Toward a New Latin America Policy

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Senate

TOWARD A NEW POLICY FOR LATIN AMERICA

Mr. CHURCH. Mr. President, hope, Francis Bacon once commented, makes a good breakfast, but it is a lean supper. As Latin America enters the 1970's, her governments tremble beneath the bruising tensions that separate hope from fulfillment.

Historian Arthur Schlesinger, Jr., observes:

> Here is a subcontinent where one-eighth more people than the population of the United States subsist on less than one-eighth of our gross national product, where 5 percent of the people receive a third of the income and 70 percent live in abject poverty, and where in country after country the political and social structures are organized to keep things that way . . .

As German Arciniegas of Colombia pointed out in a famous observation, there are two Latin Americas: The visible and the invisible:

> Visible Latin America is the Latin America of Presidents, generals, embassies, newspapers, business houses, universities, cathedrals, *estancias* and *haciendas*. But in the shadows lies "mute, repressed" Latin America, a "vast reservoir of revolution. . . . Nobody knows what these . . . silent men and women think, feel, dream, or await in the depths of their being." In recent years, invisible Latin America has begun to stir. Workers and *campesinos* want three meals a day and a modicum of human recognition and dignity. Indians want to enter the national life of their countries. Intellectuals and students want social justice. Engineers and soldiers want modernization. Whatever the particular goal, the inherited condition of life is becoming every day more insupportable for more people.

Much of Latin America entered the 20th century with a way of life inherited from 16th century Spain and Portugal. This is a way of life which in many respects is incompatible with a modern, industrialized society. Latin countries are plunging headlong into the 21st century with precious little time to make a transition that took generations in the United States and centuries in Western Europe.

Yet the imperative is clear. In countries whose per capita income presently ranges from $80 to $800 a year, only the fastest economic growth conceivable can possibly produce enough food, shelter, clothing and employment to match the spiraling requirements of the swelling population. This multitude, which now numbers 276 million souls, is growing at the rate of 3 percent a year, faster than any other population in the world; yet production, on a net per capita basis, is increasing at only half that rate. Inflation is endemic; foreign exchange is in short supply; export trade opportunities are restricted by barriers interposed by the already rich, developed nations; and overall economic growth is falling chronically short of satisfactory levels. The 1960's did not bring the much heralded "Decade of Development" to Latin America. The euphoric expectation of bountiful blessings generated by the Alliance for Progress has receded, and widespread disillusionment has set in.

Still, economists know what is required within Latin America to move it into an era of adequate, self-sustaining economic growth. There is general consensus on the necessity for far-reaching agrarian and fiscal reform, for increasing internal savings and enlarging internal markets, for regional economic integration, and for more favorable trading arrangements with the developed countries. Most of all, there is the need to bring into the national economic life the large numbers of Latin Americans, amounting in some countries to the greater part of the whole population, who are now, for all practical purposes, subsisting outside a money economy.

Obviously, if such profound internal changes can be accomplished at all, they can be brought about only by the Latin Americans themselves. The impetus must come from within. Success or failure may be marginally influenced, but it cannot be bestowed from without—neither by the United States nor any other foreign power.

It is also evident that the means adopted, the economic systems devised, the political forms chosen, will likewise have to be homegrown. Neither the leisurely evolution of modern capitalism, as it matured in northern Europe and the United States, nor the differing brands of marxism, as practiced in Russia or China, offer models for Latin America that are really relevant to its cultural inheritance or its pressing needs. Even Cuban-style communism has found a meager market in other Latin lands. Che Guevara's romantic excursion to spread Castroism to the mountains of Bolivia ended in fiasco and death. For Latin America, steeped in the Christian tradition and prizing the individual highly, communism has little appeal. Indeed, those in the forefront of the struggle for radical, even revolutionary, reform in Latin America today are more likely to be found wearing Roman collars than carrying red banners.

So, as we peer into the 1970's, we must anticipate turmoil and upheaval throughout Latin America, a decade of instability, insurrection and irreversible change. Each country will stake out and cultivate its own political and economic terrain. The spirit of nationalism will grow more fervent, and movement along the political spectrum will be generally toward the left. Inflammable sensitivities will run high.

