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August 18, 1961

MEMORANDUM FOR MR. ROBERT AMORY
Central Intelligence Agency

The attached paper is proposed for discussion by the Luncheon Group, Tuesday, August 22. Please reserve time for discussion until 4 P.M.


George C. McGhee

Attachment:

Paper entitled: "Guidelines of
US Policy Toward Latin America"

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SECRETThis document consists of 50 pages.
Copy No. 7 of 100 copies, B.PLEASE RETURN TO
●/DD/I (NSC)GUIDELINES OF UNITED STATES POLICY TOWARD LATIN AMERICACONTENTS

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GUIDELINES OF UNITED STATES POLICY TOWARD LATIN AMERICA

I. STRATEGIC CONCEPT AND OBJECTIVES

A. Strategic Concept.

1. In the grim competition between the Free World and Communism, Latin America more than ever before is essential to the security of the United States. Of the countries which are individually the most important to our security, Cuba has been lost for the time being to the Sino-Soviet Bloc. Two others, Mexico and Brazil, are veering toward neutralist expressions in their search for national identity. In most of Latin America there is a semi-feudal social order, economic underdevelopment, an exploding population, political instability. A rising demand for social justice and a decent living is beginning to sweep through the masses. The Communists are trying with purpose and skill to direct this force into violent revolution and turn it against the United States.

Our strategy in this situation is: 1) to lead and assist Latin America in a grand Alliance for Progress to satisfy basic human wants and to right old wrongs (cost of the program over ten years is estimated at \$20 billion from United States and other outside sources, public and private); 2) to strengthen the Latin Americans' will and capacity to resist Communist subversion, and if possible win their help in isolating, weakening, and eliminating the Communist beachhead in Cuba; and 3) to strengthen the inter-American system and cultivate closer relations with all the Latin American countries and peoples, especially with those key
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nations which appear destined to play an important role in the hemisphere and in the world, such as Brazil, Argentina, and Mexico.

In this enterprise we must exert liberal leadership. We must cooperate to the fullest with the self-help efforts of countries seeking to modernize themselves. We must disassociate ourselves from reactionary forces which decline to respond to the needs of the people. We must influence and help the military to become guardians of constitutional order and agents of constructive change. We must be patiently understanding of the growing pains of countries which in striving to establish their national identity are feeling a temporary need to demonstrate their independence of us. We must dedicate the resources required for the task.

B. Objectives.

2. Satisfaction of Basic Human Wants.

- a. Satisfaction of the basic aspirations of the peoples of Latin America for economic improvement and social welfare, and continuing identification of the United States with this progress.
- b. Essential advances toward social justice, in countries where it is now lacking, by governments able and determined to deal effectively, and by orderly and peaceful means, with maldistribution of wealth, inequality of opportunity, and other injustices, through such means as agrarian and tax reform and attention to housing and community facilities, health and education, and neglected human resources.
- c. Significant and continuing increases in per capita production, in stable but dynamic economies where free enterprise is welcomed.
- d. Long-range

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d. Long-range planning for balanced social and economic development and internal security needs.

e. Mutually beneficial economic relations among Latin American countries and between them and the United States and other Free World countries.

f. Adequate production of, and access by the United States at prices which do not fluctuate violently, to Latin American resources and materials.

Time-frame: It is imperative that significant progress toward the satisfaction of basic human wants be made within the next three years. A substantial degree of realization of this objective should be possible in the 1960's.

to this realize

3. Resistance to Communism and Communist Subversion.

a. Devotion to freedom and abhorrence of Communism and all forms of dictatorship by the peoples of the American Republics.

b. Awareness by governments of the threat of international Communism, particularly as exemplified by Castroism, and of its capacity for subversion or guerrilla action; and determination and ability, individually and collectively, to defeat it, and to accept and use effectively U. S. assistance to that end.

c. Evolutionary development of democratic governments supported by stable political, economic and social institutions compatible with, though not necessarily identical with, those of the United States.

Time-frame: The evolution toward democracy under even favorable conditions is slow, and in Latin America will be anything but smooth in the decade ahead. For democracy to have a chance to grow or even to survive

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survive, effective internal defenses must be built against Castroist-Communist subversion. This need is paramount and immediate, and intimately related to it is the need for a dramatic attack on the problem of social and economic progress referred to in the first objective.

4. Vital Role for Latin American Military

a. Latin American military leadership believing firmly that the mission of the military includes preservation of democratic constitutional order, maintenance of internal security, a reasonable contribution to collective defense, and, where possible, a contribution also to economic and social development.

b. Modification of existing military programs to bring them into alignment with U. S. objectives and to give the Latin American military a sense of a vital and dignified partnership with the United States in maintaining the security of the hemisphere against threats from outside and within.

c. Military establishments in Latin America capable of accomplishing their mission, and no larger than necessary.

Time-frame: This objective calls for an accelerated process of education, to be generally completed within three to five years, and kept fresh thereafter on a continuing basis.

5. Growth of Hemispheric Strength.

a. Friendship, mutual respect and sense of interdependence and hemispheric regional cooperation among governments and peoples of the American Republics.

b. Development

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b. Development of the OAS into an organization sufficiently viable to achieve effective contributions from all its member states toward the realization within the hemisphere of peace and security and political, economic, social, and cultural growth.

c. Fulfillment of Latin American potential to become a significant, dynamic element in the international scene.

Time-frame: Greater solidarity of the American Republics, and strengthening of their regional organization, are a continuing long-term objective. It may prove not to be achievable, due to internal stresses (Cuba) and the tendency of some countries (Brazil, Mexico) to follow a more independent line of action in international affairs.

(See CONTINGENCIES.)

II. LINES OF ACTION

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II. LINES OF ACTION

(to be applied in each country to the extent they are pertinent and feasible)

POLITICAL.A. Positive Programs to Win Peoples.

6. Association of United States with Progress and Reform. Associate ourselves actively with the forces which are working to satisfy the desires of Latin American peoples for higher living standards at levels which are attainable, more social justice, and a sense of independent national pride. Demonstrate through means such as the Alliance for Progress that economic and social progress can be best achieved in cooperation with the United States and the Free World.
7. Encouraging Democracy. While maintaining correct relationships with all recognized governments, give special and public encouragement to those which have a popular base and are making a genuine effort to establish democratic institutions. In apportioning U. S. foreign aid, take into account not only the needs of Latin American countries and their own efforts at self-help but also their attitudes toward Communism and other forms of totalitarianism and their past and present attitudes toward the United States and the Free World. Extend no favors or honors to representatives of governments which act in a manifestly anti-democratic manner without fully considering the possible political implications of such actions. However, exercise care not to contribute to the overthrow of pro-Western governments, even those identified as dictatorships, by Castro-Communist elements.

