children, and sanitary improvements. Medical care is very inadequate. A baby born in Latin America is 4-1/5 times as likely to die as one born in the United States. Latin America has 54 doctors per 100,000 people; we in the United States have 135. As slum conditions become worse from the rapid urbanisation, health and sanitation problems increase.

The educational system is in dire need of improvement. The illiteracy rate in Latin America is 43 percent. Only three republics, Argentina, Chile, and Uruguay, and the Commonwealth of Puerto Rico have illiteracy rates as low as 20 percent of their population. At

14 Thomas Lynn Smith, op. cit., p. 27.
15 Senior, op. cit., p. 19.
the other end of the scale are Haiti, 90 percent; Guatemala, 70 percent; and Bolivia, 69 percent.16

Improved health measures and urbanization create educational problems. With infant mortality rates declining, a greater proportion of Latin-American children will reach school age each year than ever before. There are almost as many children of school age in Latin America as there are adults of working age.17 If the population growth rate can be slowed down, this latter problem is one which will last only as long as it takes the present generation to grow up. It may take longer than that to solve the school shortage, however. As long as people migrate to the cities in such numbers, it will be almost impossible to provide enough schools and teachers to take care of the increased number of children of school age in the urban areas.

Not only are there too few schools and too few teachers, but relatively little progress has been made in gearing the schools to the solution of local, regional, and national problems. Too little has been done to make the classroom work meaningful in the lives of the people, also. The spell of European classicism still holds most of the teachers enthralled.18

A poor educational system is both a social and economic problem. As long as people are illiterate, they will be a burden on society. A person who is even semi-literate will have a limited earning capacity.

16 Ibid., p. 18.
18 Senior, op. cit., p. 19.
He will not be able to provide a better life for his children or to help his parents when they can no longer support themselves. The burden of support will fall on society. If this same child is educated, his income-earning capacity will be much greater. He will be able to reduce the burden on society. He will have contributed to economic development by raising national output. He will be a better citizen and may even become a community leader.19

ECONOMIC PROBLEMS

The maintenance in a number of Latin-American countries of inefficient and oppressive systems of land tenure militates against an increase in agricultural output and an improvement in the general standard of living. In Latin America approximately 90 percent of the land belongs to 10 percent of the owners. This is called latifundio and reflects the organisation of society in Spain and Portugal at the time of colonization. This pattern was superimposed on native cultures through large land grants.

The hacienda and the plantation systems are two forms of latifundio pattern. The former means that the land is usually used for livestock and cereal. Capital investment is very low, as is the labor applied per unit of land area. The owner is very often of the absentee type, and the labor is provided by tenant farmers (colono system). The hacienda system is generally very inefficient, with output per man and labor unit very low.

The other form of latifundio, the plantation, usually shows high capitalization and stricter labor organization and controls. As a result, output per land unit is generally high and farm efficiency is above average. However, the plantation, as well as the hacienda, embody monopoly elements, result in extreme maldistribution of income, and generate social conditions which can only be described as
deplorable. 20

**Latifundio**, in either form, usually usurps the land surrounding large cities. This forces production of foodstuffs for the urban population farther and farther away from the centers of consumption. 21 This leads to the overtaxation of the transportation system. At the same time people in the cities are starving, many farmers must watch their crops rot because they cannot be moved. 22

**MINIFUNDIO**, as its name denotes, is the opposite of **Latifundio**. During the colonial period land grants were often bestowed on members of conquering armies and, at times, on people of the lower class. In more recent times homesteads have been given or sold to colonists who settled in frontier regions in much the same way that the United States granted land to frontier settlers. Some of the minute farms are, of course, the result of simple occupancy, "squatting," which may or may not have been confirmed legally. 23

The **minifundio** problem is a major one. In Guatemala 97 percent of all farms are in units of less than 20 hectares. 24 The situation is the same in the other countries: Peru and Equador, 90 percent; Dominican Republic, 95 percent; Venezuela, 88 percent; and the private sector of the Mexican farm economy, 88 percent. In