As for the United States, we would be well advised to practice an unaccustomed deference. The more gently we press our hemispheric neighbors, the greater our influence is likely to be. This will not be easy, for self-restraint is the hardest of all lessons for a great power to learn. Too tempting and seductive is the illusion of omnipotence. Every great power would prefer to believe—and ascribe to itself—the verity of the tribute once paid by Prince Metternich to imperial France: "When Paris sneezes, Europe catches cold."

In casting our own weight about the Western Hemisphere, the United States has shown typically little self-restraint. Between 1898 and 1924, we directly intervened no less than 31 times in the internal affairs of our smaller neighbors. And we have yet to kick the habit, as our abortive Bay-of-Pigs invasion bears witness, not to speak of our military occupation of the Dominican Republic, as recently as 1965.

In addition to its direct interventions, the United States has deeply penetrated the economy of Latin America with an immense outlay of private investment. By the end of 1968, American business interests had nearly $13 billion invested in Latin countries and the Caribbean, nearly three-fourths of which was concentrated in minerals, petroleum, and manufacturing industries. The extent and growth of these holdings have inevitably—and not surprisingly—given rise to cries of "Yankee imperialism."

A recent study by the Council for Latin America, a U.S. business group, reports that in 1966, the total sales by all U.S. affiliates in Latin America amounted to 13.7 percent of the aggregate gross domestic product of all the countries of the region. If foreign-owned companies played the same proportionate role in the United States, their annual sales would exceed $130 billion.

Latin Americans have also begun to deny what was long taken as an article of faith; namely, that foreign investment promotes economic development. Hear Foreign Minister Gabriel Valdes of Chile:

> We can assert that Latin America is contributing to finance the development of the United States and other affluent nations. Private investments have meant, and mean today for Latin America, that the amounts that leave our continent are many times higher than those that are invested in it. Our potential capital is diminishing while the profits of invested capital grow and multiply at an enormous rate, not in our countries but abroad.

Minister Valdes is supported by the U.N. Economic Commission for Latin America which estimates the flow of private investment to Latin America in the period 1960–66 at $2.8 billion while the repatriation of profits and income amounted to $8.3 billion. This means that over this period foreign investment caused a net loss of $785 million a year in Latin America's balance of payments.

Working with later data on a somewhat different basis, the Council for Latin America makes the very opposite claim, putting the net positive contribution of U.S. investment to Latin America's balance of payments, during the 1965–68 period, at $8.5 billion a year.

Wherever the truth may lie, it is clear that the influence of U.S. business in Latin America is enormous, and that its impact produces political as well as economic repercussions. Whether or not the Latin Americans are right in their analysis of the adverse effect of private foreign investment on their balance of payments, the important political point is that they think they are right about it.

The U.S. presence in Latin America is pervasive, culturally as well as economically. Latins listen to American music, go to see American movies, read American books and magazines, drive American cars, drink Coca-Cola, and shop at Sears. The ubiquitous American tourist is to be seen on every hand, worrying aloud about the water and food and complaining about the difficulty of making himself understood in English.

The Latin reaction to all of this is somewhat ambivalent. Latins like the products of U.S. culture and U.S. business, but at the same time they feel a bit overwhelmed and fearful that Yankees may indeed be taking over their countries. One of the causes of internal resistance to proposals for a Latin American Common Market is the fear that U.S. companies would be able, through their sheer size, to benefit from it to the disadvantage of local entrepreneurs.

Given this situation, it has to be expected that regardless of the policies we adopt, however enlightened and beneficial they may be, the United States will long remain a national target in Latin America for criticism, misgiving, suspicion, and distrust.

The picture is not all that bleak, however. Millions of people in Latin America think well of the people of the United States. Certain of our leaders have been greatly admired—Franklin Roosevelt for his "good neighbor" policy, and John F. Kennedy for the way he bespoke the heartfelt aspirations of the dispossessed. No one can fault the sincerity of President Kennedy when he launched the Alliance for Progress in March of 1961, inviting the American Republics to join in a "vast cooperative effort, unparalleled in magnitude and nobility of purpose, to satisfy the basic needs of the people for homes, work and land, health and schools." Since then, the United States has funneled in more than $10 billion in various forms of aid.

