

understanding of their social implications and share their benefits understandingly with their employees, their owners and their customers.”

**David Rockefeller:
The U.S. Role in Latin America**

David Rockefeller was president of Chase Manhattan Bank when he addressed The Economic Club of Chicago on April 23, 1963 on the Alliance for Progress, the international economic development program in Latin America.



“Nowhere is the miasma of misconception more prevalent than in the case of the Alliance for Progress, the primary instrument of our Latin American policy. Tonight, I should like to examine four basic misconceptions

about the Alliance and our role in it, and suggest some changes that seem essential if we are to quicken the pace of economic development.

“The first misconception is that the Alliance is just a United States giveaway program.

“The fact is that the Alliance is, essentially and profoundly, a joint enterprise between ourselves and 19 Latin American countries. Both we and they have agreed to undertake major commitments to help Latin America achieve broad social and economic goals within a framework of freedom and democracy...

“A second misconception is that the Alliance to date has been a complete failure.

“The fact is that there have been a number of encouraging signs of progress...

“Total investment came hearteningly close to the target, an achievement even the most sanguine

supporters of the Alliance scarcely dared hope for so early in the program...

“At the same time, most U.S.-financed companies have continued to expand their operations in Latin America...

“A third popular misconception about the Alliance is that the social reforms it proposes can be effected quickly.

“The fact is that land and tax reforms represent a wrenching readjustment of the very foundations of national wealth and power. As Walter Lippmann put it recently: ‘Progressive reform is, in its very nature, a long and slow process, a matter of long years with meager results to show in the beginning...’

“Still another problem that defies quick and easy solution is population control...

“Unquestionably, population growth has proved a far more formidable problem in terms of human welfare than had been anticipated. A great deal more study must be devoted to the relationships between population factors and general development problems...

“A fourth misconception about the Alliance is that government planning and government-to-government aid can do the entire development job alone.

“The fact is that if the Alliance is to succeed, it must build on the present private-enterprise base which generates some 80 percent of Latin America’s income. This point was recognized in the Charter of the Alliance, and was forcefully expressed in the recent Report on Foreign Aid by a panel of distinguished private citizens headed by General Lucius Clay. The report said: ‘It is the private sector, operating with the cooperation of a vital and democratic labor movement and enlightened management on the basis of essential government services and sensible policies, which will make the greatest contribution to rapid economic growth and over-all development...’

“As I see it, the dilemma confronting the Alliance is this: in principle, there has been charted an objective of swiftly-paced economic growth which can be achieved only with the full support of private enterprise, domestic and foreign. In practice, there has been heavy reliance on government planning, government-to-government loans, and certain government reform programs which stir political and social unrest — the very conditions least likely to encourage private enterprise.

“It is true, of course, that government can and should supply many of the facilities and services that are prerequisites to progress. I would not argue for a reduction in the aggregate Government effort, though the funds expended might be channeled more effectively for achieving the goals of the Alliance. However, I would argue that we must place far greater emphasis on private investment than we have in the past.

“An indispensable step in attracting fresh capital—both domestic and foreign—is a favorable investment climate. Latin American governments cannot lure foreign capital by harassing companies already there. They cannot bring in new industries unless they can demonstrate political stability. They cannot put local capital to work effectively in an inflation-ridden economy where the price level soars tenfold as it did between 1950 and 1960 in Argentina, twenty-fold as in Chile, or one hundred-fold as in Bolivia...

“The specific policies needed to improve the investment climate vary from country to country. In some cases, runaway inflation may be the chief deterrent to private investors. In others, fear of nationalization or competition from government entities may be the primary problem.

“It seems to me, therefore, that there is genuine need for a mechanism to identify the precise steps which must be taken in each nation and to work with local governments in seeing that these steps are carried out. The mechanism I have in mind would be a series of business advisory committees which would work with the various government

organizations charged with implementing the Alliance. A somewhat analogous arrangement has been proposed by the Alliance’s Committee on Industrial Development and Financing the Private Sector, and groups actually exist in at least four Latin American countries which might serve as a nucleus.

“As I envision it, there might be an overall Hemisphere Business Committee to advise on matters of broad policy. Then local committees could be formed in each nation to counsel government bodies. These committees would focus on policies to encourage private investment and economic progress. They would work with government planning offices to make sure that programs are realistic, and arrive at a satisfactory mixture of the development effort as between private and public activities. The committees would have clear responsibility to operate in an advisory capacity with respect to top policy makers...

“In entering into the Alliance, our country openly acknowledged that militant communism confronts the hemisphere with an emergency too critical to be left to gradual economic evolution. We have made a firm commitment to Latin America for economic aid, and for assistance in containing Communist Imperialism...

“But we must not try to force Latin American countries simply to create a society in our image. These countries must adapt their institutions and policies to their own conditions. It is in our interest that they should be both effective in satisfying the aspirations of the people and consonant with democratic processes. Yet our own experience and that of Western Europe have demonstrated beyond doubt that the variety of policies and institutions under which economies can prosper in a free society is a large one.”