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24. 1 hectare equals 2.46 acres.
Colombia, some 325,000 farms average 1/2 hectare and another 500,000 average 2-1/2 hectares. Even these tiny holdings are being further subdivided as a result of the population explosion. Many people exist on plots only a few feet wide. The owners or occupants of these small plots lead a hand-to-mouth existence. Many are at the margin of the market economy and do not represent either a producing force of farm commodities or an effective demand for industrial products. They generally lack not only land but other inputs necessary to produce effectively and efficiently. Their small plots of land are frequently exhausted and eroding from over-cultivation. Industrial services, schools, roads, and hospitals are practically non-existent in areas plagued by minifundio.

The following chart clearly shows what the land distribution situation was in Latin America a few years ago:

**ESTIMATED PERCENTAGE DISTRIBUTION OF LAND HOLDINGS IN LATIN AMERICA, AROUND 1950**

<table>
<thead>
<tr>
<th>Size of Farms (hectares)</th>
<th>Per Cent of Farms</th>
<th>Per Cent of Land Area</th>
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<tr>
<td>0-20</td>
<td>72.6</td>
<td>3.7</td>
</tr>
<tr>
<td>20-100</td>
<td>18.0</td>
<td>8.4</td>
</tr>
<tr>
<td>100-1000</td>
<td>7.9</td>
<td>23.0</td>
</tr>
<tr>
<td>Over 1000</td>
<td>1.5</td>
<td>64.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

25Carroll, op. cit., p. 165.

26Ibid., p. 166.

27Based on the regional summary by Oscar Delgado in Estructura y reforma agraria en Latinoamerica, prepared for the Sociedad Economica de Amigos del Pais, Bogota, 1960, quoted in Ibid., p. 165.
The *comunidad* is far older than the *hacienda* or the plantation. The Incas, Mayas, and Aztecs all held land in collective fashion, and today the system still survives in areas of native Indian population. This system of land-holding is based on the aggregation of extended families who together have a claim to a specific land area. The territory of the community of families is deemed non-transferable, but the proprietary rights of the several families are recognized and every individual is free to dispose of his land within the group. Much of the work on these farms is performed collectively on an exchange basis.26

While the *comunidad* system is a somewhat better arrangement than either *latifundio* or *minifundio*, it suffers from many economic ills. This arrangement is excessively rigid and inhibits developmental forces. Members of the Andean *comunidades* are unable to obtain credit. There are no incentives for talented or ambitious individuals, and the system is not conducive to the emergence of effective leaders or group action in behalf of greater productivity. Capital investment by individuals is not encouraged. The main justification for this arrangement is on sociological grounds. For that part of the agricultural population which cannot be absorbed by the commercial farming sector or by urban occupations, it offers perhaps a more secure and satisfactory way of life than that of the *colonos* or *peones*.29

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The *colono* system is reminiscent of the feudalism of the Middle Ages. The *colono*, or tenant farmer, is paid in the temporary or traditional usufruct of a parcel of land and certain other privileges. In return, the *colono* must serve a specified number of days on the estate and fulfill other customary duties, such as making available members of his family for certain tasks in the field or in the owner's household. This system is often combined with sharecropping or with tenancy on a cash rent basis. The *colono* system and the *hacienda* form of *latifundio* are intertwined since the *colono* supplies much of the labor on the *hacienda*.

The *colono* system is regarded as inefficient and as a poor basis for economic development. In the first place, the *colono* has no incentive to increase production.\(^{30}\) His life is no better one way or the other. Then, too, the relationship of *colono* to land owner is basically one of master to serf. This type of system seriously hampers social, as well as economic, development. It is basically opposed to such fundamentals of either democracy or economic development as education for the people who work the land, "they plow just as well as if they could read." The *hacendado*, or land owner, is not interested in farm-to-market roads which encourage local development; he is not interested in rural electrification since he can light his *casa grande* with a gasoline motor; he has his own private or public sources of credit so he does not believe in credit for the small farmer.\(^{31}\)

\(^{30}\)Ibid., p. 170.