8. InfluencingSECRET

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8. Influencing Leaders and Representative Groups.

a. Increase efforts to develop a high sense of civic responsibility among present and potential political, military, religious, and labor leaders, journalists, commentators, educators, and others exercising substantial opinion-forming influence. Try to influence them to initiate or support accelerated programs of political, economic, and social development, using democratic processes. Promote close personal relationships between appropriate Latin American leaders and distinguished U. S. leaders.

b. Make special efforts to convince members of the traditional ruling classes of the wisdom of not only accepting but associating themselves with the forces of evolutionary change as the best means of averting revolutions of the Castro type.

c. Keeping in mind local sensitivities and the need for discretion to prevent such an effort from becoming counter-productive, United States representatives should be ready and able to discuss with local leaders, in their own language, the principles of representative democracy, the fallacies and shortcomings of Communism, and the relative validity of the two political and economic systems.

d. Try to develop attitudes favorable to U. S. policy objectives among students and intellectuals, including artistic, literary and professional persons.

e. Encourage and support moderate elements of leftist, nationalist, and other reform groups and parties in their aspirations for genuinely needed reform so that they will be drawn toward us and become an

indigenous

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indigenous grassroots base for resistance to Communist and Castroist influence. Make them see that the United States does not fear or resist change but rather welcomes it when it is democratic and directed to the betterment of the masses. However, do not support or foster change merely for the sake of change.

f. Maintain contact with elements of the political opposition, if not Communist, to an extent and at a level and in a manner which will not strain U. S. relations with the government.

g. In cultivating close personal relations with individuals and groups described above, take care not to mistake those which are merely progressive, nationalist or leftist for those which are Communist, and avoid becoming identified with entrenched, reactionary elements.

h. Make increased and systematic use of U. S. citizens and business firms operating abroad, and of leader and Point IV grantees, to carry out the purposes outlined in this paragraph.

i. In order to implement the previous portions of this paragraph the Ambassador should develop a carefully thought-out program, and assign targets and responsibilities.

j. Give attention in the selection of personnel for service in Latin America to their ability to contribute to the over-all objectives of the United States, in addition to their competence in their individual specialities, in the environment to which they are being sent.

9. Forward

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9. Forward Action in the Labor Field.

a. Make clear, by word and action, that the United States is interested in cooperating with Latin American countries for the purpose of increasing educational, health, housing and employment opportunities of working people; that it accords equal status and respect to workers as to employers; and that it recognizes the right of workers to form unions and negotiate with employers as fundamental to a democratic society.

b. Within the framework of programs approved jointly with the host Government, assist local trade unions in the development of self-help worker projects for housing, school construction, and clinics, and cooperative efforts for the provision of food, water, clothing, and transportation.

c. Encourage and assist governments in measures to provide workers' children with educational opportunities in accordance with their abilities.

d. Make available useful U. S. and other experience in enlightened human relations between labor and management. Sponsor joint training classes for labor and management, publicizing examples of progressive management practice in Latin America.

e. Build up technical skills by:

i. Helping Latin American educational institutions to expand their facilities for teaching technical subjects.

ii. Trying to get U. S. industry and trade union concurrence to train numbers of Latin Americans in this country side by side

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*Encourage US Corps to
employ more Latinos in field
operations*

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with their American counterparts in U. S. factories.

iii. Including among the Peace Corps volunteers men with trades such as carpentry, bricklaying, cabinet-making, blacksmith work, and mechanics.

iv. Making available in quantity and in the local language extensive do-it-yourself information; other technical material on topics useful to working people, including nutrition and home economics, accident prevention in home and factory, gardening, first aid, personal hygiene, child care, and choosing a trade; and stories of self-made men.

y. Encouraging greater utilization of available technical courses in military schools in the United States and the Canal Zone.

f. Encourage and assist non-Communist labor organizations. Promote and support the training of effective labor leaders in the United States and other countries of the hemisphere to counteract Communist infiltration in labor organizations. Encourage and/or conduct labor information and educational activities designed to teach workers the purposes and methods of free trade union organization. Assist, as feasible and appropriate, in the establishment of labor centers for these and other purposes.

g. Clarify in the minds of the workers that in the U. S. economic system, although it is commonly called capitalism, most of the great corporations are owned by the stockholding public, that the Government intervenes in a regulatory capacity where necessary in the interest of social justice, and that it engages in enterprises such as the TVA.

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Make clear also that while we believe in private enterprise as the best means of providing for man's material needs, we do not approve of excessive profits or of projects that make the rich richer while holding the wage line for the workers and failing to pass benefits to the consumers, and we recognize the need for governmental regulatory action in many areas of the economy. Explain that we believe in a substantial role for non-statist ownership because it promotes initiative and gives better assurance that individuals will be compensated according to their abilities and their efforts.

h. In the employment of local labor by the U. S. Government, pursue exemplary labor practices. Encourage private U. S. employers to follow similar practices and to develop, by special training, enlightened, progressive and capable managerial and entrepreneurial talent.

i. Assist, as appropriate, the activities of Free World regional and international labor organizations and trade secretaries.

B. Defense Against Communism.

10. Strengthening Internal Security. Strengthen the internal capabilities of Latin American countries, and especially the weak countries of the Caribbean area, for defense against subversion, civil disorders, guerrilla activities, and other Communist and Castroist take-over tactics. (See also paragraphs 64 and 65.)

11. Creating Awareness of Communism.

a. Through a vigorous information program

i. Stress the effects of Communist tyranny on the individual.

ii. Emphasize the fallacies in Communist doctrine.

iii.

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iii. Expose, as far as possible without attribution to the U. S. Government, the activities of local Communist and Castroist parties and of the Sino-Soviet bloc as they relate to Latin America.

b. See that our field representatives have a sufficient knowledge of Communist doctrine and techniques to identify them, however disguised, and denounce them, but that they are equally quick to recognize and denounce the misuse of the charge of Communism. Scrupulously avoid labeling as Communism things that are not Communism.