Given the magnitude of our effort during the 1960's, we are left to wonder why it produced such disappointing results. We thought we were seeding the resurgence of democratic governments; instead, we have seen a relentless slide toward militarism. We thought we could remodel Latin societies, but the reforms we prescribed have largely eluded us. We thought our generosity would meet with gratitude; but we have seen antagonism toward us grow as our involvement in their problems has deepened. We pledged ourselves to goals which lay beyond our capacity to confer, objectives that could never be the gift of any program of external aid; by promising more than we could deliver, we have made ourselves a plausible scapegoat for pent-up furies and frustrations for which we bear little or no responsibility.

Worse still, the kind of aid we have extended, has tended to aggravate, rather than mitigate, these difficulties. Bilateral in character, administered on a government-to-government basis, our foreign aid program is embroiled in the internal politics of both the donor and recipient countries. The program's very nature makes this unavoidable, but the consequences are contributing to a steady deterioration in relations.

First, let us consider what has happened to the foreign aid program, due to the pressure of domestic politics within the United States. What commenced—back in the days of the Marshall plan for Western Europe—as principally a grant-in-aid undertaking, has been transformed by the outcry against "foreign giveaways" into what is now primarily a loan program. Furthermore, in terms of accomplishing our foreign policy objectives, hindsight indicates we have gone about foreign aid backward. The Marshall plan should have been administered mainly on a loan instead of a grant basis, and the ready return of our investment would have done much to solve our balance-of-payments problems in the 1960's. In Latin America, the formula should have been reversed, with the emphasis on grants instead of loans.

Now the accumulation of these loans, and others as well, by Latin American governments, is creating serious debt problems. The Rockefeller report notes:

> Heavy borrowings by some Western Hemisphere countries to support development have reached the point where annual repayments of interest and amortization absorb a large share of foreign exchange earnings. Within five years, a number of other nations in the Western Hemisphere could face the same situation. Many of the countries are, in effect, having to make new loans to get the foreign exchange to pay interest and amortization on old loans, and at higher interest rates.
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> This debt service problem is a major concern. If countries get into a position where interest and amortization payments on foreign loans require a disproportionately large share of available foreign exchange, then the general pace of development will be slowed by the inability to maintain imports of the capital equipment needed to support economic growth.

Of course, in fairness it should be pointed out that our foreign aid program is not the sole contributor, by any means, to this mounting debt service problem. From 1962 through 1969, the Export-Import Bank lent $1.7 billion to Latin America at commercial interest rates and generally shorter maturities than AID loans. Various European governments and banks—as well as U.S. banks—have made substantial loans, frequently at rates of 6 to 8 percent and for maturities of no more than 3 to 5 years. It is clear that both we and the Europeans are going to have to review our lending policies and explore ways for stretching out repayment schedules. Joint action between the leading nations, the international lending institutions, and debtor nations is necessary. I agree with the Peterson task force suggestions to put this strategy "into effect now to prevent an emergency—not to deal with one after it has arisen."

Not only did the pressures of domestic politics change our aid to loans, but concern over our chronically adverse balance-of-payments led the Congress to insist upon tying these loans to the purchase of goods and services in the United States. Thus our aid—so-called—became an ill-disguised subsidy for American exports. While it undeniably constitutes an addition to Latin American economic resources, it can only be used for purchases in the United States or, under the new Presidential directive, within the hemisphere, where prices are often above European or Japanese levels. Moreover, still another politically motivated restriction requires that half of the goods financed by the United States must be transported in American bottoms. It has been estimated that this provision alone reduces the effectiveness of each $100 of U.S. loan assistance by as much as $20—furnishing another irritant to developing countries.

But the worst political consequence of all has been the inability on Congress to resist temptation to use the aid program as both carrot and stick to reward or punish recipient governments, depending on how we may regard their behavior. Since 1961, the punitive sections of the Foreign Assistance Act have increased from four to 21.