\(^{31}\)Senior, op. cit., p. 16.
Land reform programs are directly related to education and taxation problems; to increase agricultural efficiency, the farmer must be educated; to educate the farmer, schools must be constructed; and to construct schools, there must be in existence an efficient tax system. The general problem of education has already been discussed; now it will be treated as it is related to land reform and taxes.

The relationship between more efficient productivity and education is a very clear one. The agricultural worker must be made aware of the modern and efficient ways of getting a living from the soil. Simply redistributing the land to increase incentive will not solve the problem. Even when the farmer has the incentive to raise land productivity, he will still be helpless unless he has the knowledge of how to do so. This necessitates many new schools.

The money to build and support these schools will have to come from taxes, just as it does in the United States. Schools should be maintained in every county or district with the people residing there making an annual contribution in order to build and run them. This means a general property tax levied upon the value of the land and other real property within the limits of the county or district served by the school.32

The property tax can serve a dual purpose; besides providing funds for education, it can help end latifundio. This could be done in two ways. First, a substantial exemption (above a set small minimum amount) could be allowed on homes and farms actually occupied...

32 Thomas Lynn Smith, op. cit., p. 41.
by their owners. For absentee landlords this would mean a capital
levy, and they would eventually be taxed out of existence. 33 Second,
if the property tax were graduated, it would gradually force owners of
large estates to either intensify cultivation or to dispose of part
of their holdings. 34

The Latin-American countries need more than just a property
tax, however. They need an income tax system to provide the govern-
ment with money to carry out its functions. Jose Figueres, the former
president of Costa Rica, believes, however, that the Latin-American
tax systems are not as bad as the United States believes them to be.
According to him, "You North Americans disburse the bulk of your
personal taxes at a government office, based on your paychecks. We
pay at the store where our check is spent. Whatever our reputation
as tax evaders, and your reputation as tax avoiders, the store is
certainly a place where no one can cheat." 35 He believes the main
difference to lie in what the North and South Americans have left
after taxes. I certainly would not argue this point with him, but
I think he is overlooking the fact that a sales tax hurts the poor
more than the wealthy. A graduated income tax would certainly de-
crease the great spread between the poor and the wealthy in that the
man making only $100 a year would have more left after taxes and the
man earning $100,000 would have less. Eliminating the great space

33 Ibid., p. 42.
34 Carroll, op. cit., p. 191.
35 Jose Figueres, "The Alliance and Political Goals," The
Alliance for Progress: Problems and Perspectives (John C. Dreier,
editor), p. 77.
between the lower and upper classes is one of the goals of the Alliance for Progress.

As more and more people leave the farm for the city, the need to industrialize becomes even more urgent. The manpower released for the agricultural sector of the economy must be absorbed. Even in countries where industrialization is taking place, however, unemployment is still high. There are two reasons for this: 1. the high rate of population increase, and 2. the nature of modern technology. I do not believe the first point needs any further discussion. The second point does need clarification, however.

Latin America suffers from a scarcity of capital and an abundance of manpower. Yet, the production techniques which we are introducing in Latin America are meant for advanced countries where the conditions are just the reverse. We are making available technology which is geared to economize manpower and expend capital in large amounts.36

According to Raul Prebisch, a noted Latin-American economist, the process of industrialization suffers from three main flaws which have weakened its contributions to improving the standard of living:

1. All industrialization activity is directed towards the domestic market.

2. The choice of industries to be established has been based more on circumstantial reasons than on considerations of economic yield.

3. Industrialization has failed to overcome the external vulnerability of the Latin-American countries.37


37 Ibid., p. 32.
In regard to the first problem, the constant theme of industrialization has been that of import substitution; little or no attention has been paid to the efficiency of the export industries. Just equalizing the emphasis on import and export industries will not be enough, however. The advanced countries will have to lower their protective walls somewhat to facilitate imports of certain industrial goods from developing countries, thereby giving these countries a greater capacity to import those goods for which there is a large difference between the cost of importing them and industrializing to produce them.