12. Combatting and Restricting Communist Influence.

a. Encourage the development and coordination of indigenous anti-Communist and anti-Castroist movements.

b. To the extent that our effort holds promise of positive results without becoming counter-productive, encourage action by the other American Republics against Sino-Soviet bloc influence and Communist-Castroist subversion by such measures as:

i. Adoption and enforcement of adequate laws to control Communist activities;

ii. Adoption of measures to prevent the manipulation of student, labor, and other legitimate organizations by international Communism;

iii. Restriction on the entry, production, and dissemination of Communist and Bloc information and propaganda material;

iv. Restriction on the admission of Communists into their territory;

v. Limitation

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- v. Limitation of trips by Latin American nationals to Bloc countries and to Communist international-front meetings and adoption of adequate measures to brief and otherwise influence those non-Communist individuals or groups with whose trips the local government does not feel it can interfere.
- vi. Discouragement of the opening of new diplomatic and consular establishments by bloc countries; limitation on the size of the staffs and the activities of existing establishments; expulsion and exposure of bloc and Castroist mission personnel engaged in undesirable activities; and, when appropriate, breach in diplomatic relations.
- vii. Prevention of direct or indirect trade in strategic materials with the Sino-Soviet bloc and Cuba.
- viii. Prevention of other trade with the bloc at levels or in fields or on terms which would create damaging dependence on the bloc or result in a significant bloc influence over the international actions of the country. (Except for these limitations, the United States should normally refrain from discouraging Latin American countries from selling non-strategic commodities to the bloc, but might point out as opportunity offers that when the bloc trades, it is often for purposes of political gain.)
- ix. Rejection of bloc aid and exclusion of bloc specialists and technicians in sensitive areas.
- c. Exchange information with Latin American Governments on local and international Communist and Castroist activities.

d. ProposeSECRET

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d. Propose creation of a committee that might be called a Committee for Defense of Freedom (similar to the Advisory Committee on Political Defense of World War II) to assist governments to identify, expose, and put into effect measures against threats to constitutional order from Castroist-Communist sources.

e. Obtain maximum recognition by those States which approved Resolution 32 of the Ninth Inter-American Conference at Bogotá and/or Resolution 93 of the Tenth Inter-American Conference at Caracas and the Declaration of San José of 1960 of their continuing responsibilities under these articles with respect to Communism.

13. Sanctions Against Close Bloc Ties. If an American State should establish with the Sino-Soviet bloc close ties of such a nature as materially to threaten the peace, security, or welfare of the United States or the Hemisphere, be prepared to diminish or suspend governmental economic and financial cooperation with that country and to take any positive political, economic or other actions deemed appropriate.

14. Communist Domination of an American Republic. In the event any American State should come under the domination of Communism, seek maximum possible OAS action under the Treaty of Rio de Janeiro, within the limitations imposed by the United Nations Charter, to remove or reduce the threat to the security of the Hemisphere. Unilateral action should be considered by the United States if effective multilateral remedies are not forthcoming promptly and should be undertaken if it is determined by the President that such action is so important to the national interest as to over-ride limiting international commitments.

C. Inter-AmericanSECRET

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C. Inter-American Affairs.

15. Strengthening Hemispheric Solidarity. Strengthen hemispheric solidarity by:

- a. Providing effective U. S. leadership for the hemisphere, including decisiveness with respect to Latin American problems and occasional shows of strength.
- b. Demonstrating our intention to live up to all our inter-American commitments, including the commitment of non-intervention, except as intervention may be determined by the President to be indispensable in the national interest. (See paragraph 14.)
- c. Strongly supporting the OAS, utilizing it as an important means of achieving inter-American objectives and as a major forum for multilateral discussions of questions affecting the hemisphere, realistically recognizing but constantly endeavoring to overcome its limitations as an effective instrument for major collective action.
- d. Stimulating as may be required Latin American governments and delegations to discharge the responsibilities imposed upon them by membership in the OAS, the United Nations, and other international organizations.
- e. Working with other members of the OAS to develop and maintain practicable Secretariat action programs in economic and social affairs, cultural relations, technical assistance, and the development of science, and to bring about adequate administration of the Pan American Union activities, as well as coordination of these with other similar programs both bilateral and multilateral.

f. Providing

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- f. Providing Latin American countries with information to increase their awareness of the security and other inter-relationships of the Western Hemisphere with other areas of the Free World.
 - g. Consulting through diplomatic channels with all Latin American States, wherever possible, before taking actions which will affect them or for which we wish their support, giving special attention to key States such as Brazil, Mexico, and Argentina and including them in any plan for disclosure of selected semi-confidential information that may be adopted with respect to countries which the United States is especially desirous of cultivating.
 - h. Bringing Canada (and, when it gains full autonomy in foreign affairs, The West Indies) into closer relationship with the inter-American system, including membership in the OAS.
 - i. Unofficially encouraging, but without ourselves entering into, an inter-American organization of democratic political parties that believe basically as we do.
 - j. Stimulating greater collective military solidarity through the use of the Inter-American Defense Board.
16. Maintenance of Peace. Take all practicable measures in accordance with OAS principles and procedures to prevent armed conflicts between States in the Western Hemisphere and to promote the resolution of disputes between or among American States.
- a. Encourage and support actions by the OAS to solve disputes between American States peaceably.

b. Seek

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b. Seek to prevent boundary and territorial disputes from developing into threats to the peace. Attempt to have the OAS as a whole, rather than specific member states, accept responsibility for the resolution of boundary problems and the execution of settlement or guarantee arrangements, when the parties concerned are unable to arrive at a mutually satisfactory settlement.

c. Continue to urge that the members of the OAS resort in the first instance to the OAS rather than to the United Nations Security Council with respect to disputes or other threats to peace arising among the American Republics. Oppose efforts of the Soviet bloc to have the Security Council approve or disapprove the actions of the OAS, under the general provisions of the UN charter.

17. Threats to Vital U. S. Security Interests. In situations where the peace of the Hemisphere is threatened, or where there are serious threats from within the Hemisphere to vital U. S. security interests, seek remedial action through the inter-American system, to the extent possible. In situations involving a direct threat to vital U. S. interests where effective remedial action cannot be obtained multilaterally, take appropriate unilateral action as indicated in paragraph 14.

D. The United Nations.

18. Continue to urge friendly Latin American states to support the United States' position on major issues in the United Nations while, at the same time, recognizing that special circumstances or a desire not to appear to be a United States satellite will result in some Latin American UN members

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sometimes adopting different positions from us on individual items. We should actively but discreetly discourage Brazil, Mexico, and other Latin American states, as may be necessary, from identifying themselves as members of the so-called uncommitted or neutral groupings in the United Nations. (See also paragraphs 14, 15d and 16c.)

