

# Special Economic Report

## Doubts Crowd 'Alliance'

CPYRIGHT

By Herman H. Johanson  
Latin America Editor of  
The Christian Science Monitor

The first, uncertain, nagging doubts about some aspects of the Alliance for Progress hemisphere program have begun to crop out from a number of sources.

A growing number of Latin-American and United States businessmen feel that private enterprise, as a concept, was shunted aside at the Punta del Este conference, according to *Vision*, Spanish-language magazine circulated in Latin America.

In another sector, the Chase Manhattan Bank says in its quarterly report on Latin America that "the case for land reform in Latin America on purely economic grounds is not strong."

### Hegemony Destroyed

While not placing itself on record categorically as being against land reform, in fact emphasizing that many countries "are finding orderly land reform to be in their long-range interest," the Chase Manhattan Bank report states: "Both the Mexican and the Bolivian revolutions aimed at and succeeded in destroying the political hegemony of the large land-owners. Neither followed a well-thought-out plan to redistribute land in a way that might have maintained production."

From the economic point of view neither provides evidence that land reform promotes agricultural growth.

### Landowners Reimbursed

"Clearly, if these nations had not been caught up in a revolutionary vortex of uncontrollable proportions, better methods could have been devised to free the farm laborer, increase the number of medium-sized land holdings, and raise the rate of agricultural growth."

Evidence that this lesson may have been learned by others in Latin America is the Venezuelan Agrarian Reform

Law, passed in 1960, said the Chase Bank report.

"As distinct from all other Latin-American land reforms—in Mexico, Bolivia, Guatemala, and Cuba—fair and effective payment is made to landlords for expropriated lands. Moreover, only land not currently cultivated, or tenanted land is subjected to expropriation," the report said.

"Other important features of the law are: graduate land taxes to force cultivation of arable land; a broad range of technical and financial assistance to new landowners; plans for road, power, school, and other facilities needed in areas of farm growth."

*Vision*, in its Latin-American letter said that those most concerned about private enterprise's allegedly alighted role at the Punta del Este conference had arisen among business and labor leaders (many of them invited by Washington). "One top United States executive has the impression that at Punta del Este, private enterprise was a 'dirty phrase,' that the United States delegation bent over backward to avoid being associated with it," *Vision* said.

### Encounter Avoided

"Another complains that delegation chief C. Douglas Dillon made no mention of private enterprise in his opening speech, yet remarked at the conference's close that United States businessmen could be counted upon to invest upward of \$300,000,000 a year in the Alliance for Progress."

One reason given is that the United States has learned that, to the Communist mind, a political slogan is the next best thing to atomic testing when it comes to diverting public attention from the matter at hand, says *Vision*. In this connection, the United States delegation at Punta del Este appeared to be avoiding a direct encounter with Maj. Ernesto "Che" Guevara, Cuba's economic chieftain.

Another answer might be, the *Vision* news letter says, "that neither American nor Latin-American businessmen took kindly to indications by Richard Goodwin, the President's chief Latin-American adviser, that he thought private enterprise had a bad connotation in Latin America because it is associated with United States imperialism."

*Vision's* Newsletter comment on all this is:

Sanitized - Approved For Release : CIA-RDP75-00149R000300180064-3

Those who fear the consequences of our refusal to take on Che Guevara must be re-convicted that we are still dead set against communism in Cuba.

"Those who are worried over the future role of private enterprise in Latin America must be reassured. If not, the entire financial structure of the alliance may be endangered."

Among other views expressed in the Chase Manhattan report were the following:

"The basic problem of land in Latin America is to use it as efficiently as possible, and do so in a way that engages the full energies of the people who work it."

"It is quite clear that, except for a few areas the existence of new land to be opened up is quite limited. But there is great potential for growth with the existing land and labor resources provided they are used to their fullest extent. . . ."

### Supervised Credit

" . . . There are cases where some changes in the land tenure system would stimulate farm output. This may be particularly true of areas where arable land lies fallow or where it is grossly under-utilized. However, reforms involving land redistribution can be very costly in terms of economic and social stability. . . ."

Where extensive technical assistance, accompanied by credit facilities, has been made available to small farmers, output has often increased considerably.

"The ICA (International Cooperation Administration) has, for several years, conducted a supervised credit program in the Peruvian highlands in which technical knowledge is imparted along with credit to buy seeds, fertilizers, and implements. ACAR—a branch of United States private foundation—ran a very useful supervised credit program in Minas Gerais, Brazil, for a number of years."

" . . . Enough has been done to indicate that with additional education, better means of transportation and storage, and with a concerted technical assistance and credit program, output from relatively small farms can be increased greatly. . . . Parts of Chile, Brazil, Costa Rica, Mexico, and other countries offer considerable potential for such programs."

py  
12

has some . . . mending to do . . . Punta del Este