The second flaw is largely due to the lack of a far-sighted policy. Pressure of circumstance has had much to do with the choice of industries to be established. In times of import difficulties due to a scarcity of foreign currency or to the consequences of the World Wars, restrictions were applied where they were easiest to introduce without upsetting the development of the internal economy. Industries producing these goods then sprang up. In many instances, it would have been better to impose duties on other goods since there was not as large a cost differential with respect to the international market.

The combination of the first two defects leads to the third. The process of import substitution has been carried to such a degree that it has not strengthened the structure of the Latin-American

38 Hirschman, op. cit., p. 21.
economy to withstand external fluctuations and events. Since preference in respect to import substitution has fallen on consumer goods this trend is about to end in almost complete substitution as regards such goods in the more industrial advanced countries of Latin America. Imports are thus confined to the raw materials and intermediate goods essential for maintaining current economic activity and to capital goods. This has brought about a new kind of vulnerability. The reducible margin of imports has disappeared. When exports decline cyclically, inability to import essential goods has an unfavorable effect on the growth rate and even leads to a contraction of the economy. 40

The United Nations Economic Commission for Latin America (ECLA) places its basic emphasis on the asymmetry in the relationship between the "center," the great industrialised countries, and the "periphery," the underdeveloped countries. According to their studies, the gains from trade are not equally divided between the center and the periphery. In the first place, there is an asymmetry between the income elasticity of demand for imports of the center compared to that of the periphery. The former is believed to be continually declining largely due to Engel's Law, which states that percentage expenditure on food is on the average a decreasing function of income. The latter is, most probably, potentially extremely large because of the demonstration effect. This says that as the financial position of people with nothing is improved, they will want all the things they

40 Ibid., p. 33.
have always seen others possess. Thus, as income rises in the center, the percentage expenditure on imports from the periphery declines. As income rises in the periphery, however, the percentage of income that goes for imports from the center increases.

The ECLA studies also found that protection plays a different role in developed and underdeveloped countries. In the developed center, it interferes with the allocation of resources. Resources are wasted producing items which could be purchased more cheaply from other countries. If duties were lowered on these items, resources could then be allocated to increasing the exports of other products. In the periphery, however, because of disguised unemployment in agriculture and a natural increase in population that cannot be absorbed there, protection of industry is required for the allocation of resources. Although the ECLA studies did not produce meaningful results, perhaps, due to the increased recognition that Latin America cannot continue as things stand now, the Alliance for Progress may meet with more success in these areas.

Latin America can no longer rely on her exports to provide the funds to purchase the things she needs; well-planned import substitutes will have to be intensified. Since all Latin-American republics suffer from this same illness, real expansion of the Latin-American economy can only be achieved if industrialisation is no longer duplicated within them. This duplication leads to needless waste of resources and must be stopped. A Latin-American Common Market seems

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41 Hirschman, op. cit., p. 14-16.
to be the answer. In 1960, the Latin American Free Trade Association (LAFTA) was established. The members of this Association are Argentina, Brazil, Chile, Mexico, Paraguay, and Uruguay.\footnote{Moscoso, "Social Change and the Alliance," p. 130.}\footnote{Prebisch, "Economic Aspects of the Alliance," p. 35.} The LAFTA is definitely a step in the right direction, but much still remains to be done.\footnote{Moscoso, The Alliance for Progress: Its Program and Goals, p. 9.} While these countries cut the tariffs among themselves an average of 27 percent on 2500 items,\footnote{Prebisch, "Economic Aspects of the Alliance," p. 35.} the duties imposed by the Association on imports from other countries are extremely high, averaging over 100 percent.\footnote{Ibid., p. 37.} These protection rates impose undue hardships on the other Latin-American countries. What is called for is an association which would include all Latin-American republics. A Latin American Common Market would reduce protection costs and eventually facilitate Latin-American exports to the most advanced industrial countries of the world.\footnote{Ibid., p. 37.}

In addition to the two types of problems that have already been discussed, there is another group of problems which will have a bearing on the social and economic development of Latin America. This group will be classified as political problems.
POLITICAL PROBLEMS