E. Special Problems.19. Cuba.

a. Seek by all appropriate means, including all feasible measures in the OAS, to weaken, isolate, and promote the downfall of the Castro-Communist dictatorship.

b. Establish, preferably within the framework of the OAS, on a bilateral basis which might later be made multilateral, Caribbean Security arrangements to defeat possible attempts by the Castro regime to supply arms or men for guerrilla actions against governments of the area.

c. Be alert to and take advantage of any circumstances which would permit the United States to intervene forcefully to prevent a Communist take-over of a Latin American country.

20. Dominican Republic. Apply pressure and persuasion, unilaterally and through the OAS, on the Government of the Dominican Republic to bring about the restoration of full civil rights in that country, the preparation and carrying out of free and open elections, and the elimination of all repressive vestiges of the Trujillo dictatorship. Encourage responsible, moderate opposition groups to seek fulfillment of their political aspirations through elections and not through revolution. Be alert to forestall, through

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through assistance to the Government or by direct efforts if necessary, preferably in conjunction with Venezuela and Colombia, any attempt at a take-over of the country, from without or within, by Castro-Communist elements or other elements hostile to the United States and the Free World.

21. Panama Canal. Emphasize as suitable opportunity offers the importance to Latin American countries of the Panama Canal and of its operation by the United States. Reduce ground for possible Latin American criticism of the U. S. presence in Panama by removing so far as possible sources of friction between Panama and the United States. Seek when the proper time comes to develop attitudes throughout Latin America, including Panama, that would be favorable to U. S. construction and U. S. participation in the operation of a sea-level successor to the present canal, in Panama or elsewhere, by 1980, and help Panama before then to become less dependent on Canal revenues by stimulating the growth of Panama's economy and social institutions. For more specific guidance, see "Guidelines of U. S. Policy toward Panama and a Future Inter-Oceanic Canal in the Isthmian Region".

22. Inter-American Highway. Aggressively support legislation to provide funds on the 2/3 - 1/3 basis to complete the surfacing of the Highway in the shortest possible time. Encourage the establishment of a maintenance authority to maintain the entire Highway; the signing of the Commercial Bus and Truck Agreement to increase commercial usage; and the provision, by the various countries, of tourist facilities along the Highway to promote the flow of tourist traffic.

23. Three

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23. Three Mile Limit. Unless and until other criteria are accepted, refrain from giving recognition to claims by Latin American governments to sovereignty over territorial waters beyond the three-mile limit.
24. European Dependencies. Encourage acceptance and implementation by the interested European States of the principle that dependent peoples in this Hemisphere should progress by orderly processes toward an appropriate form of self-government. Encourage acceptance by the Latin American States of the fact that meaningful progress toward self-government is being made in those areas which have not attained that status. To all parties concerned stress our belief that any such areas accorded full independence should be economically viable. If any disputes between American and non-American States over dependent territories cannot be settled by direct negotiation, encourage peaceful settlement by other methods. Keep under close observation the problem of Communist penetration developing in British Guiana.

E. Understanding by European Allies.

25. Endeavor to obtain understanding of our policies toward Latin America, particularly among our major European allies. Seek the cooperation of other countries, as needed, in our implementation of these policies.

ECONOMIC

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ECONOMIC AND SOCIAL

A. Economic and Social Development.

26. Participation of United States. Implementing the principles enunciated in the Act of Bogotá and in the President's Alliance for Progress program, but taking care not to injure national pride or weaken a country's moral fiber, and not to stimulate demands which we would be unable to satisfy, strongly assist Latin American states which are genuinely striving toward economic and social progress.

a. Urge and assist all countries to establish over-all long-term development plans that aim at the best utilization of available investment resources for development purposes, guarantee social as well as economic advancement for the masses, balance rural and urban development, base the early stage of their industrial development for the most part on the processing of local primary products and on the simpler manufactures that can be made with a minimum of capital and technical know-how, and avoid ostentatious show projects which contribute prestige to political incumbents but little to economic advancement of the masses. See that plans for developmental expenditures take into account also the financial requirements for adequate internal and external security.

b. Give priority help, working with the appropriate regional organizations, especially during the next ten years, to Latin American efforts toward improvement in health and education, reform of tax systems and administration, housing improvement, better and more equitable land utilization, construction of roads and other public

facilities

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facilities, establishment of productive enterprises, and better distribution of income. Include some selected programs of high visibility and popular impact.

c. Devote special attention, and allocate a substantial part of U.S. financial and technical aid, to rural areas. Associate the United States with the aspirations and progress of subsistence Indian and campesino groups, and urge governments to integrate them into the body politic and the market economy through emphasis on both social and economic development programs in rural areas.

d. Show special attention also to the needs of small countries, which are less able than large countries to attract private investment, and where the impact of our help on the total economy can be relatively high.

e. Stimulate the establishment and growth of honestly and competently administered self-sustaining economic institutions, divorced from political pressures.

f. Make U. S. financial aid conditional on the adoption of self-help policies which will also accelerate the development program, and be prepared to halt major financial assistance to governments which are unwilling to make minimum feasible progress in solving basic socio-economic imbalances.

g. Persuade Latin American Governments that they should not only orientate their economic plans and projects toward assisting the mass of the people but that they should explain to the people how these
plans

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plans and projects are going to be of concrete help to the most humble citizen.

27. Free Enterprise. Publicize the contribution of U. S. investments to the Latin American economy and at the same time seek to reform and improve, as needed, the practices and postures of U. S. business operating in Latin America. Encourage the Latin American nations to:

a. Base their economies on a system of progressive free enterprise adapted to local conditions, and create a climate conducive to responsible private investment, domestic and foreign. American and other foreign private investment going into Latin America should be urged to seek and accept the participation of local investment funds and responsible local participation in policy formation and management.

b. Promote a business philosophy of high-volume, low-unit profit to replace the present preference for low-volume, high-unit profit.

c. Develop mechanisms appropriate to local conditions to control abuses of the free enterprise system through monopoly and other restrictive trade practices.

d. Develop with government capital and entrepreneurship those service enterprises and industries which are important to the economy but are neglected by private investors even though the climate is generally conducive to private investment. Offer any technical assistance needed to ensure that these enterprises are run on an efficient basis and encourage public disclosure of accounts.