Most notorious of these punitive provisions is the Hickenlooper amendment. Although it has proved useless as a deterrent to the confiscation of American-owned businesses abroad, this amendment will remain on the books. Few Congressmen would relish explaining to their constituents why they voted to repeal a provision which prohibits giving further aid to a foreign government which has expropriated an American-owned business and failed to pay adequate compensation.

Yet, the Hickenlooper amendment is only the most prominent of a whole series of penalties written into our Foreign Assistance Act. There are, for instance, the amendments designed to enforce the American view of fishing rights. On occasion, U.S. fishing boats have been seized by Ecuador or Peru for fishing in what we regard as the high seas, but what they regard as territorial waters. If a fine is imposed, our law provides that military sales and assistance must be suspended; it also provides that the amount of the fine must be subtracted from the economic aid we are furnishing the guilty government.

This provision, I must confess, was solemnly adopted as an appropriate punishment to put an end to any further meddling with American boats. But, alas, it has not worked that way. We "tie" so many strings to our "aid" that some governments have preferred to take their money in fines.

The trouble with attaching such penalties to the aid program is that, although they might give us some emotional satisfaction, they do not stop the behavior against which they are aimed. What is worse, they provide a series of diplomatic showdowns that corrode, weaken, and eventually destroy good relations.

Peru is a textbook case. The deterioration of our relations with Peru began in 1964, when the State Department, on its own initiative, started to drag its heels on extending aid to Peru as a tactic to force the government to settle the International Petroleum Co.—IPC—case. The tactic was not successful and resulted in some bitterness on the part of the Peruvian Government, then headed by Fernando Belaunde Terry, a man who otherwise qualified as a true Alliance for Progress president.

This bitterness was increased when we refused to sell the Peruvians F-5 aircraft. But then, when they decided to buy Mirage aircraft from France, the State Department reversed itself and offered F-5's. At this point, Congress decreed that foreign aid should be withheld from countries buying sophisticated weapons abroad. The net result is that Peru now has Mirages, a plane aptly named for the contribution it makes to Peruvian security.

Finally, a military government more radical than the reformist Belaunde came to power and promptly expropriated IPC. The new Peruvian Government has not only failed to pay compensation, but has actually presented IPC with a bill of $694 million for its alleged past transgressions. And through all of this, there has been the continuing wrangle over fishing boats.

This sketchy review is necessarily oversimplified. The story of United States-Peruvian relations in the last 5 years contains ample mistakes on both sides. The point is that each successive stage in the deterioration has been provoked, in one way or another, by some aspect of the U.S. aid program. Indeed, more than one U.S. Ambassador to Latin America has said privately that his difficulties stemmed directly from our aid program. One can scarcely imagine a more damning indictment.

Let us now consider the political impact of a bilateral, government-to-government aid program upon the recipient countries. They are naturally interested in putting the money into places of immediate advantage, where the political payoff is greatest. Heavy emphasis falls on program, rather than project, loans, whereby lump sum transfers of dollar credits augment a given government's foreign exchange reserves. This is an indirect method of lending budgetary support. The reserves, of course, are available to be purchased with local currency by importers who desire to buy, let us say, machine tools in Cincinnati or perfume in Paris. Since it was never a part of the rationale of a program loan that its proceeds should be used to finance the purchase of French perfume, AID early limited the purposes for which program loans could be used. But money is fungible, and restrictions applied solely to the loan do not insure that the borrowing government will not use its other resources for the purchase of frivolous luxury items, while relying on the United States to finance necessities. Little if any net economic gain would be made in these circumstances.

It became necessary, therefore, to make program loans contingent on agreement by the borrowing government to regulate its imports generally in such a way as to insure that its total foreign exchange reserves were used with optimum efficiency from our point of view.

Further, the question arose as to what to do with the local currency generated by the program loan. In the absence of agreements to the contrary, this currency can be used in ways that would undermine, neutralize, or offset the intended purpose of the loan. So, to insure that these local currency proceeds are used in ways that meet with our approval, AID made agreement on this point a condition of program lending. As in the case of foreign exchange reserves, it followed, of course, that this agreement had to encompass the Government's fiscal and monetary policies across the board.