The political difficulties which Latin America presents to the Alliance for Progress and to the general understanding between the Americas are many. In the first place, the Latin-American countries are basically still the type of society that existed in Europe and the United States before the Industrial Revolution. There is an elite minority at the top of the economic scale and a poor majority at the bottom with a relatively small middle class. During normal times or when little or no change is taking place, the minority at the top may well express the feelings of their nations. In times of change or crisis, however, the elite becomes more and more disconnected emotionally from the impoverished majorities. Even though they lag 10 to 25 years behind the masses, they continue to speak for their countries in their relations with the outside world.47

The very people that North Americans tend to think of as troublemakers are turning out to be the people who are actively backing the Alliance. Several groups who are considered "too far left" in the United States but who are actually supporting the Alliance are the Latin Americanists (a group of professors), the Inter-American Association for Democracy and Freedom, and the Friends

47Figueres, op. cit., p. 81.
of the United States of Latin America. Instead of talking to and working with these groups, the majority of North Americans have communicated with people who are inactive in politics or who belong to small conservative parties. These parties, generally speaking, cannot be expected to carry out the reforms recommended in the Alliance.

According to Mr. Figueres, perhaps the major political problem of the Alliance for Progress is to be found in the United States.

The government of this country (i.e. the United States) faces the dilemma of simultaneously leading a contented people at home, who tend to be conservative because they have a great deal to conserve, and a number of malcontented, allied peoples abroad, who tend to be revolutionary because they have a great deal to change.

The people of the United States are still oriented toward Mother Europe, which is commendable, and not to Sister Latin America, which is lamentable. This country inherited the English language, a great deal of the English political wisdom on internal affairs, and some of the English disregard for the Spaniards. Latin America inherited the language, the chivalry and the anarchy of the Iberian peninsula, and some of its distrust for the British, who speak English.

Now that the goals of the Alliance and the conditions it is trying to remedy have been dealt with, let us turn our attention to discussing what the Alliance accomplished in its first year.

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48 Ibid., p. 82.
49 Ibid.
PERFORMANCE

Between March 3, 1961 and February 28, 1962, the United States committed $1,029,576 to Latin America under the Alliance for Progress. Seventy-five percent of that commitment has not yet been disbursed and many of the projects are just beginning. By the summer of 1963, counting projects currently under way and funds already committed, 168,000 homes; 15,000 miles of road; 620 water supply systems, 360 hospitals and health centers, and 17,250 classrooms should have been completed. In addition, some 17,000 technicians in the field of agriculture and 20,000 teachers and other education specialists will have been trained and 27,000 agricultural loans effected. It is expected that approximately 35,000,000 people in Latin America will have benefited from Alliance projects.

Many Latin-American countries have undertaken the basic reforms called for in the Alliance. One of the areas most in need of reform is the land tenure system. Several nations have land reform laws in existence already. These are Bolivia (1953), Colombia (1961), Guatemala (1953), Mexico (1917), and Venezuela (1960). In Brazil, Ecuador, and Peru laws are under legislative consideration.

50 Ted Szulc, The First Year of the Alliance for Progress: Gains, Obstacles, and Controversy, p. 9. This figure is broken down in the Appendix.

51 Ibid., p. 1.
No land reform laws have been drafted in Argentina (considered unnecessary by the Government), Chile, Costa Rica, Dominican Republic (the need is only for resettlement of rural populations), El Salvador (survey under way), Haiti, Honduras (considered unnecessary), Nicaragua, Panama, Paraguay, and Uruguay.

In the last year new tax laws have been passed in Bolivia, Colombia, El Salvador, Ecuador, and Peru. Several other nations have laws in preparation: Brazil (before Congress), Chile (being drafted), Costa Rica, Dominican Republic (studied), Mexico, and Venezuela. Other countries have not started working on tax laws for one reason or another: Argentina (only better collections needed), Guatemala, Honduras (collections improving), Haiti, Nicaragua, Panama (no problem), Paraguay, and Uruguay.