28. Sources

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28. Sources of Capital. *

a. Urge and help governments to take all steps possible to encourage the maximum supply of capital from domestic sources.

b. Give technical and financial assistance for the development of savings institutions such as savings and loan associations, credit unions, and postal savings systems. Advise on tax structures which will encourage savings and investment through tax credits and adequate provision for depreciation allowances.

c. Encourage Latin American countries to look to private capital and international regional lending institutions as major sources of external capital for development, negotiating whenever needed and feasible investment guarantee agreements, Treaties of Friendship, Commerce and Navigation, and tax agreements designed to reduce obstacles to international trade and investment and to give recognition to tax incentives offered by Latin American countries.

d. Be prepared to extend public loans, including "soft" loans if necessary, which are consistent with relevant U. S. loan policy considerations, to increase the flow of capital available for Latin American economic development.

e. Be

* The \$20 billion of external resources which the U. S. Delegation at Punta del Este estimated would be required and available to implement the Alliance for Progress can be broken down roughly as follows, on an annual basis:

From U. S. Government funds	\$1.05 billion
From international lending institutions30
From Western Europe and Japan30
From private U. S. and other foreign investment35

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e. Be prepared to provide financial assistance for balance of payments, or less frequently, budgetary purposes, when such problems are caused by conditions wholly or partially beyond the control of the country concerned, or by effective and feasible development programs the magnitude of which is not excessively large. Assistance of this type should be temporary and the country concerned should be expected to take such reasonable steps as may be necessary to utilize domestic resources to the maximum feasible extent, and to remove the need for special external assistance of this type. Such financial assistance and domestic measures should be designed to prevent interruption or unwarranted scaling down of an effective and feasible development program.

f. As necessary, assist Latin American governments and autonomous agencies to develop loan applications to international institutions for credits consistent with the loan policies of these institutions, and facilitate as appropriate their favorable consideration.

g. Support efforts, including those by international lending institutions, to bring about desirable financial and economic reforms such as the avoidance of inflation, establishment of realistic exchange rates, currency convertibility and an adequate and equitable system of taxation.

h. Utilize the facilities of the OAS where possible and feasible in conjunction with the Inter-American Bank and ECLA for the purpose of assisting Latin American countries in development planning and with preparation and engineering of development projects.

i. ToSECRET

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i. To the extent that it is in the best interest of the United States, encourage other Free World countries to provide capital and technical assistance to Latin America.

29. U. S. Agricultural Surplus. Negotiate with Latin American governments

P. L. 480 sales and/or grants of surplus U. S. agricultural commodities where appropriate, avoiding to the maximum extent practicable detracting from the ability of other Latin American countries to market their own exportable produce in those countries. Step up "Food-for-Peace" emergency programs, help establish food reserves in areas of recurrent drought, provide school lunches, and offer feed grains for use in rural development.

30. Technical Assistance. Expand and improve technical cooperation and be prepared to furnish it on a long term basis. Give assistance in formulating development plans and integrate U. S. technical assistance in these plans. Technical aid to rural areas should be rapidly expanded, including help in developing widespread rural extension services, support for intermediate schools teaching elementary farming methods, and programs to improve agricultural sciences in universities and other existing schools.

a. Give technical help in the development of a sound civil service structure. Urge all countries to establish a non-political civil service and to place the vast majority of government jobs under this system with competitive recruitment based on examination and tenure based on work performance.

b. Provide technical assistance for projects designed to increase export earnings, including projects in such fields as standards,
processing,

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processing, packaging, marketing, research in product utilization, and development of export financing institutions.

c. For the development of technical skills see paragraph 9.e.

31. Peace Corps. Utilize the Peace Corps to the maximum extent found to be beneficial and feasible in improving economic and social conditions, particularly in rural areas, and in getting elementary knowledge to the population. Concentrate on the creation of bonds of understanding and friendship between the Peace Corps Volunteers and the peoples among whom they live and work, and on the cooperative "counterpart" aspects of Peace Corps projects, i.e., the two-way street approach.

*also indicate
Peace Corps
volunteers
to know
country to
where they are
being sent.*

32. Military Role in Economic Development.

a. Encourage the use in peacetime of selected Latin American military personnel, ^{personnel,} tary/equipment, and dual purpose military units (including military air transport) in economic and social development projects which would not interfere with unit capability or with the missions of the Latin American Military Forces.

b. Assist the Latin American military to utilize the conscription period to provide some education in literacy, civics, hygiene, and agricultural and technical skills.

c. Encourage the formation and training of dual purpose military units which could also be used in economic development projects.

d. Promote the participation of the military in literacy campaigns for the people.

e. See paragraph 9 e.v.

B. Trading

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B. Trading Policies.

33. Measures to Expand Trade.

a. Make every effort to maintain stable, long-term trading policies, and avoid restrictive practices which adversely affect Latin American exports.

34. Common Markets and Free Trade Areas.

a. Encourage and endorse the establishment of customs unions or free trade areas in Latin America which conform to GATT criteria.

b. Endeavor to assure that common markets and free trade areas outside Latin America, consistent with the principles and provisions of GATT, contribute to the expansion of world trade, including that of Latin America.

35. Commodity Problem.

a. Cooperate in case-by-case examinations of serious commodity market problems, and seek cooperative, practical methods of bringing an end to the pattern of violent changes in commodity prices, of expanding market opportunities for the less developed countries of Latin America to increase their volume of trade, and of encouraging the development of the first stages of processing the raw materials.

b. Encourage and assist sound programs aimed at diversification of production, conservation of soil and scarce resources, and expansion of internal consumption.

INFORMATIONAL

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INFORMATIONAL, CULTURAL AND SCIENTIFIC

A. Informational Support for Policy Implementation

36. Develop and carry forward vigorous informational programs in support of our foreign policy objectives in Latin America.

37. Make more extensive use of indigenous Latin American literary and artistic talents in our informational program.

38. Increase informational activities designed to:

a. Present the United States as a constructive force cooperating with Latin America through the Alliance for Progress toward the achievement of a greater measure of political, economic, and social progress for the benefit of the individual. As an integral part of this activity, promote greater awareness and acceptance by Latin Americans of the principle of self-help.

b. Expose, to the extent possible through indirect means, the Communist conspiracy, showing particularly how it seeks to subjugate the hemisphere through its Cuban beachhead. In this context, portray the true nature of Castro's totalitarian dictatorship, its betrayal of the revolution that brought Castro to power, its suppression of basic human liberties, its departure from the ideals of Western civilization and especially from the democratic concept that government rests on the consent of the governed, its blighting effects on the Cuban economy, its atrocities, and its threat through subservience to the Sino-Soviet bloc to the free institutions and countries of the Western Hemisphere.