All of this inevitably involves the United States in the most intimate areas of another country's sovereignty, its tax policies, and its monetary system. Program loans are disbursed in installments, usually quarterly and each disbursement is preceded by the most detailed review of our AID mission of the recipient country's economic performance for the prior quarter. Why has the Government's tax program not been enacted? The central bank is letting the local money supply increase too fast. Recent wage settlements have been inflationary. The currency is overvalued. A program review typically raises these and a hundred other similar questions and complaints. This is done with the best of motives, but at an exorbitant political price.

Our aid technicians must sit as advisers and overseers at the highest levels in the finance ministries of various Latin American governments. Inescapably, this places us in a patronizing position which is demeaning to our hosts. The large colony of our AID administrators, meanwhile, living in conspicuous luxury in every Latin capital, cannot help but feed popular resentment against the United States. If a militant nationalism directed against the gringos is now on the rise, it is quite possible that our own policies, largely connected with AID, have given it the spur.

One is left to wonder how so cumbersome and self-defeating an AID program has lasted so long. Again, I suggest, the answer can be found by examining the politics involved on Capitol Hill. The analysis, I assure you, is a fascinating one.

Year after year, in order to get the needed votes in Congress, a package of contradictory arguments is assembled. The package contains something for everyone, with the result that the life of the AID program has been prolonged by a hybrid coalition of both liberal and conservative Members. Let us explore how this artful strategy has worked with respect to the two main categories of AID, military and economic assistance.

MILITARY ASSISTANCE

Conservative Members of Congress have been wooed to support this kind of aid on the ground that bolstering indigenous armies and police forces furnishes us with a shield against the spread of communism in the hemisphere. Furthermore, it is argued, strengthened military power within Latin America is to be welcomed as a force for internal stability favorably disposed toward local American interests. For the most part, these arguments are accepted as articles of faith, even though events discredit them. In Cuba, it was demonstrated that once a regime has lost minimum essential support, no army will save it. Castro did not walk over Batista's army; he walked through it. In Peru and Bolivia, on the other hand, where the Government's army seized the Governments, the new military regimes galvanized public support behind them not by favoring, but by grabbing, local American interests. Each confiscated a major American-owned business, the Gulf Oil Corp. in Bolivia, the IPC in Peru.

Liberals in Congress have been lured to support military assistance by quite different, though equally flimsy, arguments. They have been told that our subsidy brings us into close association with the military hierarchy, thus enabling us to exert a tempering influence on the politically ambitious generals, while assuring ourselves of their friendship in case they do take over. Again, argument and fact are mismated. The 1960's were marked by an unprecedented shift toward military dictatorship in Latin America. Hardly more than half a dozen popularly chosen democratic governments remain alive south of our borders. Tempering influence indeed!

Furthermore, once a military junta has installed itself behind its American-furnished tanks, guns and planes, there is no assurance that the United States will be benignly regarded. In fact, the new "Nasserist" regimes of Peru and Bolivia, among all governments of South America, are the most aggressively hostile toward us.

Meanwhile, the military missions we have installed in no less than 17 Latin capitals, add to the debilitating image of the United States as a militaristic nation. Even the Rockefeller report, which gave its blessings to military assistance, looks with disfavor upon "our permanent military missions in residence," since they "too often have constituted too large and too visible a U.S. presence."

That puts it mildly. Listen to the testimony of Ralph Dungan, our former Ambassador to Chile, given before the Senate Foreign Relations Subcommittee on Western Hemisphere Affairs:

> I believe there is no shaking the prevailing Latin conception of the United States as a society dominated to a very large measure by "the Pentagon." This perception is widely shared across the political spectrum.

Mr. Dungan went on to say that "perhaps no single action which the United States has taken in recent years including the Bay-of-Pigs fiasco was so significant in confirming the view of Latin America of the United States as a nation willing and ready to use its vast military power unilaterally—as the unfortunate invasion of the Dominican Republic." Other friendly hemisphere observers have noted we will never know whether the Alliance was a success or failure because the program stopped the minute U.S. Marines landed in Santo Domingo in the spring of 1965.

So much, then, for our misguided military policies in Latin America, and the contrived and contradictory arguments with which they are perpetuated. Let us now turn to the other side of the American AID program, economic assistance.