The Alliance also asks countries to submit long-range development plans. Bolivia, Chile, and Colombia have submitted the requested ten-year plans. Argentina, Brazil, Dominican Republic, El Salvador, Guatemala, Honduras, Panama, and Venezuela have plans in advanced preparation. No plans have been made by Costa Rica, Ecuador, Haiti, Mexico, Nicaragua, Paraguay, Peru, and Uruguay.53

Although the Alliance has met with some success, it has also encountered many obstacles and expects to encounter many more in trying to accomplish its goals.

52 Teodoro Moscoso, Progress Report on the Alliance for Progress, p. 60.

53 Saulic, The First Year of the Alliance for Progress: Gains, Obstacles, and Controversy, p. 8.
OBSTACLES TO ALLIANCE SUCCESS

As has been mentioned before, the tremendous population growth in Latin America is one of the biggest obstacles to social and economic progress. Programs geared to help solve the social and economic problems will not be able to keep up with the birth rate. The situation will resemble a dog trying to catch its tail and either being able to hold on to it for only a few minutes or not being able to grab it at all. Yet, the Latin-American people will have no incentive to decrease this rate until they see more opportunities for better education. Then they will begin to consider whether a smaller family might not be better for themselves and for their children.54

The Alliance lost support in the United States when several Latin-American countries refused to go beyond condemnation of the Castro regime and exclude Cuba from the Organization of American States at Punta del Este in January, 1962. The basic conflict here is the way the United States and Latin America viewed Castro's revolution. The United States was more concerned with whether Cuba was to enjoy democratic freedom or to again suffer tyranny. If the answer turned out to be tyranny, we were worried as to whether it would be indigenous or be dominated by a subversive extraregional

power. Due to our investments in Cuba, the threatened expropriations were a source of concern to us. Would they be handled in accordance with international custom or would they be outright thefts? Latin America's main concern, however, was whether or not Castro would carry out the promised social reforms which had gained him the support of Cubans and of the hemisphere generally. This is just one of the many problems that arise due to lack of understanding between the United States and Latin America and due to different values.55

Semantics is another area where our different experiences and values are causing trouble. A word or term may mean one thing in the United States and something entirely different in Latin America. Three such terms are socialism, private enterprise, and American. In Latin America, socialism describes a perfectly acceptable and democratic way of life; private enterprise suggests exploitation of workers and resources, unconscionable profits, rich owners and poor workers; American to the Latin American includes anyone from Tierra del Fuego to the Bering Strait.56

The problem of immediacy versus planning is a major one, also. The destitute masses need to be instilled with immediate hope; they need to see quick tangible evidence that the United States really wants to help them. Latin America needs long-range projects, also, but at the present she lacks the technicians, engineers, teachers,


56 Moscoso, Progress Report on the Alliance for Progress, p. 96.
financing, etc., to carry out the projects. 57

The wealthy class in Latin America is not going to take kindly to the idea of having their way of life disturbed. If the United States tries to push through the reforms to which they object, they may accuse the United States of meddling in the internal affairs of their countries. 58 They must be made to realize that if the masses are not helped, they will become tools of a communist leader who will, like Castro, take the property of the wealthy with no compensation. As President Betancourt of Venezuela put it, "Hay que ayudar a los pobres para salvar a los ricos" -- "We must help the poor in order to save the rich." 59

The poor families have some fears as to what the Alliance may mean for them, too. The disruption of family life is one of the most feared and one of the most unavoidable changes. The extended family of uncles and aunts, grandparents and grandchildren cannot remain geographically intact in a single village, rural region, or city neighborhood under the pressures of a modern economy. Job opportunities will open up for individuals, not for whole families. The fact that family members will necessarily live further apart does not mean that family ties will be weakened. Many of the people will be employed in improving the transportation and communication system which can unite families again.