39. By

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39. By every appropriate means at our command promote and encourage the development of a free press, financially strong enough to resist political pressures.

40. Endeavor to improve through propaganda the national image of the United States in Latin America, emphasizing positive qualities but bearing in mind complaints against us like those listed in paragraph 82.

41. Make our utterances and our actions both reflect the genuine affection we feel toward Latin America and our sincere desire to be helpful.

B. Development of Mutual Cultural Appreciation.

42. Seek wider use of regular cultural activities (binational centers, exhibits, presentations, book translations, information centers, exchanges of persons, etc.) to strengthen bonds of mutual understanding and respect within the Americas.

43. Make available, on a mass basis and at give-away prices, books in local languages by American and other authors that explain the concepts, ideals, and methods of democracy. - and also just plain good literature

44. Maximize exchanges of professors, teachers, and student leaders.

a. Acquaint visiting students with our democratic institutions and processes, and put them in the hands of persons who can skilfully promote the objectives of democracy.

b. Increase the enrollment in Latin American universities of American students selected for their ability to propagate democracy, and brief them thoroughly on the situations they will encounter in the university of their choice. Finance this program through student loans, to the extent possible.

c. Recruit

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c. Recruit Cuban students in the United States who are known for their anti-Castro, pro-U. S. convictions and their ability to advocate them, and arrange for their enrollment in Latin American universities where their talents are needed to combat Castroist influences. Approach U. S. business firms for scholarships for this purpose.

d. Maintain contact with Latin American students after their return to their respective countries to keep fresh their favorable impressions of and interest in the United States as they increase in the local influence they wield.

e. Encourage universities in the United States and Latin America to arrange and finance professor and student exchange programs of their own.

45. a. Seek, through technical assistance and other appropriate programs, to help establish, improve and assist Latin American educational institutions, especially normal schools, universities, graduate schools, and research institutions, with special emphasis on more full-time students and faculty in higher education, including technical and scientific education, greater faculty control of universities, higher teaching standards, higher educational performance standards, more student discipline and less direct student political activity, use of new educational techniques, more emphasis on the social sciences, and more practical and scientific education including more lab work and greater use of the problem-solving and case study methods.

b. Encourage

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b. Encourage American higher educational institutions to interest themselves in Latin America and to cooperate in programs to implement the preceding paragraphs.

c. Provide substantial assistance to Latin American universities in the form of professors, books, etc., that can be used to teach the positive achievements and possibilities of democracy. In granting equipment to Latin American universities, endeavor to assure that changes in teaching methods needed for the utilization of this assistance are made.

d. Consider assigning members of the Peace Corps who have a good background in our history, government, etc., to help as teaching assistants, library aides, and in other roles in Latin American universities and possibly also in binational centers.

46. Encourage Latin American countries to extend educational opportunities at the pre-literate and primary level to as large a part of the population as available resources permit.

47. In planning and carrying out educational, cultural, and scientific programs, take into consideration that through such programs Latin Americans may achieve a sense of progress that will contribute to political stability and counterbalance to some extent the relatively slower rate of progress in the per capita income field.

48. Enhance U. S. prestige by promoting the local presentation of well-chosen American cultural and sports attractions, both those sponsored by private initiative and those financed by the President's Fund, and encourage similar presentations by other Free World countries.

C. Cooperation

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C. Cooperation in Scientific Field.

49. Carry out the President's invitation to Latin American scientists to work with U. S. scientists in new projects in fields such as medicine, agriculture, physics and astronomy. Strengthen cooperation between universities and laboratories in the Americas.

50. Expand science and teacher training programs to include Latin American teachers, and assist in establishing such programs in other American countries. Make available to Latin Americans new teaching materials in physics, chemistry, biology and mathematics; see that textbooks are adequately translated.

51. Emphasize to the Latin American public, governmental authorities and scientists the non-military character and objectives of U. S. space programs, in order to obtain Latin American cooperation, including the grant of facilities required for the implementation of such programs.

MILITARY

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MILITARY

A. Primary Military Responsibility of United States.

52. Assume primary responsibility for military operations in the Atlantic and Pacific Oceans and the Caribbean Sea, including the sea and air approaches to the Panama Canal. Encourage acceptance of the concept that the United States has primary responsibility for the defense of Latin America against external attack, that the role of the Latin American nations in this mission should be de-emphasized, and that the internal security mission of Latin American nations should be accorded increased emphasis.

53. Maintain the United States as the predominant foreign military influence in Latin America and seek, in our relations with the states concerned, the acceptance of U. S. leadership in military operations throughout the area and contiguous waters. Take action, as necessary, including military action, to insure the continued availability to the United States of bases and base rights in Latin America that are considered vital to the security of the United States.

B. Mission of Latin American Military.

54. Encourage acceptance and fulfillment of the concept that each of the Latin American countries is responsible for contributing to the defense of the hemisphere by:

- a. Maintaining security against the communist-Castro threat of violence and subversion, including guerrilla warfare, and the movement

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movement of armaments and men clandestinely across land, sea and air borders for subversive purposes.

b. Maintaining security, against overt external aggression, of their ports and coastal waters, bases and strategic areas within their territories, but placing maximum reliance on the Rio Treaty and U. S. military power to deter or counter such aggression.

c. Contributing to over-all hemispheric defense capabilities in adjacent areas of the Caribbean Sea and the Atlantic and Pacific Oceans, e.g. anti-submarine warfare, patrol harbor defense, and related functions.

d. Contributing patrol or combat forces, or other feasible assistance, for any Caribbean Security arrangements that may be negotiated and for implementing any OAS decision that collective military action be taken to maintain the peace and security of the hemisphere.

55. Review the bilateral agreements and defense plans and when politically feasible bring them into consonance with the provisions of paragraph 54.

56. When called for by the UN, Latin American countries should be encouraged to contribute, out of the military resources they maintain for other purposes, at least token military assistance for extra-continental defense or police actions.