ECONOMIC ASSISTANCE

Here again, congressional support has been secured on the basis of false and conflicting doctrines. Conservative votes have been solicited upon the theory that economic assistance is good for business, that it can shore up the status quo in Latin America and thus prove an effective deterrent to revolution. It is argued that our input of dollars will promote stability and thwart the anticapitalists. Oddly enough, this proposition is widely believed, even though Cuba, the only country in the hemisphere which has gone

Communist, enjoyed a relatively high per capita income along with a highly concentrated investment of American capital.

Liberals in Congress, on the other hand, have accepted the need for economic assistance on the weakness of the opposite argument; namely, that far from preserving the status quo, our financial aid is meant to promote necessary economic and social change. But as our experience with the Alliance for Progress bears out, external aid does not produce internal change. Because the money has been channeled through existing governments, it has mainly been spent for the benefit of the governing elites. It has perhaps helped, in some instances, to modernize Latin economies, but not to restructure them. In short, the liberals have also been taken in.

The conclusion I must reach is that our AID program, as administered in Latin America, has proved to be—on balance—a net loss. As our meddling has increased, resentment has grown. It lies at the root of an alarming deterioration in inter-American relations—a deterioration which has led to the assassination of one of our Ambassadors, the kidnaping of another plus a labor attaché; the riotous receptions given Governor Rockefeller as President Nixon's personal emissary, indeed, the refusal of some countries even to receive him; and most recently, the unruly student demonstrations following the arrival of our Assistant Secretary of State for Latin American Affairs on an orientation visit to Bolivia.

This does not mean that we should throw up our hands in despair, or turn our backs on the hemisphere. What is necessary is that we first get off the backs of our neighbors. We must learn to hold ourselves at arms length; we must come to terms with the inevitable, letting changes take place without insisting upon managing or manipulating them. We must begin to show some self-restraint.

Here, then, are some guidelines I would favor for a new United States policy toward Latin America in the 1970's:

First. First of all, we should begin to adopt trade regulations that give the developing countries in Latin America a better break. We should listen closely to the growing, unified Latin complaint on this score, and give the most serious consideration to their urgent appeals for preferential treatment. The political hurdles to such a course are high; the strongest Presidential leadership will be necessary; but for too long we have avoided biting this particular bullet with the palliative of the AID program.

The great independence hero of Cuba, Jose Marti, once warned his countrymen that "a people economically enslaved but politically free will end by losing all freedom, but a people economically free can go on to win its political freedom." To achieve the latter, which Latin Americans believe they are now fighting for, Latin products must not be squeezed from the world's markets.

Second. Next, we must start to observe, as well as praise, the principle of nonintervention. It was San Martin, one of Latin America's legenary figures, who said that we are as we act. If we are to act in accordance with the principle of nonintervention, we must not only accept Latin governments as they come, but we must also refrain from the unilateral use of our military power in any situation short of one involving a direct threat to the security of the United States. Such was the case in our showdown with the Soviet Union when the Russians tried, in the fall of 1962, to obtain a nuclear foothold in Cuba. But let there be no more military interventions, 1965 style, in the Dominican Republic or elsewhere.

Third. We should bring home our military missions, end our grant-in-aid and training programs, and sever the intimate connections we have sought to form with the Latin military establishments. After all, the recent war between El Salvador and Honduras we made possible, in large part, by our gift of arms and training eagerly extended to both sides. This is a shabby business for us to mix in.

Fourth. We should commence the liquidation of our bilateral govenment-to-government economic AID program, as the recent Peterson task force report recommends, effecting at the same time a corresponding shift of economic assistance to the World Bank, the Inter-American Development Bank, and other multilateral institutions. Such a transfer could be cushioned by phasing out our bilateral program in the following manner:

The United States naturally should fulfill those loan commitments already in the pipeline, but the money should be "untied" so that the recipients may put it to the most efficient use. This can be done by Presidential action, which has thus far been limited to the freeing of only those markets within the hemisphere.