57 Ibid., p. 61.
58 Ibid., p. 63.
Not only the physical proximity prospects of family life are threatened by economic progress, however. Poor and uneducated parents who now will be able to see their children educated will have a hard time retaining the respect of these children. The children will know more about the modern world and may feel themselves to be superior to their uneducated parents. Men will not appreciate having their traditional authority challenged by women who earn nearly as much as they do. The extended family will suffer from the loss of many of its traditional functions. The role of providing insurance, medical care, schooling, and entertainment will pass increasingly from the family to more specialized institutions. Since these poor Latin-American families have no contact with the outside world, they do not realize that this same thing happens among immigrant families and workers' families whose children go into the professions. This lack of understanding among the wealthy and the poor as to the benefits to be derived from the Alliance-sponsored reforms is causing trouble when it comes to implementing these reforms.

The requirement that countries that receive aid practice self-help through basic reforms in land tenure, tax legislation and financial stability has placed the United States in a quandary. What do we do when, even though a country has failed to fully carry out reforms, its democratic government is in danger of falling if aid is not given? Some say that to give aid without the required reforms is like agreeing to blackmail. The Administration, however, feels

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that in special cases political considerations must be allowed to outweigh insistence on fulfilling the Alliance obligations to the letter. 61

Another major problem is the growing impatience of Congress. Many congressmen seem to feel that the Latin-American countries are not doing their share. They think reforms are taking place too slowly. Some are comparing the Alliance for Progress with the Marshall Plan, and the Alliance looks poor in this light. They forget, however, that the Marshall Plan was not a roaring success in the first year. Also, Europe had been industrialized before the war and just needed repairs. Latin America has never been industrialized. I believe Mr. Moscoso puts it very succinctly in the following statement:

In effect, Europe at the time of the Marshall Plan was like a wrecked automobile. It had to be taken into the repair shop, where some very fine mechanics were waiting. But with Alliance, it is a case of actually having to build the automobile from the ground up -- and in a shop that has neither the proper tools nor trained mechanics.62

The members of Congress also tend to link the Alliance to everything that happens in Latin America. When Brazil expropriated a subsidiary of International Telephone and Telegraph, bills were introduced in both Houses of Congress to cut off aid to Brazil. This provision was made a part of the Foreign Assistance Act of 1963. The

61Smule, The First Year of the Alliance for Progress: Gains, Obstacles, and Controversy, p. 4.

62Moscoso, Progress Report on the Alliance for Progress, p. 60.
Administration fought against this provision, arguing that the seizure did not represent the policy of the Brazilian Government.63 Many congressmen feel, however, that a government which has no control over the policies of its states will be unable to live up to the provisions of the Alliance.64

Political instability and the fear of expropriation are causing businessmen to withdraw capital from Latin America. This damages efforts to create investment money to match official United States aid. The entry of new private capital is still running at what is considered an unsatisfactory level. The net inflow in 1961 was about $200,000,000.65

Latin America is also upset about the tendency of the United States to claim its full measure of credit for every decent thing it does. This gives the program the scent of a hand-out plan instead of one of cooperation between the United States and Latin America.66 The Latin Americans are a proud people, and we must remember this if the Alliance for Progress is to gain their cooperation.

63 Saul, The First Year of the Alliance for Progress: Gains, Obstacles, and Controversy, p. 5.
64 Ibid., p. 4.
65 Ibid., p. 1.
CONCLUSION

The goals of the Alliance may seem unrealistic to some. To the average citizen who knows relatively nothing about the situation that exists in Latin America today, it may seem easy enough to increase per capita income; pass tax and land reform laws; insure six years of primary schooling for every child; and institute national development planning. To the expert who realizes what such a program entails, however, the goals may appear too high to be accomplished in so short a time.

Latin America's problems have not arisen overnight. She has always suffered from problems of housing, education, and health. The greater percentage increase in population in the last few years and the rapid trend toward urbanization have intensified these problems, however. In order to slow up urbanization another age-old problem must be tackled; the land tenure system will have to be reformed in order to encourage more people to stay on the land until jobs, housing, schools, and sanitary measures can be provided in the urban areas. Of course, the money to provide all these necessities will have to come from somewhere. The United States will do its share, but the Latin-American nations will have to do theirs, too. This brings up the problem of tax reform. As you can see, all of Latin-America's problems are inter-related.