C. Provision of U. S. Training and Equipment.

57. a. Make available to Latin American countries, on a grant basis, if necessary, the training and minimum military equipment necessary to assist

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assist them to carry out the missions described in paragraph 54, according first priority to the provision of assistance required to perform the role described in 54.a. To this end continue to oppose Congressional restrictions on the provision of assistance of the type described in 54.a, and when politically feasible rescind those portions of our MAP bilaterals which prohibit U. S. materiel being used for internal defense purposes.

b. If participation of Latin American military units is required and provided in future extra-continental defense actions (e.g. Korea), be prepared to assist in the provision of logistical support to such units.

58. Discourage Latin American governments from purchasing military equipment not essential to the missions in paragraph 54. However, if a Latin American government cannot be dissuaded from purchasing unneeded military equipment, and if it is essential for U. S. political interests, make additional equipment available on a cash, credit or, under extraordinary circumstances, grant basis, if appropriate.

59. In order to be in a position effectively to supply military equipment on a reimbursable basis in accordance with 57 and 58 above, make equipment available to Latin American countries on terms which insofar as feasible are sufficiently favorable to encourage the Latin American governments to obtain such equipment from the United States rather than from another source.

60. Encourage, to the maximum extent consistent with the needs and capabilities of each Latin American nation, the standardization along U. S.

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lines of military doctrine, unit organization and training. Except when it will create undue demand on the United States seek, in the interests of standardization as well as for other reasons, to discourage purchases by Latin American governments of military equipment from other countries, primarily by assuring the Latin American countries that we will endeavor to fill their essential requirements expeditiously and on reasonable terms. Where appropriate, seek to dissuade other Free World countries from selling Latin American countries military equipment.

61. Continue, and establish where appropriate, military training missions in Latin American countries, countering any trend toward the establishment of military missions, or agencies or individuals with a similar function, other than those of other members of the OAS loyal to the principles of the Organization. Assign to U. S. MAAGS and military missions personnel qualified to assist the host country in developing a capability to perform the missions described in paragraph 54. (See also paragraph 8.j).

62. Seek by all feasible means to discourage or prevent the acquisition of military equipment or training by an American state from Communist governments, and to develop a conviction that military collaboration, including military purchases, by any of the American states with Communist nations would be a serious hazard to the security of the hemisphere and would jeopardize the continuance of U. S. military aid.

63. Continue a program of timely combined military exercises, conferences and exchange of visits involving U. S. and selected Latin American military forces and personnel.

64. Provide

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64. Provide adequate quotas for qualified personnel for training in U. S. armed forces schools and training centers, especially training required by Latin Americans for the performance of the mission described in paragraph 54. Encourage Latin American states to fill their authorized quotas at the three Service Academies.

D. Security Against Subversion and Guerrilla Activities.

65. a. As a matter of high importance and priority, strengthen the capabilities of military and police forces to maintain internal security against communist-supported attempts to overthrow Latin American governments from within by such means as subversion and guerrilla activities.

b. Encourage the development of civilian police forces, independent of the military, with a strong esprit de corps and adequate training in the techniques of combatting subversion.

c. The activities of all U. S. Departments, and components thereof, which are concerned with the problem of internal security

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should be fully coordinated at the Country Team and Washington levels.

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66. Encourage Latin American countries to agree to the creation of an inter-American police and patrol force and/or Caribbean Security arrangements (see 19.b.) within the framework of, or consistent with, the Rio Treaty, recognizing that the United States will have to provide the principal share of any such force.

E. Limitation

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E. Limitation of Armaments.

67. a. Encourage and stimulate Latin American initiatives designed to limit armaments unrelated to the type of threat they may reasonably anticipate, and seek to remove or reduce frictions and rivalries that might be used as pretexts for the acquisition or maintenance of arms in excess of the levels and not of a type required for the missions described in paragraph 54.
- b. Discourage Latin American governments from seeking to purchase from U. S. or other sources military equipment not essential to the missions described in paragraph 54. If a country cannot be dissuaded from purchasing equipment regarded as unnecessary by the United States, consider the desirability of offering it for sale at competitive prices, taking into account:
- i. Whether failure to procure U. S. equipment would likely result in procurement from the Sino-Soviet bloc.
 - ii. Whether furnishing U. S. equipment would stimulate national rivalries and provoke valid charges that the United States had contributed to an arms race.
 - iii. Whether the ill-will created by U. S. failure to provide the equipment would be seriously detrimental to U. S. across-the-board interests, including the U. S. interest of promoting the pro-U. S., anti-Soviet Bloc orientation of the Latin American military.

F. Orientation

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F. Orientation of Military Toward Civilians, United States,
and Communism.

68. Design U. S. military programs not only to maintain the friendship of the politically influential military groups, but also to win the support and respect of non-communist civilian elements, both for the programs and for the local military. To this end programs should:

- a. Provide types of assistance that can be justified to non-communist elements of the population as a bona fide security requirement for them and for their constitutional governments.
- b. Whenever possible without losing primary military capability, include assistance having some visible economic utility, e.g. assistance for dual-purpose units which contribute to economic development as well as security.
- c. Acquaint the Latin American military with the complete portfolio of Communist techniques, including the Communist tactic of alienating the military from the support of the civilian population by depicting it as a repressive, extravagant and irresponsible element in public life.

69. Foster close military relations with the Latin American armed forces in order to increase their understanding of, and orientation toward, U. S. objectives and policies, and to promote democratic concepts and foster pro-American sentiments among Latin American military personnel.

70. Cultivate an awareness by Latin American military personnel of the nature and threat of international Communism and Castroism in Latin

America

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America and the need for developing a capability to counter Communist subversion and guerrilla warfare and deal humanely but effectively with mob violence. Point out that they would be the first to be purged under a Castro-Communist regime.

71. Conduct an information and education program targeted at the Latin American military forces. The material therefor, in appropriate languages, should be cleared before utilization in any foreign country by our Ambassador to that country.

G. Inter-American Defense Board, Joint Projects, and Other Matters.

72. Seek the conclusion of an arrangement authorizing the Council of the Organization of American States to call upon the Inter-American Defense Board for such military advice and services as may be required by the COAS.

73. Make most effective use possible of the IADB to achieve U. S. objectives, and continue active participation in the Joint Military Commissions we have with Brazil and Mexico.

74. In the event that the American States should agree to establish and share the maintenance costs of such an institution, contribute to the support of a Defense College for Latin America at a level of instruction comparable in prestige to the U. S. National War College.