The State Department should open negotiations for the reservicing of debt repayment in those instances where the burden unduly restricts necessary economic growth. This, too, lies within the authority of the President, and accords with the recommendations of both the Rockefeller report and the Peterson report. We should seek, also, to involve European creditors in this process. I would oppose stretching out debts to the United States so that debts to other creditors can be paid on time.

Financial assistance from the United States for public housing projects, schools, hospitals, family planning programs, and other social work should, in the future, be funneled through the newly established Inter-American Social Development Institute. If this institute is administered properly, it will emphasize the use of matching grants instead of loans, and it will deal not directly with Latin governments but with private groups, trade unions, rural cooperatives, and charitable foundations.

The Social Development Institute should be staffed with personnel ready to try a wide variety of new experiments, willing to refrain from sending another horde of North American directors into Latin countries, and who will share with Latin Americans the real experience of innovating and initiating new programs. In short, if the Social Development Institute is to succeed, it must be divorced entirely from the old ways of AID.

As for technical assistance, the remaining part of AID, it somehow remains as much overrated in the United States as it stands discredited in Latin America. The program's present weakness was perhaps best summed up in an excellent study by a Senate Government Operations Subcommittee on the American AID program in Chile. Speaking for the subcommittee, former Senator Gruening concluded that our technicians were "too far advanced technically—for what is required in underdeveloped countries. They are also too ignorant of local conditions and customs and serve periods too short to make a significant impact." This criticism is endemic to our technical assistance program throughout Latin America.

The limiting factor on the amount of technical assistance we have extended has never been money; it has always been people. The technician not only has to be professionally qualified; he should also know the language and the culture. He should be accomplished at human relations as well as in his technical specialty. There just are not many people like this to export abroad, and it is better not to send technicians at all than to send the wrong kind.

Yet there remains a need to transfer technology as well as capital to Latin America. This can best be done through expanding the exchange-of-persons program to enable more Latin Americans to study in the United States, and through selective grants to a few outstanding Latin American universities. The role of shirt-sleeve diplomat, the concept which underlay the original Point 4 program, can best be played by Peace Corps volunteers.

First. Another promising agency has been created by last year's Foreign Assistance Act, the Overseas Private Investment Corporation, more commonly known as OPIC. Its purpose is to encourage, through a liberalized program of investment guarantees, a larger flow of American private capital into developing countries. In Latin America, OPIC could play a useful role, if it encourages the right kind of investment, directing it

which Latin Americans will share largely in both ownership and management. Here, again, everything depends on the way OPIC is administered.

The use of joint ventures deserves emphasis. I am well aware that joint ventures are distasteful to many—not all—American companies. But, in the long run, this may be the only way United States business interests can survive in Latin America.

Before concluding, let me just add one warning here. Private foreign investment is not economic cooperation and assistance: it is business, and most Latin leaders are willing to treat it in a business-like manner. What Latin Americans are telling us is, "if the United States wants its investors to prosper in the region, then it is incumbent on the United States to make sure that investors are 'development-oriented.'"

Whether the public or private sectors are involved, it is essential for the United States to lower its profile in Latin America. Our national interests can best be served, not by helping Latin America less, but by loosening our embrace. We should keep a decent distance away from their internal affairs, from their military apparatus and their revolving-door governments. This would be best for us and best for them.

It would also disengage the United States from its unseemly courtship of governments which are living contradictions to our traditional values as a nation. When we pour our money into budgetary support for a notoriously authoritarian government, when we supply it with riot guns, tear gas, and mace, intelligent young Americans who still want to believe in our professed ideals, begin to ask elemental questions.

"If we are not *against* such dictatorships, then what is it we are *for* that really matters?

In the final analysis, each country must live by the ideals it prizes most highly. That is the basis upon which governments turn to their people for loyalty and support. A crisis of spirit arises when our foreign policy comes unhinged from the historic values we hold dear as a people, and when the role of the United States in the world becomes inexplicable to its own young citizens. This is happening to us. Its ocurrence is of more fundamental importance than any question of economic theory, investment policy or diplomatic tactics.

Devising the right role for the United States in its own hemisphere and the world at large, a role consistent with the admirable ideals of its origins, would go far toward restoring our country to the unique position it once held in the community of man.