In trying to solve Latin-America's problems, the Alliance is finding some of its own. In the first place, it is difficult for
the people in the United States and Latin America to work together since so many differences in values and political beliefs keep them from understanding each other's situation. This leads to a lack of needed support for the Alliance both in Latin America and at home. The rich in Latin America do not want their property and privileges disturbed. The poor are afraid of what the Alliance will mean to their family structure and their way of life. In the United States, impatience with Alliance results is presenting a major problem. Some members of Congress are hesitant about voting funds to carry on the program on the basis of results so far. They forget that the Alliance is not repairing, but actually building. Many members of Congress are trying to link the Alliance to everything that happens in Latin America. They, along with others, are also making the Alliance seem like a charity program by demanding full credit for every decent thing the United States does in Latin America. The United States has put itself in a quandary by insisting on reforms before aid, too. What do we do when a democratic government must have aid to stay in power and yet had not instituted the required reforms? The Administration has one answer, others have another.

When we consider that the Alliance has only been in actual effect for a little over one year (since the charter was signed at Punta del Este in August, 1961), I believe the progress made so far presents a more hopeful picture than many seem to see. After all, you cannot erase the mistakes of centuries in just one year. Many United States citizens cannot comprehend the conditions that exist in Latin America today. If they did, I am sure they would realize
that most of the people want reforms and will work for them. We must be patient. I believe a statement by Jose Figueres best sums up the reasons why the Alliance for Progress must succeed. He said simply, "It is one minute to midnight in Latin America."67

APPENDIX A

COUNTRIES OF THE ALLIANCE

Argentina
Bolivia
Brasil
Chile
Colombia
Costa Rica
Dominican Republic
Ecuador
El Salvador
Guatemala
Haiti
Honduras
Mexico
Nicaragua
Panama
Paraguay
Peru
United States
Uruguay
Venezuela
APPENDIX B

TABULATION OF AID BY UNITED STATES TO LATIN AMERICA UNDER THE ALLIANCE FOR PROGRESS BETWEEN MARCH 3, 1961 AND FEBRUARY 28, 1962

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>$9,128,000</td>
</tr>
<tr>
<td>Bolivia</td>
<td>$22,420,000</td>
</tr>
<tr>
<td>Brasil</td>
<td>$357,190,000</td>
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<tr>
<td>Chile</td>
<td>$135,489,000</td>
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<tr>
<td>Colombia</td>
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<td>Costa Rica</td>
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<td>Dominican Republic</td>
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<tr>
<td>Ecuador</td>
<td>$39,505,000</td>
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<tr>
<td>El Salvador</td>
<td>$23,514,000</td>
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<tr>
<td>Guatemala</td>
<td>$3,669,000</td>
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<tr>
<td>Haiti</td>
<td>$2,840,000</td>
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<td>Honduras</td>
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<tr>
<td>Mexico</td>
<td>$106,321,000</td>
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<tr>
<td>Nicaragua</td>
<td>$10,729,000</td>
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<tr>
<td>Panama</td>
<td>$11,226,000</td>
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<td>Paraguay</td>
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<td>Peru</td>
<td>$65,969,000</td>
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<td>Uruguay</td>
<td>$4,925,000</td>
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<tr>
<td>Venezuela</td>
<td>$99,355,000</td>
</tr>
<tr>
<td>Central American Bank</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Regional and undistributed</td>
<td>$1,550,000</td>
</tr>
</tbody>
</table>

Total: $1,029,576,000

*The Argentine figure does not include $150,000,000 in loans committed in principle in February, 1962.

**The Brazilian figure does not include the refinancing of $304,800,000 in earlier debts.

#The Chilean figure includes $100,000,000 in special aid for reconstruction after the 1960 earthquake.

NOTE: A large part of these funds were committed before the signing of the Alliance for Progress Charter on August 17, 1961, when United States aid was conditioned on domestic Latin-American reforms. This includes the bulk of the assistance to Brazil.
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