75. Seek the continued cooperation of the Latin American states in carrying out the hemisphere mapping program.

III. CONTINGENCIES

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III. CONTINGENCIES

76. Decline of OAS. The Organization of American States could be weakened or even destroyed by a split over some critical issue (e.g., Cuba) or by a decision of some of the members (e.g., Brazil, Mexico) to renounce or gradually abandon their OAS commitments and go their separate, independent ways in international affairs. The OAS should be preserved if possible, even though it does not operate as effectively as we would wish, and we should be careful not to put upon it responsibilities which it would be incapable of discharging. Should the Organization break up, our course should be to enter into new agreements, bilateral and/or collective, with the countries with which we were in general accord on questions of mutual security and international policy and strengthen them while trying at the same time to heal the breach and prevent a Communist take-over in any Latin American country.

77. Communist Capture of Other American States. In spite of our efforts Castroism-Communism might succeed in capturing one or more of the other American States from within. In such event we should redouble our efforts unilaterally, bilaterally and multilaterally to weaken and isolate the Communist regimes in the Hemisphere while assisting the other countries to defeat similar attempts at Communist take-over. We should at such times consider again the question of whether our vital security interests require us to take unilateral intervening action. In anticipation of this contingency we should study the possibility and advisability of proposing a new regional doctrine to thwart the overthrow of a democratic Latin American government by Communist subversion.

IV. RATIONALE

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IV. RATIONALE

78. The Pressure for Economic and Social Progress. Latin America today is generally in a state of economic underdevelopment and deep social unrest. The wealth is largely concentrated in the hands of a small, complacent, landed "upper" class. Impoverished masses suffer from hunger, poor housing, lack of job opportunities, inadequate health safeguards, and illiteracy. More and more of them are clamoring for the right to a decent living. In some countries large rural groups, which include most of the Indian peoples, are not integrated into the economic and social life of the nation at all. The population is rising by leaps and bounds, outstripping production. Capital is required in large amounts for development, but local capital formation is slow and difficult, and the climate for new foreign private investment is generally unattractive. There is an extreme shortage of technical and managerial know-how. It is becoming daily more evident that sweeping reform and economic and social development must take place soon if violent social upheavals are to be averted.

79. The Power Struggle. In this explosive atmosphere the power struggle for Latin America between the Free World and the Communist world has begun. The capture of the Cuban Revolution by the forces of international Communism has brought home to the United States more acutely than any distant experiences how almost impossible it is for us, while observing international law, and more specifically the principle of non-intervention, to get rid of Communist control in a country that has once succumbed to
it.

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it. From Cuba as a center, Communist infection is now spreading toward other parts of Latin America, aided by the prevalence of human misery, the example of Castroism, and the employment of skillful propaganda and subversive techniques. ^{80.} There is widespread ignorance in Latin America of what Communism is, and how it works, and a failure to realize how dangerous it can be under present conditions. For this ignorance we are partly responsible because we, like many Latins, have often used the label of Communism indiscriminately. Under the circumstances, it is not surprising that there has been no real determination in most of Latin America to guard against Castro-Communist efforts at infiltration or subversion, nor any appreciable capability developed to do so.

81. The OAS and most of its members have shown a disinclination to face up to the implications of the Communist take-over in Cuba, and some seem not even to have recognized that it has occurred. The appeal of the originally announced objectives of the Cuban Revolution, though since betrayed by Castro, is still strong among them. Whether the Organization would survive the test of a showdown on Cuba is uncertain.

82. Trend Toward Neutralism. The cohesiveness of the Latin American countries in support of the United States on Free World-Communist issues has been further breached by the tendency of some of them to strike out in a seemingly neutralist direction. Mexico has long taken an independent attitude on issues of importance to the Free World, and by a number of statements and actions Brazil's new President appears to want to show the world that Brazil's foreign policy is entirely her own and not that of the United States. The example of these countries, and of Cuba, is having its effect on other countries.

83. Blemishes

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83. Blemishes in the U. S. Image. In its relations with Latin America the United States labors under some serious handicaps. There are psychological and cultural differences that make it hard for Americans and Latins fully to understand each other. Latins generally feel that most Americans look down on them and patronize them, and they resent it. They believe that American investors in Latin America have carried out excessive profits on their investments, and that American buyers of Latin American primary products have generally purchased these at unfairly low prices. Many feel that the net effect of our activities in their lands has been to retard their development and in some cases to condemn them to subsistence economies dependent on one or two commodities. They consider that the United States since World War II has taken Latin America for granted and neglected it while showering economic help on other parts of the world including former enemy countries. The liberal elements accuse us of having hypocritically given aid and comfort to dictatorships while preaching democracy, and of having associated ourselves too much with the privileged classes and not nearly enough with the masses and their needs. For our "intervention" in the abortive Cuban invasion we are roundly criticized for an illegal action, a weak and inept one, or both. Our national image in Latin America is in great need of improvement.

84. Favorable Factors. The aforementioned disadvantages, however, are more than counter-balanced by the following factors that favor the accomplishment of U. S. policy objectives.

a. Backward economic and social conditions are within our power to help remedy, Latin America is looking to us for this help, and we have announced our intention of providing it in the Alliance for

Progress

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Progress. The governments are sensitive to the need for improvement, and the military will be a strong bulwark on the side of democracy and freedom if they can be guided in the right direction.

b. The advantages in the power struggle continue to lie overwhelmingly with us. Latin America belongs traditionally to the Christian, western world. It is nearer and more accessible to us than to the Sino-Soviet bloc. It is bound together and to us by treaties resting on common interests and by close political, economic, military and cultural ties.

c. We can legally come to the defense of any government that requests our help in preventing a Communist take-over.

d. The OAS, for all its shortcomings as an instrument of direct action, is nevertheless a powerful legal and moral force for the defense of national independence and human rights in the Americas.

e. While the tendency of Brazil and Mexico to go their own ways makes our problem of hemisphere leadership more difficult, this is a necessary part of the process of nation-building and growing up, and these countries, as powers in their own right, can do more to uphold the principles for which they--and we--stand than if they were our satellites.

f. The blemishes in the U. S. image, real or imagined, can be overcome by information and performance. Most Latin Americans in spite of some reservations about Americans and the United States, look to us as the leader of the Free World and the leader of the Western

Hemisphere.

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Hemisphere. If we respect and help them, and if we know where we are going and provide forceful leadership, they will go willingly with us.

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August 18, 1961

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